Agriculture Canada

1985–86 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Agriculture Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are six chapters in this document. The first provides an introduction to the Department. The other five present the Program Expenditure Plans for each of the Department's programs.

Chapters 2 to 6 begin with extracts from Part II of the Estimates and Volume II of the Public Accounts for the particular program being described. This is to provide continuity with the other Estimates documents.

Each of the Program Expenditure Plans is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

Roles and Responsibilities

Agriculture Canada's mandate is to provide assistance to the food, agricultural and forestry sectors of the economy in maximizing their contribution to the growth, development and stability of the Canadian economy.

To fulfill its role in the food and agriculture sectors, the Department works with three principal client groups: producers; processors, distributors, wholesalers and retailers; and consumers. Services encourage or facilitate an economic environment conducive to exploitation of opportunities by the private sector in a manner that assures a dependable supply of safe, nutritious food at reasonable prices to consumers, and equitable returns to producers and processors.

To fulfill its role in the forestry sector the Department works directly with provinces and the forest industry to promote and improve the economic utilization of Canada's forest resources through environmentally sound forest management.

As part of the Economic and Regional Development Envelope, the Department and its associated agencies provide services to the agri-food and forestry sectors through the following programs:

Departmental Administration Program: this program provides general direction to the Department and a full range of management support systems and services.

Agri-Food Development Program: this program includes services designed specifically to stimulate the development of the agri-food sector. Major components of this program include marketing development, financial assistance such as stabilization and crop insurance, regional development support, soil and water conservation, and the undertaking of agricultural and food research which has successfully supported the sector for nearly a century.

The Agricultural Stabilization Board: the Board administers the Agricultural Stabilization Act which provides for the support of agricultural product prices by granting deficiency payments or by making direct payments to producers at a fixed rate. The Board provides funds for the support of the dairy industry through the Canadian Dairy Commission.

The Agricultural Products Board: the Board is empowered by the Agricultural Products Board Act to buy, sell or import agricultural products and to administer food contracts and other operations. These actions help to provide producers with stable incomes and also ensure the availability of a ready supply of food products.

The National Farm Products Marketing Council: the council advises the Minister on all matters pertaining to the establishment of marketing agencies. It supervises the operation of national marketing agencies established under the Farm Products Marketing Agencies Act.

Agri-Food Regulation and Inspection Program: this program provides for regulatory and inspection services designed for the protection of the agri-food sector. Services are provided in the areas of disease control and eradication, quality assurance of food and farm inputs, meat safety and race track supervision.

Canadian Forestry Service Program: this program includes services designed specifically to stimulate the development of the forestry sector. Major components of this program include forest renewal; intensive forest management through regional development agreements; and the discovery, development, demonstration, implementation and transfer of research innovation to the forestry sector.

Canadian Grain Commission Program: this program provides quality assurance services to maintain quality standards of Canadian grains and oilseeds.

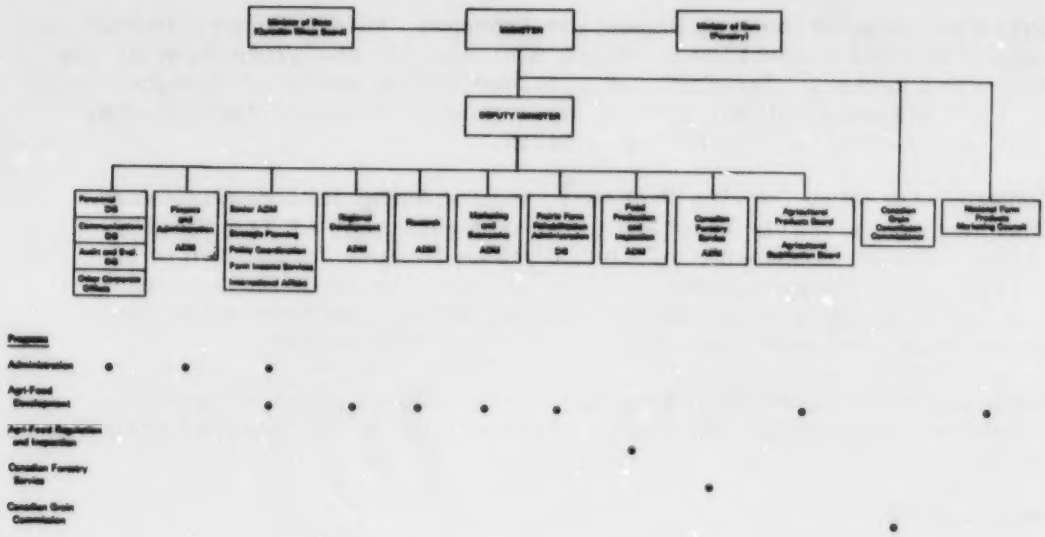
Organization

Agriculture Canada is headed by the Minister responsible to Parliament for the activities of the Department. The Minister of State for the Canadian Wheat Board and the Minister of State (Forestry) are responsible to the Minister as are associated agencies.

Figure 1 presents the relationship of the Agriculture Canada organization to the program structure.

The head offices for the Department, the Agricultural Stabilization Board, the Agricultural Products Board and the National Farm Products Marketing Council are located in Ottawa. The Canadian Grain Commission maintains a head office in Winnipeg and the head office of the Prairie Farm Rehabilitation Administration is located in Regina.

Figure 1: Relationship of Organization to the Program Structure



Department Spending Plan

The Department estimates total expenditures in 1985-86 of $1,680,212,051. This represents an decrease of $102,832,949 or approximately 5.8% over the forecast expenditures for 1984-85. A summary of the Department spending plan by program is presented in Figure 2.

Figure 2: Department Spending Plan by Program, 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %
Budgetary				
Administration Program	60,467	55,880	4,587	8.2
Agri-Food Development Program	1,152,842	1,273,245	(120,403)	(9.5)
Agri-Food Regulation and Inspection Program	244,733	208,059	36,674	17.6
Agri-Food Regulation and Inspection Program - Race Track Supervision Revolving Fund	-	(583)	583	100.0
Canadian Forestry Service	175,468	207,158	(31,690)	(15.3)
Canadian Grain Commission Program	46,702	39,270	7,432	18.9
	1,680,212	1,783,029	(102,817)	(5.8)
Non-Budgetary				
Agri-Food Development Program	-	16	(16)	(100.0)
	1,680,212	1,783,045	(102,833)	(5.8)

Priorities

The directions sought through the 1981 Agri-food Strategy continue to be the foundation for planning and priorities within the Department, and for pursuing the long-term viability of agriculture. The Agri-Food Strategy responds to the need for a comprehensive federal agricultural strategy that emphasizes market development, encourages cost-competitive production, preservation of the natural resource base, protection against short-term price instability and production hazards, and provision of the flexibility to adjust to longer-term changes in farm structure, production technology and interdependence among sectors.

The Forestry Sector Strategy addresses the need for a federal response to the problems of a dwindling Canadian timber supply, balancing market demand for Canadian timber with present and future supply and improving the adequacy of forest research and development.

To achieve these objectives, specific priorities to be addressed include:

- increasing emphasis on domestic development in the food processing, distribution and retailing industry;
- increasing research and development oriented towards improving production efficiency and productivity;

- improving the transfer of market and technology information to the agri-food and forestry industries;
- further development and implementation of commodity marketing strategies related to identified agri-food markets;
- ensuring stability in farm income and credit costs;
- encouraging activities and programs to sustain and enhance the agri-food and forestry resource bases;
- emphasizing programs to develop alternatives to agricultural and forestry chemical use; and
- maintaining a world-class grading and inspection system.

Administration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $55,462,000 in support of the 1985-86 Administration Program. The remaining expenditures, estimated at $5,005,400 will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Administration Program		
1 Program expenditures	55,462	47,402
(S) Minister of Agriculture - Salary and motor car allowance	42	41
(S) Contributions to employee benefit plans	4,963	4,009
Total Program	60,467	51,452

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Administration Program	
1	Administration - Program Expenditures	55,462,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					
		Budgetary				
	Authorized Person-Years	Operating	Capital	Transfer Payments	Total	1984-85 Main Estimates
Information Services	77	4,554	-	-	4,554	4,515
Strategic Planning and Evaluation	39	2,526	3	-	2,529	1,664
Management and Administration	938	51,305	2,079	-	53,384	45,273
	1,054	58,385	2,082	-	60,467	51,452

Extracts from Volume II of the Public Accounts

Use of Appropriation for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 1 - Administration - Program Expenditures	44,561,000	46,997,310	46,316,360
Statutory Budgetary Expenditures			
Minister of Agriculture - Salary and Motor Car allowance	39,100	40,975	40,975
Contribution to Employee Benefit Plans	3,626,000	4,036,000	4,036,000
	3,665,100	4,076,975	4,076,975
	48,226,100	51,074,285	50,393,335

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In 1985-86, the Administration Program will:

- improve management practices in the areas of planning, contracting and operational control systems and develop and implement a comprehensive departmental management improvement plan (see page 2-20).
- implement department-wide affirmative action initiatives, derived from a recent study, in order to improve the participation of under-represented groups in departmental operations (see page 2-21).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Information Services	4,554	4,726	(172)	2-15
Strategic Planning and Evaluation	2,529	2,052	477	2-17
Management and Administration	53,384	49,102	4,282	2-19
	60,467	55,880	4,587	
Authorized person-years	1,054	968	86	

Explanation of Change: The financial requirements for 1985-86 are 8% or $4.6 million higher than the the 1984-85 forecast expenditures. The increase is primarily due to:

- increase in salaries due to inflation — $2.2 million
- the transfer of resources from Environment Canada in support of the Canadian Forestry Service Program — $1.2 million
- transfer of operations from other areas of the department — $1.0 million

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $4.4 million or 8.6% higher than the 1984-85 Main Estimates of $51.5 million (Extracts from Part II of the Estimates, page 2-4). The difference of $4.4 million reflects the following major offsetting items:

	$ million
• additional funding for the operation of the Financial Management Information System	1.2
• the transfer of resources from Environment Canada in support of the Canadian Forestry Service Program	1.8
• to restore and maintain appropriate levels of capital equipment	0.5
• other miscellaneous items	0.9
	4.4

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

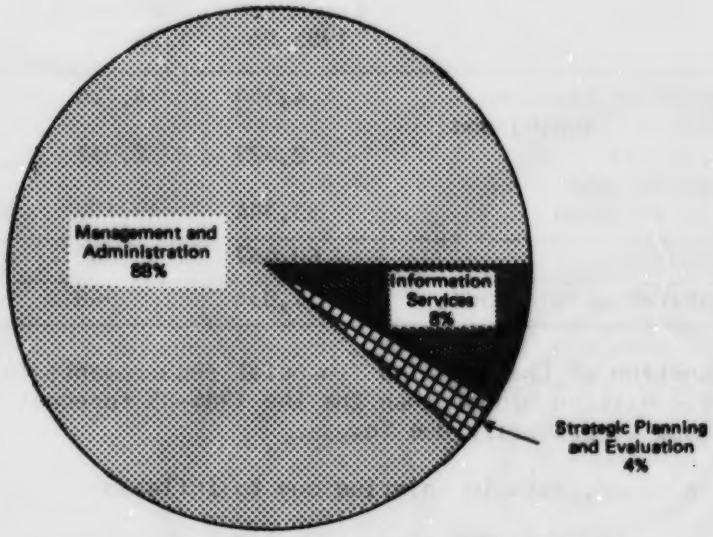
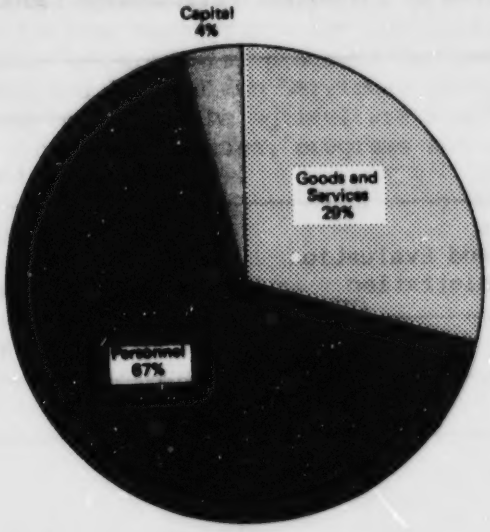


Figure 3: Gross Expenditures by Object (Percentage Distribution) 1985-86



B. Recent Performance

1. Highlights

Highlights of the Program's performance for 1983-84 are:

- Several initiatives were implemented to improve and strengthen procedures. For example, a new operational planning framework was established and an Operational Planning Division has also been put together to deliver a full range of services such as developing departmental policies and procedures, communicating these, training departmental staff, monitoring the quality of operational plans and reports, and producing briefings.

- A strategy for major construction was developed. The strategy will see $228 million expended over the period of 1984-85 through 1987-88 for the improvement of the Department's research and laboratory operations. At the same time a comprehensive Life Cycle Capital Management Program including Equipment was developed. These two strategies will improve the control over departmental assets.

- The staff appraisal-process was reviewed and initiatives were implemented to improve and strengthen procedures.

- The Libraries Division has developed and implemented a fully integrated automated library system which will make its large data base accessible to every part of the Department. The Data Base has been loaded, indexed and made accessible on-line to all Agriculture Canada establishments with library staff across Canada.

2. Review of Financial Performance

Figure 4: Review of Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Information Services	4,385	4,191	194
Strategic Planning and Evaluation	1,671	1,681	(10)
Management and Administration	44,337	42,354	1,983
	50,393	48,226	2,167
Person-Years	957	923	34

C. Background

1. Introduction

The Departmental Administration Program provides overall management direction, policy, advice and a full range of management systems and services to support the programs of Agriculture Canada. These services cover all the essential functions required for efficient management of the Department in delivery of programs.

The Program encompasses the Minister's Office, the Deputy Minister's Office and services including general administration, assets management, computer services, personnel, finance, internal audit, strategic planning, program evaluation, information services, libraries and management consulting.

2. Legal Mandate

The mandate for the Administration Program is based on legislative authority granted the Minister under the Department of Agriculture Act and the Financial Administration Act.

3. Program Objective

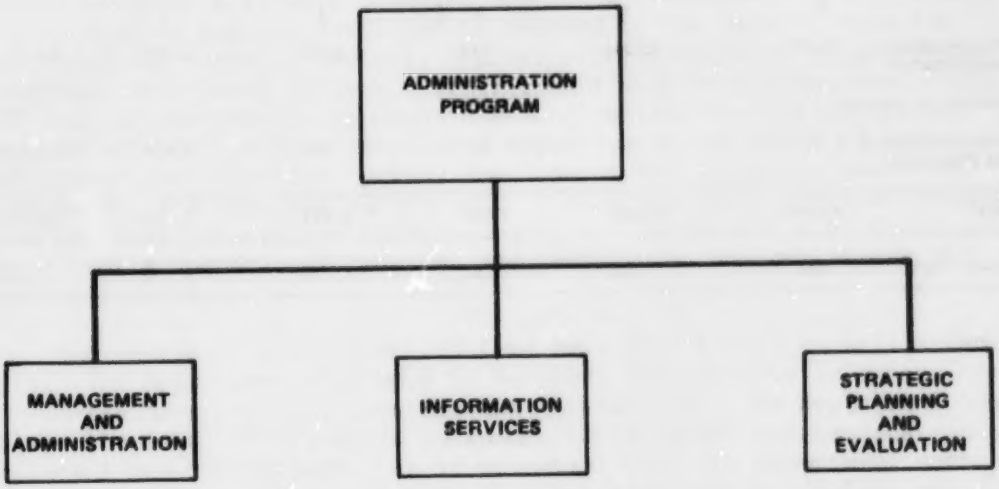
To provide overall direction and administrative support services for the Department.

4. Program Organization for Delivery

Activity Structure: The Administration Program, as shown in Figure 5, comprises three activities: Management and Administration, which is designed to provide overall management direction and services with

respect to finance, administration, library, computer, audit, and personnel functions; Strategic Planning and Evaluation, which supports the senior executive of the Department in corporate planning and setting priorities and which is also responsible for conducting independent and impartial evaluations of departmental programs for the Deputy Minister and Senior Management; and Information Services, which provides a broad public affairs program to inform the agriculture and food industry, as well as the public, about the policies, programs and undertakings of the Department.

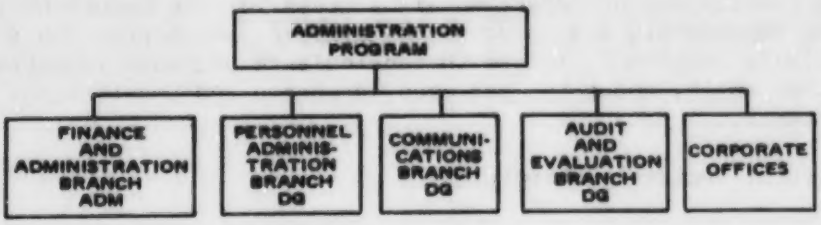
Figure 5: Activity Structure



Organization Structure: The activities which are outlined in Figure 4 are carried out through an organization structure consisting of four branches: Finance and Administration; Communications; Personnel Administration; and Audit and Evaluation. In addition, the Minister's Office, the Deputy Minister's Office and the Strategic Planning Division are included in the Program.

Figure 6 sets out the organization structure and relates resources for each activity by branch. Services are decentralized, and regional and/or district offices for Personnel and Finance and Administration are located in Ottawa, Moncton, Montreal, Toronto, Saskatoon and Vancouver. The Personnel Administration Branch also has regional offices in Winnipeg and Calgary. As well, there are 30 libraries located throughout the country in addition to the headquarters library in Ottawa.

Figure 6: 1985-86 Resources by Organization and Activity ($000)



	FINANCE AND ADMINISTRATION BRANCH ADM	PERSONNEL ADMINIS-TRATION BRANCH DG	COMMUNI-CATIONS BRANCH DG	AUDIT AND EVALUATION BRANCH DG	CORPORATE OFFICES	ACTIVITY TOTAL
	$	$	$	$	$	
Management and Administration	33,890	12,342	914	2,060	4,178	53,384
Information Services	—	—	4,554	—	—	4,554
Strategic Planning and Evaluation	—	—	—	911	1,618	2,529
Total	33,890	12,342	5,468	2,971	5,796	60,467
Person-Years	581	276	88	37	72	1,054

D. Planning Perspective and Performance Review

1. Environment

The Department's Agri-Food Strategy will feature predominantly in the economic development strategy of Canada. Its implementation will take place in very different and difficult times in the social and economic development of the country. The success realized in implementing the strategy will, among other things, depend on how effectively important human resources and scarce financial resources are managed.

Managing a Department as large and as complex as Agriculture Canada requires effective planning and control systems. New approaches and strategies must be developed to respond to new demands from the agri-food and forestry sectors, improve effectiveness of departmental programs, and ensure optimum utilization of available resources. This can best be achieved by means of a strong centralized Administration Program with unique corporate-level expertise in the areas of strategic and operational planning, policy development and analysis, audit and evaluation, and resource management. A separate Administration Program also promotes greater "unity of purpose" and coordination of the Department's operational programs and facilitates communications with central agencies.

The restraint environment that we have been living in will intensify. The Department will have to be alert and creative in determining how to resource our many programs and initiatives. The department must obtain the level of resources necessary to carry out its mandate and to implement new initiatives. It is essential that the Department not only defend its existing approved resource base against further erosion, but also build the best possible cases for incremental funding.

In this environment, the Department must also pursue every opportunity to improve productivity including a more efficient utilization of resources. To accomplish that, managers must have relevant and timely information with respect to the utilization of those resources.

2. Initiatives

In 1985-86 the Administration Program will improve resource management by developing the skills, mechanisms and strategies to reallocate resources from existing operations to new initiatives or priorities of the Department.

3. Update on Previously Reported Initiatives

- The pilot project for implementation of a Financial Management Information Sytem was successfully implemented on time, and within the estimated cost of $1.4 million.

- Satisfactory progress against comprehensive audit plans was made in 1983-84 in the implementation of an expanded internal audit capability. This initiative was aided by the allocation of three additional person-years in that year at a cost of approximately $150,000. The scope of audit work was extended to cover various departmental operations and functions not previously audited.

4. Program Effectiveness

The Administration Program provides management and support services to the departmental operating programs and, as a result, contributes directly to the efficiency and effectiveness with which they are administered.

From a performance standpoint, the Program can be measured in terms of the expenditures of the operating programs it serves. Figures 7 and 8 show the resources of this Program in relation to the operating programs.

Figure 7: Relationship of Administration Operating Expenditures to Departmental Operating Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Departmental total	808,365	758,917	598,965
Administration Program	58,385	52,994	46,942
Percentage	7.2	7.0	7.8

Figure 8: Relationship of Administration Person-Years to Departmental Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Departmental total	13,336	13,171	12,898
Administration Program	1,054	1,014	957
Percentage	7.9	7.7	7.4

Section II
Analysis by Activity

A. Information Services

Objective

To obtain greater understanding of, and support for, the Department's activities among a variety of publics.

Resource Summary

The Information Services Activity accounts for approximately 8% of the total 1985-86 Administration Program expenditures and 7% of the total person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Programs	1,855	27	1,926	26	1,290	23
Operations	2,699	50	2,800	50	3,095	53
	4,554	77	4,726	76	4,385	76

Personnel costs account for 65% of this Activity's total resources. The balance is required to fund information-related operating costs such as departmental publications, films, radio programs, photos and exhibits.

Past Financial Performance

Figure 10 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Programs	1,290	1,193	97
Operations	3,095	2,998	97
	4,385	4,191	194

Explanation of Change: The increase is due to expenditures incurred under the toxic chemical Program approved in Supplementary Estimates.

Description

The Information Services Activity provides information and public relations services to support departmental activities and informs Canadians on the Department's policies, programs and services. It uses all modes of mass communication, in both official languages, with the goal of providing the most effective service at the lowest possible cost.

Performance Information/Resource Justification

Professional advice and counsel is provided to senior management and departmental managers in order to ensure the effective integration of the communications component into policy development. Managers throughout the Department are in a better position to deal effectively with the media and the public and to ensure public awareness of departmental programs and policies.

Ongoing public relations is crucial to nurturing and maintaining effective and constructive two-way communication between the Department and its publics (producers, the agri-food industry, the media and general public) and to informing these publics about departmental policies and programs on a continuing basis.

The nature of the Department dictates that publishing is one of the key functions, providing timely, up-to-date scientific, technical and general information on departmental services, policies, programs and activities to both specific audiences and the general public. A central publishing service, including editing, graphic design, processing, printing, mailing and shipping is maintained.

B. Strategic Planning and Evaluation

Objective

To provide strategic planning and program evaluation services to Senior Management and the Department.

Resource Summary

The Strategic Planning and Evaluation Activity accounts for approximately 4% of total program expenditures and 4% of person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Strategic Planning	1,618	26	1,180	20	810	13
Program Evaluation	911	13	872	12	861	12
	2,529	39	2,052	32	1,671	25

Personnel costs account for 75% of this Activity's total resources. The balance is required mainly to acquire professional services through contracting.

Past Financial Performance

Figure 12 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 12: 1983-84 Financial Performance($000)

	1983-84		
	Actual	Main Estimates	Change
Strategic Planning	810	818	(8)
Program Evaluation	861	863	(2)
	1,671	1,681	(10)

Explantion of Change: No significant change.

Description

The principal responsibility of the Strategic Planning and Evaluation Activity is to ensure an effective organization and planning system for meeting the objectives and goals of the Department. This includes effective departmental implementation of plans and subsequent evaluation of their effectiveness, as well as the cyclical review of the Department's programs.

Performance Information/Resource Justification

Strategic Planning: This division correlates departmental policy proposals and initiatives through the development of strategic and corporate plans. Senior and middle management participate on an ongoing basis to ensure the strategic framework for developing operational plans is adequate and acceptable. The division takes a long-range approach to reviewing medium and long-range initiatives and proposals, studies their impact on agri-food strategies and programs, develops a coordinated time frame and makes recommendations to senior management.

Program Evaluation: This component conducts independent and impartial evaluations of the effectiveness of departmental programs for the Deputy Minister. It reviews evaluation frameworks developed by branches in relation to standards set by central agencies and also advises senior management on policy matters related to program evaluation developments in government. After evaluations are carried out and subsequent direction has been given by senior management, it monitors the implementation of these directives.

The division has a well defined Program Evaluation Plan that provides comprehensive coverage to all program components over a six-year cycle. During 1984-85, major studies were undertaken on the evaluation of the Department's food grading and inspection programs, and on the review of its crop production development research activities. The former focussed on such issues as the net benefits of grading, level of service, and cost-effective alternatives while the latter addressed such key issues as technology transfer, production efficiency and cost-effectiveness, and priority-setting. In addition, evaluation of two sunset programs - the Canadian Agricultural Markets Development Fund and the Fruit and Vegetable Storage Construction Financial Assistance programs were completed.

In 1985-86, the Department will enter the third year of the six-year cycle, with some significant evaluations to be initiated; for example, Animal Production Development Research and the Prairie Farm Rehabilitation Administration from the Agri-Food Development Program and Inspection and Protection of Crops and Farm Input Supplies and Research and Advisory Services from the Agri-Food Regulation and Inspection Program.

C. Management and Administration

Objective

To assist the operating programs of the Department, including associated Commissions and Boards, in the accomplishment of their objectives and goals and to ensure departmental compliance with legislative and/or central agency requirements.

Resource Summary

The Management and Administration Activity accounts for 88% of the 1985-86 expenditure budget, and 89% of the person-year budget allocated to the Administration Program.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive and General Management	3,693	66	3,493	66	3,175	55
Finance and Administration	38,656	610	35,618	600	32,544	581
Personnel Administration	11,035	262	9,991	240	8,618	220
	53,384	938	49,102	906	44,337	856

Personnel costs account for approximately 67% of this Activity's total resources. The balance is required to fund other operating costs of the Activity. Some of the major expenditure items which are in support of the whole Department are for postage, electronic data processing services and library subscriptions.

Past Financial Performance

Figure 14 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Executive and General Management	3,175	4,497	**(1,322)**
Finance and Administration	32,544	28,952	**3,592**
Personnel Administration	8,618	8,905	**(287)**
	44,337	42,354	**1,983**

Explanation of Change: The major reason for the increase between the 1983-84 Main Estimate and 1983-84 Actual expenditures is due to items approved in Supplementary Estimates: namely, the reorganization and regionalization of finance and the transfer of resources in support of Prairie Farm Rehabilitation Administration.

Description

This Activity provides executive and general management of the Department and the central support services. It includes the Offices of the Minister and Deputy Minister, as well as the departmental central support services of finance, administration, computer services, internal audit, personnel, management consulting services and libraries.

Performance Information/Resource Justification

Executive and General Management: covers the operation of the executive offices and includes the immediate staff associated with these offices.

Finance and Administration: ensures that the Department and its associated agencies are equipped with management, financial, administrative, library and computer systems that meet the requirements of the Department, Parliament and central agencies. This work is carried out at headquarters as well as in six regional offices, and in the case of library services, in 30 field libraries, as well as the headquarters library in Ottawa.

In 1985-86, one of the Department's challenges is to improve management processes and practices. A new Management Practices Division has been created to foster management accountability and to develop and implement a "Management Improvement Plan" that will foster the Department's continued commitment to improved management practices. A new

Operational Planning Division has been created to ensure several improvements in the areas of planning and control. The Department will also initiate improvements in the contracting practices area including the formalization of a Contract Review Board, development of a desk manual for contracting and an automated contract administration system.

The Department will make maximum use of new technology to deliver to managers a system to improve the administration and management of information in the areas of data, records, Directives and Libraries, while fostering the continued development of an Integrated Departmental Information System. Several improvements will be made in the overall management and administration of information resources in the Department, including a new records classification system, an integrated Manuals/Directives management program and a fully integrated automated library system.

A major restructuring of the master audit plan will be completed in 1984-85. This will respond to the Deputy Minister's request for a more comprehensive functional and program oriented audit approach linked to the new activity structure. The departmental program evaluation plan has also been restructured to reflect the new activity structure

In 1985-86 the revised audit plan and approach will be implemented with a series of projects comprising audits of programs, major departmental systems or functions and organizational units. This will ensure more effective and comprehensive information for senior management on the management and control process within the department.

Personnel Administration: assists all departmental managers in obtaining and maximizing the utilization of their human resources through guidance, advice and service relating to personnel matters. This work is carried out at headquarters and in eight regional/district offices across the country.

In 1984-85, Personnel Administration has commenced full-scale delivery of an in-house middle management and supervisory orientation training program. At least 260 employees will be trained annually, resulting in improved managerial competence among middle managers and supervisors.

In 1985-86, the department will implement the approved recommendations of the Affirmative Action Study which was conducted in 1984-85. This implementation is intended to improve the participation of underrepresented groups in departmental operations. This Affirmative Action Strategy will be integrated into the work-plans of the department and will result in increased representation of target groups and in attainment of the departmental objective. Progress toward this goal will be measured through comparison of actual numbers employed against planned numbers.

The Branch will also undertake the automation of the pay and benefits function to improve the timeliness and accuracy of all transactions.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Departmental Administration Program expenditures by object are presented in Figure 15.

Figure 15: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	35,490	32,431	28,955
Contributions to employee benefit plans	4,963	4,009	4,036
Other personnel	228	354	258
	40,681	36,794	33,249
Goods and services			
Transportation and communications	5,130	5,117	4,540
Information	1,283	1,605	1,032
Professional and special services	7,810	5,677	4,600
Rentals	307	460	444
Materials and supplies	3,173	3,336	3,061
All other expenditures	1	5	16
	17,704	16,200	13,693
Total operating expenditures	58,385	52,994	46,942
Capital	2,082	2,886	3,353
Transfer Payments	-	-	98
Total expenditures	60,467	55,880	50,393

2. Personnel Expenditures

The Administration Program's personnel costs of $40,681,000 account for 67% of the total operating expenditures. Information on person-years is provided in Figures 16 and 17.

Figure 16: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Information Services	77	76	76
Strategic Planning and Evaluation	39	32	25
Management and Administration	938	906	856
	1,054	1,014	957

Figure 17: Authorized Person-Years and Average Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Management	25	25	13	50,350 - 96,300	63,770
Scientific and Professional					
Economics, Sociology & Stats.	12	6	7	14,570 - 65,080	53,711
Engineering and Land Survey	14	6	7	23,306 - 76,130	45,429
Library Science	44	40	40	19,782 - 50,712	33,230
Administrative & Foreign Service					
Administrative Services	130	123	122	13,912 - 57,987	38,322
Computer Systems Admin.	79	69	69	18,766 - 61,433	37,980
Financial Administration	96	86	88	13,853 - 57,980	39,414
Information Services	41	42	41	13,579 - 57,980	41,347
Organization and Methods	13	14	16	13,520 - 57,980	44,482
Personnel Administration	92	82	82	13,330 - 63,870	41,952
Program Administration	7	2	-	13,912 - 57,987	34,771
Purchasing and Supply	22	17	17	12,766 - 57,980	36,224
Technical					
Drafting and Illustration	4	4	4	15,557 - 40,310	32,950
General Technical	7	6	6	12,635 - 55,682	35,625
Social Science Support	6	7	7	12,635 - 57,764	31,581
Other	3	3	3		
Administrative Support					
Communications	2	2	3	15,364 - 31,824	20,046
Data Processing	34	34	39	13,352 - 37,130	24,772
Clerical and Regulatory	346	328	323	12,932 - 31,743	22,089
Office Equipment	15	9	9	12,665 - 25,271	18,131
Secretarial, Steno. & Typing	56	58	56	12,636 - 31,946	22,383
Operational					
General Services	4	3	3	13,253 - 39,988	22,988
General Labour and Trades	2	2	5	14,776 - 40,676	19,970

The person-year columns display the forecast distribution by occupational group of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 18 presents an analysis of the Administration capital expenditures for 1985-86.

Figure 18: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Minor construction	1,062	899	747
Equipment acquisition	1,020	1,987	2,606
	2,082	2,886	3,353

B. Cost Analysis

The Program's Estimates for 1984-85 include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items must be included when considering the actual costs to operate the Program.

Figure 19: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	1984-85 Forecast
Information Services	4,554	440	4,994	-	4,994	5,163
Strategic Planning and Evaluation	2,529	223	2,752	-	2,752	2,236
Management and Administration	53,384	5,421	58,805	-	58,805	54,318
	60,467	6,084	66,551	-	66,551	61,717

The adjustments made to the estimated expenditures to arrive at a total net cost include: accommodation provided without charge by Public Works and other services provided without charge by other departments; and all revenues generated by the Program.

Other Costs

Other costs are services provided without charge by other Departments as follows: Public Works ($5,316K), Supply and Services ($41K), Treasury Board ($719K) and Labour ($8K).

Agri-Food Development Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $730,698,151 in support of the 1985-86 Agri-Food Development Program. The remaining expenditures, estimated at $422,144,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
5 Operating expenditures	268,064	251,303
10 Capital expenditures	112,900	67,963
15 Grants and contributions	349,734	360,665
(S) Payments to producers for named agricultural commodities pursuant to the minimum provision of the Agricultural Stabilization Act	75,000	90,000
(S) Contributions to the provinces under the Crop Insurance Act	160,000	150,000
(S) Loan guarantees under the Farm Improvement Loans Act	4,000	4,000
(S) Interest payments and guarantees under the Advance Payments for Crop Act	12,000	12,000
(S) Grants to agencies established under the Farm Products Marketing Agencies Act	200	200
(S) Payments in connection with the Prairie Grain Advance Payments Act	14,000	12,000
(S) Payments in connection with the Western Grain Stabilization Act	130,500	150,000
(S) Contributions to employee benefit plans	26,444	22,894
Total Budgetary	1,152,842	1,121,025
Non-Budgetary Appropriation not required		
- loans for the development of community and industrial infrastructure	-	20
Total Program	1,152,842	1,121,045

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Agri-Food Development Program	
5	Agri-Food Development-Operating expenditures, including the costs of publishing departmental research papers as supplements to the "Canadian Entomologist" and to authorize the payment of commissions for services provided in accordance with the Western Grain Stabilization Act	268,064,000
10	Agri-Food Development-Capital expenditures and authority to make expenditures on works, land, buildings and equipment on other than Federal property for community infrastructure and projects for the benefit of Indians and non-Indians	112,900,000
15	Agri-Food Development-The grants listed in the Estimates and contributions	349,734,151

Extracts from Part II of the Estimates

Program by Activities

	1985-86 Main Estimates					
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	Budgetary Total	1984-85 Main Estimates
Budgetary						
Research on Natural Resources	320	19,493	2,602	3	22,098	22,637
Research on Production Development	2,627	120,520	53,345	4,069	177,934	163,634
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	177	11,623	15,448		27,071	18,491
Market Development and Economic Analysis	280	16,070	344	27,966	44,380	42,690
Farm and Regional Policy Development and Economic Analysis	264	20,163	8,979	19,214	48,356	32,645
International Development Assistance	23	1,457	5	885	2,347	2,271
Income Stabilization, Loans and Advisory Services	108	145,000	1,260	553,337	699,597	728,154
Prairie Farm Rehabilitation	879	40,528	23,306	8,395	72,229	56,181
Management & Administration	947	50,154	7,611	1,065	58,830	54,342
	5,625	425,008	112,900	614,934	1,152,842	1,121,045

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 5 - Operating expenditures, including the costs of publishing departmental research papers as supplements of the "Canadian Entomologist" and to authorize the payment of commissions for services provided in accordance with the Western Grain Stabilization Act	203,900,000	251,326,567	240,502,781
Vote 10 - Capital expenditures	33,320,000	43,412,000	39,947,904
Vote 15 - - the grants listed in the Estimates and contributions	342,787,700	471,631,719	490,987,477
Statutory: Payments to producers for named agricultural commodities pursuant to the minimum provision of the Agricultural Stabilization Act, as amended	70,000,000	250,000,000	12,400,038
Statutory: Contributions to the provinces under the Crop Insurance Act	145,000,000	133,963,184	133,963,184
Statutory: Loan guarantees under the Farm Improvement Loans Act	1,500,000	2,494,514	2,494,514
Statutory: Interest Payments and guarantees under the Advance Payments for Crops Act	12,000,000	4,308,194	4,308,194
Statutory: Grants to meet initial operating and establishment expenses for each agency established under the Farm Products Marketing Agencies Act	200,000	-	-
Total authorized limit in accordance with Section 29(2) of the Act	-	700,000	-
Statutory: Contribution to Employee Benefit Plans	18,947,000	24,521,000	24,521,000
Statutory: Payments to co-operative associations, processors or selling agencies under the Agricultural Products Co-operative Marking Act	-	6,808,058	6,808,058
Statutory: References of amounts credited to revenue in previous years	-	140	140
Total Program - Budgetary	827,654,700	1,189,165,376	955,933,290

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

With respect to the various program components, the major features for fiscal year 1985-86 are:

Farm Income Protection

- $383 million in statutory payments and other agricultural contributions will be made to producers under the Agricultural Stabilization Act; a decrease of 12% over the 1984-85 forecast. These payments are directed to the stabilization of farm product prices (see page 3-67).

- Approximately $160 million in statutory payments and contributions will be made to the Provinces under the Crop Insurance Act to improve stability when the agri-food sector is adversely affected by crop losses due to natural hazards; a decrease of 14% over the 1984-85 forecast (see page 3-65).

- $130.5 million will be provided to the Western Grain Stabilization Administration Account to improve stability for grain producers in the Canadian Wheat Board designated area; an increase of 16% over the 1984-85 forecast (see page 3-67).

- Farmers will be protected by purchase and resale programs under the Agricultural Products Board Act. An account of $5.6 million will be provided in 1985-86 for this program (see page 3-67).

- As a result of the Government's reorganization, the Western Grain Stabilization Act ($130.5 million) formerly managed by the External Affairs Department will be administered by Agriculture Canada (see page 3-67).

Research and Development

- Soil conservation and productivity will be improved through increased research in critical areas; a total of $11.5 million and 205 person-years have been budgeted for research on land (see page 3-27).

- New crop varieties will be developed in order to meet current and anticipated market demands; for research on crop production development, the planned cost is $74.2 million and 1,167 person-years (see page 3-31).

- Nutrition and feed efficiency in animal production will be improved; $45.4 million and 544 person-years have been budgeted for research on animal production development (see page 3-31).

- Efficiency in the food processing, distribution and retailing sector will be increased through completion of the Food Research Centre at St-Hyacinthe, Que. at a total cost of $35.7 million, with $14.2 budgeted for 1985-86 (see page 3-44).

- Effective procedures for preventing contamination of feed and food will be developed and implemented. A total of $2.7 million and 32 person-years are budgeted for research on food safety and nutrition (see page 3-42).

Regional Development

- Federal and Federal/Provincial agri-food development programs will be administered in southeast New Brunswick, the lower St. Lawrence and Gaspé regions ($5.1 million 1985-86), in Nova Scotia ($6.2 million for 1985-86); in Prince Edward Island, New Brunswick, Manitoba, Saskatchewan and Quebec as part of the Economic Regional Development Agreements (ERDAs) ($24.9 million for 1985-86) (see page 3-54).

Soil and Water Conservation and Development

- Opportunities for soil conservation initiatives and irrigation development projects over the next five years will be provided by the Canada-Saskatchewan and Canada-Manitoba Agricultural Development Subsidiary Agreements as part of the Economic and Regional Development Agreements. (see page 3-72).

- Rehabilitate the Bassano Dam as the final stage of the 1973 Canada-Alberta Irrigation Rehabilitation Agreement. A cost of $9.0 million has been budgeted in 1985-86 (see page 3-72).

- Administer the Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure. $32.0 million with 50% to be recovered from Saskatchewan has been authorized for the program over the next five years of which $8.0 million has been budgeted in 1985-86 (see page 3-72).

- Establish an Irrigation Demonstration Farm in Manitoba to promote irrigation by demonstrating improved irrigation methods and irrigated crop production. The total financial requirement is $3.0 million with $531,000 million planned for 1985-86 (see page 3-72).

Market Development and Economic Analysis

- To provide a more timely information system to those involved in marketing decisions, $600,000 will be used in 1985-86 to convert the Market Information System , a system that gathers market data and economic information, from manual to electronic processes. This is part of a three year project to begin in 1985 (see page 3-50).

- A total of $800,000 and two person years have been allocated as part of a four year Agricultural Support for Export Expansion project. Special emphasis in 1985-86 will further develop integrated food and agriculture expansion projects with External Affairs by providing increased technical, scientific and commodity expertise (see page 3-48).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Budgetary				
Research on Natural Resources	22,098	23,735	(1,637)	3-27
Research on Production Development	177,934	150,217	27,717	3-31
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	27,071	29,946	(2,875)	3-42
Market Development and Economic Analysis	44,380	46,555	(2,175)	3-46
Farm and Regional Policy Development and Economic Analysis	48,356	49,677	(1,321)	3-52
International Development Assistance	2,347	2,341	6	3-59
Income Stabilization, Loans and Advisory Services	699,597	784,657	(85,060)	3-62
Prairie Farm Rehabilitation	72,229	120,661	(48,432)	3-69
Management & Administration	58,830	65,456	(6,626)	3-74
	1,152,842	1,273,245	(120,403)	
Non-budgetary				
Prairie Farm Rehabilitation	-	16	(16)	
	1,152,842	1,273,261	(120,419)	
Authorized person-years	5,625	5,507	118	

The decrease of $120.4 million in requested resources for 1985-86 results primarily from the following major changes:

- net increases in operation: $ 20.9 million;
- increase in capital: $32.1 million; and
- net decrease in transfer payments: $173.7 million.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $1,273.3 million or $152.3 million higher than the 1984-85 Main Estimates of $1,121.0 million (Extracts from Part II of the Estimates, page 3-4). The difference of $152.3 million reflects the following major items:

	$ millions
• increase for crop insurance	37.0
• increase for drought assistance program	59.3
• increase for payment for designated commodities under the Agriculture Stabilization Act	63.0
• increase for compensation to Apple Growers for frost damage	13.0
• increase for General Agreements and Economic Regional Development Agreements	5.8
• increase in Agricultural Products Board's expenditures	12.0
• increase for excess moisture program	9.0
• increase in capital for equipment replacement plan and Saint-Hyacinthe (SRCPP) project	28.8
• decrease for named commodities under Agricultural Stabilization Board	(29.0)
• decrease for Western Grain Stabilization	(38.0)
• decrease in major capital construction	(24.0)
• decrease in advance payments for crops	(4.0)

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

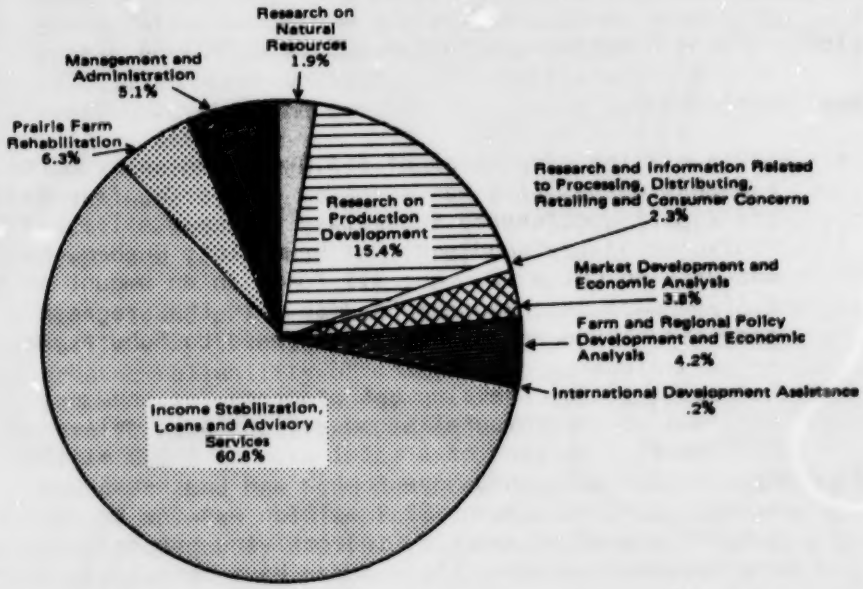
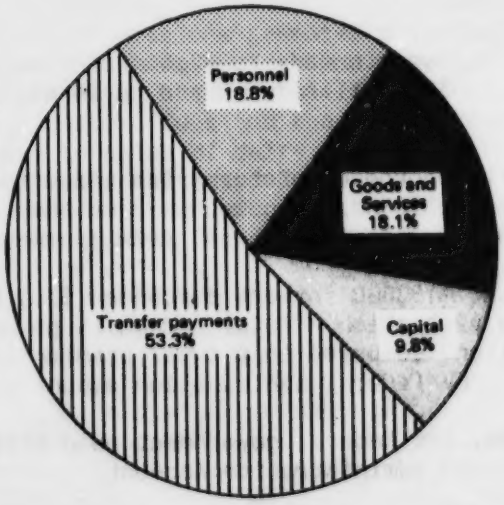


Figure 3: Gross Expenditure by Object (Percentage Distribution) 1985-86



B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are:

Regional Development

- $10.8 million of a total of $13.0 million in order to address regional desparities was spent on delivering five federal/provincial cost/shared Subsidiary Agreements located in the Provinces of Newfoundland, New Brunswick, Québec, Manitoba and British Columbia. Not all funds in an amount of $2.2 million were expended due to delays in the progress of projects. Funding was carried forward to future years.

- Federal agri-food development programs for producers, processors and nongovernmental organizations were delivered at a cost of $8.3 million of a total plan of $10.5 million in Prince Edward Island, Nova Scotia and Southeast New Brunswick. The unspent $2.2 million was due to delays in getting signed agreements, in receiving project submission and payment requests; these funds have been carried forward to future years.

- Agri-food strategies for each province were developed. These strategies served as the basis for preparing and negociating the Economic Regional Development Agreements (ERDAs).

Farm Income Protection

- Deficiency payments made to 42,441 producers in 1983-84 amounted to $83 million compared to $6 million paid to producers in 1982-83.

- In support of producer returns for industrial milk and cream, an amount of $309 million was paid to the Canadian Dairy Commission.

- In 1983-84, 115,000 farmers purchased $3.1 billion in crop insurance protection. Total indemnity payments amounted to $286 million, compared to a total premium income of $294 million. The federal contribution amount to $134 million.

- In 1983-84, the Federal government paid $122 million in the Western Grain Administration Account.

- Programs for raspberries, strawberries, apple juice, canned peaches, canned pears and grapes were established under the Agricultural Products' Board Act.

Research and Development

- Results from long-term wheat rotations provided evidence that summerfallowing on the prairies should be reduced to once in three years. An economic analysis showed that a properly fertilized wheat-wheat-fallow rotation was 23% more profitable than the predominantly used wheat-fallow rotation.

- The Research Branch developed a total of 35 varieties in 1983 which were either licensed or released to industry. This total included 24 new varieties of cereal, forage and field crops and 11 new horticultural varieties.

- Significant progress was achieved in putting more efficient soil survey techniques into field operations, including greater reliability of maps, improved evaluation of water movement in soil, clearer assessment of land degradation, and more flexible data base management.

- Plans for the new Food Research Centre at St-Hyacinthe, Que., were completed. This project received priority under the Special Recovery Capital Projects Program and construction is progressing on target according to the revised schedule.

- $31.4 million was spent to upgrade research and development capital facilities and equipment to combat obsolescence and meet program requirements.

Market Development and Economic Analysis

- Technical Trade Missions promoted dairy and beef cattle, cattle embryos and semen, pulses and canola, seed potatoes and livestock feeds in the Republic of Korea, Japan, Mexico, Colombia, Jamaica, Cuba and the Philippines. This contributed to sales of dairy cattle and rye to Korea, registered dairy cattle to Colombia; dairy cattle, semen and breeding programs to Mexico and the signing of a semen import trade agreement with Japan.

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Budgetary			
Research on Natural Resources	20,812	19,394	1,418
Research on Production Development	152,916	143,213	9,703
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	10,793	8,363	2,430
Market Development and Economic Analysis	27,067	27,566	(499)
Farm and Regional Policy Development and Economic Analysis	40,762	34,534	6,228
International Development Assistance	1,846	2,144	(298)
Income Stabilization, Loans and Advisory Services	595,226	540,990	54,236
Prairie Farm Rehabilitation	48,179	-	48,179
Management & Administration	58,332	51,451	6,881
	955,933	827,655	128,278
Non Budgetary			
Prairie Farm Rehabilitation	112	-	112
Revenue	30,527	16,337	14,190
Authorized person-years	5,573	4,632	941

Explanation of Change: See under the individual Activity Financial Performance.

C. Background

1. Introduction

The Agri-Food Development Program discharges the federal government's responsibility to help the food and agricultural sector to maximize its contribution to the growth and development of the Canadian economy and the resolution of world food problems. To fulfill this role, the Program is responsible for several clientele groups, including producers, processors, distributors, wholesalers, retailers and consumers, while under pressure from interest groups, lobbyists and changing government priorities. Jurisdiction over the agri-food sector is shared with provincial authorities and other federal departments such as Environment, National Health and Welfare, and External Affairs. In addition, there is close cooperation with universities and national and international organizations involved in agriculture.

The major components of the Program are: agricultural research and advisory services, regional development, income stabilization, market development, and Prairie Farm Rehabilitation soil and water conservation and development. The Agricultural Stabilization Board, the Agricultural Products Board and the National Farm Products Marketing Council also fall within the Program.

2. Legal Mandate

The Department of Agriculture Act provides the legislative authority for the Minister to control and direct agriculture. Other principal acts governing the activities of the Agri-Food Development Program are the Agricultural Stabilization Act, Crop Insurance Act, Experimental Farm Stations Act, Western Grain Stabilization Act, Advance Payments for Crops Act, Agricultural Products Cooperative Marketing Act, Agricultural Products Marketing Act, and the Prairie Farm Rehabilitation Act.

3. Program Objective

The objective of the Agri-Food Development Program is "to stimulate the development of the agri-food industry, to provide for a dependable and adequate supply of food at reasonable prices to consumers and to ensure stable and equitable returns to producers and processors".

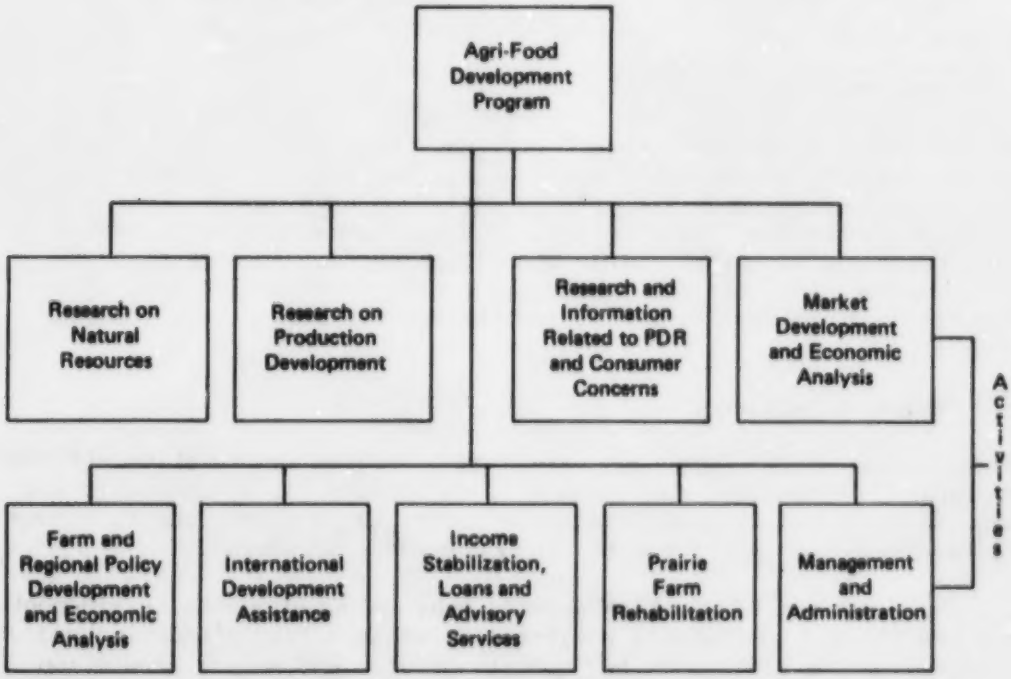
The Program achieves this objective by encouraging the development of a healthy and sustainable environment for agri-food production and by improving the efficiency and quality of crop and animal production by undertaking research in these areas. Income stablization programs promote equitable and stable returns to producers by protecting incomes from market price instability and production uncertainties. The long-term viability of agriculture on the Prairies is enhanced through the delivery of soil conservation programs and the development of a

drought-resistant agricultural sector. The Program also fosters regional development and ensures that Canada meets its international aid commitments. With respect to the processing, distributing and retailing sector, the Program promotes increased efficiency, technological innovation and new product acceptability. The Program also works toward its objective by promoting Canadian agricultural products through information and advisory services to consumers and institutional food service sections by increasing Canadian agri-food exports, and by fostering international trade. Finally, the Program strives to ensure the long-term security of supply for Canada.

4. Program Organization for Delivery

Activity Structure: The Agri-Food Development Program is divided into nine activities that reflect Program endeavours and its efforts in meeting its stated objective. Each activity is subdivided to further refine the objective and operation of the Program. Figure 5 illustrates the activities of the Program.

Figure 5: Activity Structure



Organization Structure: The activities of the Agri-Food Development Program are administered through five branches, two boards and one council, namely the Senior Assistant Deputy Minister's Branch, the

Research Branch, the Marketing and Economics Branch, the Regional Development Branch, the Prairie Farm Rehabilitation Administration, the Agricultural Products Board, the Agricultural Stabilization Board, and the National Farm Products Marketing Council.

The Senior Assistant Deputy Minister and the Assistant Deputy Minister (Marketing and Economics Branch) serve as chairperson and vice-chairperson, respectively, of the Agricultural Products Board and the Agricultural Stabilization Board. The National Farm Products Marketing Council is headed by a chairperson who reports directly to the Minister of Agriculture.

The Program is delivered through central headquarters in Ottawa, regional offices and research stations and facilities across Canada.

The relationship between the departmental organization and the activity structure described above, together with a breakdown of 1985-86 resources, is shown in Figure 6.

Figure 6: Resources by Organization and Activity ($000)

Agri-Food Development Program

	Senior ADM Policy Coordination Farm Income Services International Affairs	Research ADM	Regional Development ADM	Marketing and Economics ADM	Prairie Farm Rehabilitation Administration D.G.	National Farm Products Marketing Council Chair	Activity Totals
Research on Natural Resources	–	22,098	–	–	–	–	22,098
Research on Production Development	–	158,423	19,511	–	–	–	177,934
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	–	27,071	–	–	–	–	27,071
Market Development and Economic Analysis	–	–	548	42,007	–	1,825	44,380
Farm and Regional Policy Development and Economic Analysis	–	–	48,356	–	–	–	48,356
International Development Assistance	1,537	810	–	–	–	–	2,347
Income Stabilization, Loans and Advisory Services	684,455	–	5,132	–	–	–	689,587
Prairie Farm Rehabilitation	–	–	–	–	72,229	–	72,229
Management and Administration	578	54,865	1,832	1,541	–	14	58,830
Total	686,570	263,267	75,379	43,548	72,229	1,839	1,152,842
Person-Years	123	3,638	685	272	879	28	5,625

D. Planning Perspective and Performance Review

1. Environment

The agri-food sector has the potential to increase its production by two-thirds by the turn of the century. However, due to worldwide economic problems, the international trading environment for agricultural products will likely be difficult through this decade. International market development effort must be expanded to sustain and enhance the health of the sector. Other key issues that significantly affect the nature and direction of the Agri-Food Development Program are:

Market Risk: The element of market risk creates a reluctance on the part of producers to increase production, because supply/demand fluctuations can change commodity prices dramatically from year to year.

Market Development: The development of export markets is constrained by tariffs and non-tariff barriers in markets where Canada would otherwise have a competitive advantage. Subsidized exports from other countries further reduce market opportunities, both domestically and internationally.

Human Resource Management: About 25% of research scientists in the Department will be eligible to retire within the next few years, leaving a void in the capability of the Research Branch. It is imperative that efforts be made in conjunction with universities in order to plan for the necessary recruits. In addition, qualified economists and commerce positions to administer and implement the Federal and Federal/Provincial Agri-Food Development Agreements have been difficult to staff in certain provinces due to the sunset clause affecting these agreements.

Natural Risks: Approximately 15% to 20% of potential annual crop production is lost through insects, diseases and weeds.

Environmental Damage: Much of Canadian farmland is deteriorating; soil salinity affects about 5% of cultivated land in the Prairies; loss of organic matter is a serious problem; soil compaction occurs due to the use of heavy machinery; urban development is encroaching on prime agricultural farm land; and concern is increasing on the effects of toxic chemicals on health and the environment. These factors are all exerting pressure on governments to account for and justify the use of agrochemicals in food production.

Water Management: Improved water management is a high priority if agricultural production in Canada is to be increased. At present, irrigation water is provided to only about 2% of the crop area where it is needed, and drainage is installed in about 20% of soils where it is required.

Energy Usage: Energy costs have increased substantially, and further increases are expected despite the current short-term glut. Of total Canadian energy usage, some 15% is utilized by the food system, comprising farm production, food processing, distribution and household preparation. The rising cost of energy is increasing farm production costs as well as food prices, and has prompted a need to assess energy use, to develop appropriate conservation practices, as well as to reduce reliance on petroleum-based fertilizers and pesticides.

Processing: Canadian processing firms have difficulty competing with foreign processors because of higher costs and the need for more efficient technology. Opportunities for increased added value are not being fully realized and Canada is importing a large number of secondary processed food products.

Soil Conservation: A variety of problems are contributing to the severe degradation of the Prairie soil resource. Salinity affects 2.2 million hectares, and this is increasing at a rate of 10% a year. In addition to natural intermittent erosion, accelerated erosion has followed the onset of agricultural settlement, with areas so affected far exceeding those subject to salinity. The frequent use of fallowing and intensive, often excessive, tillage practices have been the main reasons for the alarming rate of loss of organic matter. Soil acidification, poor soil moisture conservation practices and the preceding factors, have all contributed to reduced crop yields.

Water Resource Development: In order to maintain and enhance the agricultural sector of the Prairie economy, it is imperative that dependable water supplies be developed for agricultural purposes such as irrigation, rural domestic, and stock-watering, as well as for agricultural trading centres. Given long-term predictions of severe, warmer temperatures, a drought-proof environment is urgently needed.

Transportation: Expanding the capacity of the national transportation facilities is imperative to carry increased production to markets.

Long-Term Capital: High and fluctuating interest rates are significant cost and risk factors, and constitute barriers to the investment needed to increase productivity.

2. Initiatives

The following are the major Agri-Food Development Program initiatives for 1985-86:

- In line with the Economic and Fiscal Statement made by the Minister of Finance, the Agri-Food Development Program will generate an additional $7.3 million in new revenues in 1985-86.

Research and Development

- The new Food Research Centre under construction at St-Hyacinthe, Que., will assist in providing new and improved technology to Canadian processing firms so that they can compete more effectively with foreign processors. It is expected to be completed in 1985-86, with the facilities in operation in 1986-87. A total of $35.7 million is budgeted for construction of this centre, with $14.2 required for 1985-86; $21.5 million is planned to be spend by March 31, 1985 (see page 3-44).

- To provide producers and land use planners with new and improved information and technology related to soil conservation, emphasis will be given to basic research on soil physical relationships and soil constituents as well as to methods for reducing erosion and salinity and for improving the efficiency of irrigation with a budget of $11.5 million (see page 3-27)

- Biotechnology offers enormous potential for the agri-food industry and is seen as a major component of industrial development in the years to come. In response to the Government's National Biotechnology Strategy, the Department will place emphasis on emerging technologies such as genetic engineering, tissue culture and integrated pest control strategies in carrying out its production support research activities with a total budget of $37.7 million (see page 3-31).

- Increased attention will be given to society's growing concern about the impact of agricultural production systems on the environment. Research will focus on areas such as improved technology for animal waste management, the fate of pesticides in the environment and the development of improved farm practices that reduce pesticide use and pollution in general. A total of $2.1 million is budgeted for this research initiative (see page 3-34).

Regional Development

- In 1984-85 the Department will enter into new Federal Provincial Agreements known as Economic Regional Development Agreements (ERDAs). A direct federal delivery program known as the Assistance Plan for Innovation and Technology Transfer in the Quebec Agri-Food Industry has also been approved. Total funding of $108 million is planned for these programs of which $24.9 million has been allocated in 1985-86 (see page 3-54).

Soil and Water Conservation and Development

- Programs will be undertaken to alleviate the severe land degradation problems on the Prairies under the Canada-Manitoba and Canada-Saskatchewan Subsidiary Agreement on Agri-Food Development (see page 3-72).

- Irrigation development programs will provide for expanded or new irrigation projects in several areas of Saskatchewan under the Canada-Saskatchewan Subsidiary Agreement on Agricultural Development (see page 3-72).

- Under the Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, 42 designated agricultural trading centres will receive aid to develop water supply, water treatment and waste facilities. Of the total authorized funding of $32 million for the next five years, $16 million will be recovered from the Province. In 1985-86, it is planned to spend $8.0 million (see page 3-72).

- An irrigation demonstration farm will be established in Manitoba to promote irrigation, demonstrate improved irrigation methods and crop production at a total cost of $3.0 million of which $531,000 has been allocated for 1985-86 (see page 3-72).

3. Update on Previously Reported Initiatives

As a result of initiatives undertaken in 1983-84, the following results have been obtained.

Market Development

- A computerization of Agriculture Canada's market information system will be implemented over the next three years.

- The first Commodity Council for Growth, a mechanism to ensure closer industry/government cooperation was developed in cooperation with the apple industry.

- Although funding was not approved in 1983 to establish market responsibility centres, the first step was taken through internal reallocation of resources to place marketing offices in regions.

Research and Development

- As a result of additional resources ($1.9 million) being approved in Supplementary Estimates, planning and construction for the Food Research Centre at St-Hyacinthe, Que., is progressing ahead of the schedule originally drawn up and contracts for the foundation and framing have been awarded.

- Technology development in crops research has had significant impacts, particularly in the case of the new varieties of wheat, canola and potatoes that have been introduced to producers.

- Research to develop beef growing-finishing systems adaptable to Atlantic conditions has been progressing well. Highly acceptable rates of gain (0.9 kg/day) and carcass grades (mainly A1) were obtained by feeding beef steers high-quality forage and a supplement with no other grain.

  Advances continue to be made in crop management systems, particularly for intermediate wheatgrass, herbicides and plastic mulch for increased crop yield.

- Efforts in the area of energy conservation resulted in improved efficiency in greenhouse operations, enhancing prospects for the transfer of technology to the industry. Good results were also obtained for reduced energy use in crop drying and in heat recovery in animal facilities.

4. Program Effectiveness

The objective of the Agri-Food Development Program is "to stimulate the development of the agri-food industry, to provide for a dependable and adequate supply of food at reasonable prices to consumers and to ensure stable and equitable returns to producers and processors". Over the past several years, the Program has effectively achieved its objective, as shown by the continuous increase in farm outputs and a lower food price increase than for other consumer products. At the same time, the Program has implemented effective mechanisms and incentives to ensure stable incomes to producers, fair returns to processors and protection against severe economic shocks. The agri-food sector has a stabilizing effect on the Canadian economy in that it provides employment to some 1.4 million people (which represents over 13% of the total Canadian labour force), constitutes 10% of the Gross Domestic Product (GDP), and is a major contributor to the balance of payments and international trade.

The Agri-Food Development Program is carried out in close cooperation with a variety of jurisdictions within the federal government, with other levels of government, universities and the agri-food industry. Thus, it must be recognized that the measures of achievement

cannot be solely attributed to the performance of the Program but are the sum of a variety of contributions. Nonetheless, the Program is a major contributor to the success of the agri-food sector.

During 1985-86 Agriculture Canada will be working in close cooperation with the provinces to implement the Economic and Regional Development Agreements (ERDAs) and Sectoral Agreements to support regional development through agri-food initiatives. The disbursements of over $108 million in federal funds to four Provinces, namely Manitoba, Saskatchewan, Prince Edward Island and New Brunswick, will have a major input on the future development of the agri-food sector.

The Program is scrutinized through the departmental program evaluation process, which looks at the present relevance and continuing need for the Program and its component parts, the extent to which its objectives and sub-objectives are being met, its impacts and effects, and whether there are cost-effective alternatives. At present, the evaluation of three components that comprise the Income Stabilization, Loans and Advisory Services Activity are being completed.

Specifically, this represents those departmental activities relating to Production Risk Protection (Crop Insurance and Compensation); Market Risk Protection (Agricultural Stabilization Act, Agricultural Products Board Act and Western Grain Stabilization Act); and Family Farm Assistance (Farm Improvement Loans Act, Feed Freight Assistance Adjustment Fund and Contributions to Canfarm Cooperative Services). These evaluations have provided management with better information on which to make policy and programming decisions regarding this Activity.

Another recently completed evaluation reviewed the Crop Production Development Research component from the Research on Production Development Activity. Evaluations underway or scheduled for initiation in 1985-86 include the Animal Production Development Research, Production Support Research and Farm Input Supply Research components from the Research on Production Development Activity.

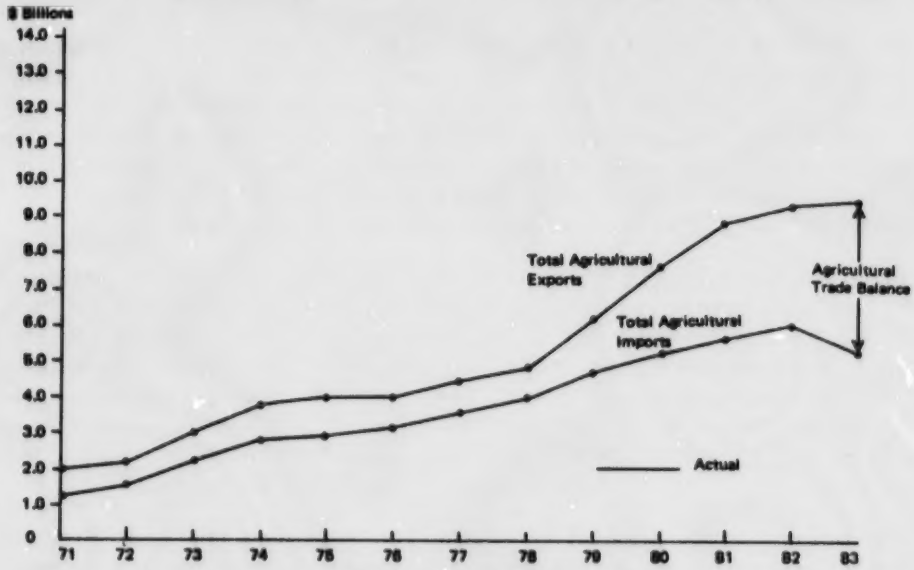
Stimulating the Development of the Agri-Food Sector: Two key measures of the effectiveness of the Program in stimulating the development of the agri-food sector are the agriculture trade balance and the agri-food value of output.

Agriculture Trade Balance: The agricultural sector of the economy is a large and stable earner of foreign exchange. In 1982, the agriculture trade balance was $4.3 billion, up 2% over the previous year. Canadian agricultural exports in 1983 were $9.5 billion, a 2% increase over 1982, while imports at $5.2 billion increased 21% from the previous year. Agriculture has contributed significantly to Canada's positive trade balance in goods. Over the last 10 years (1974-83), Canada's annual trade balance has averaged $3.7 billion, of which $2 billion or 80% was contributed by agriculture.

Significant potential exists to improve Canada's agricultural trade balance from the current level of $4.3 billion. Targets of $5 billion for 1985 and $10 billion for 1990 are proposed. To accomplish this, significant increases in exports will be required, namely exports of $11 billion by 1985 and $14 billion by 1990.

Figure 7 displays Canada's agricultural trade performance, including projected targets, from 1971 to 1983.

Figure 7: Canada's Agricultural Trade Balance By Year

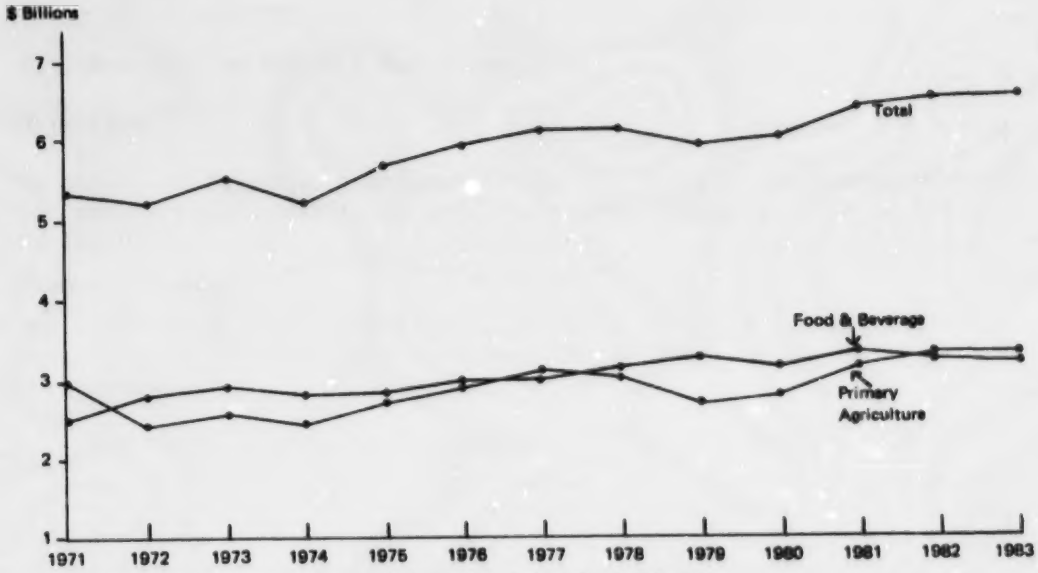


Source: Canada's Trade in Agricultural Products Agriculture Canada Publication

Value of Output: The agri-food sector increased its real output by 25% (constant 1971 dollars) between 1972 and 1983. Compared to the manufacturing sector, the agriculture industry has demonstrated greater stability during the recent economic recession Canada. Although real gross domestic product (GDP) for agriculture (1971 constant dollars) declined by 1.41 in 1983, it had increased by 2.41 the previous year. GDP for the manufacturing sector increased 6% during 1983, but had decreased 12.1% the previous year. However, although total agricultural output has been relatively constant during recent years, agricultural output per person increased 20.7% between 1979 and 1983, compared to 1.5% for the manufacturing sector during the same period.

Figure 8 displays the value of output performance from 1971 to 1983 for the primary agricultural sector and the food and beverage sector.

Figure 8: Agri-Food Value(1) of Output(2)



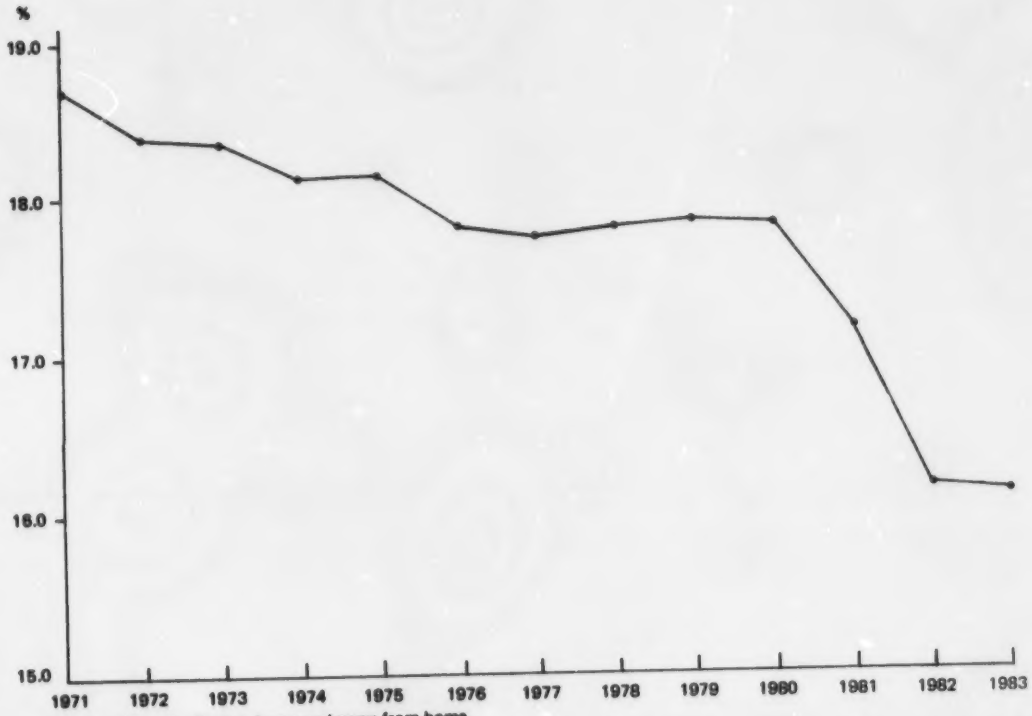
Source: Food and Agricultural Regional Model (FARM) Agriculture Canada Publication

(1) Values in constant prices 1971 = 100
(2) Gross Domestic Product

Dependable and Adequate Supply of Food at Reasonable Prices to Consumers: One measure of the extent that food is provided at reasonable prices to consumers is consumer food expenditures as a share of disposable income. The share of disposable income spent on food at home in 1982 fell to 11.9%, and the share spent on meals eaten away from home also decreased, to 3.8% during 1983. This is essentially due to the higher personal income and the fact that food price increases were lower compared to other consumer products. Various components of the Program contribute toward the achievement of this objective.

Food expenditures as a percentage of disposable income from 1971 to 1983 are displayed in Figure 9, which indicates a general downward trend during the period.

Figure 9: Food Expenditures as a Percentage of Disposable Income*



*Expenditures for food at home and away from home.
Source: Statistics Canada No. Cat. 14-201

Section II
Analysis by Activity

A. Research on Natural Resources

Objective

To assist in developing and conserving the natural resources necessary for agricultural production and to increase the efficiency of their utilization.

Resource Summary

The Research on Natural Resources Activity accounts for 2% of the Agri-Food Development Program budget for 1985-86 and 5% of the person-years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Land	11,451	205	10,734	216	9,632	198
Water	2,942	49	2,675	48	2,312	49
Energy	5,599	30	9,407	30	6,764	26
Environmental Quality	2,106	36	919	39	2,104	41
	22,098	320	23,735	333	20,812	314
Revenue	486		-		-	

Resources are applied on a consistent basis from year to year. Approximately 62% of the resources are used for salaries, and 14% for contract research.

Past Financial Performance

Figure 11 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 11: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Land	9,632	8,425	1,207
Water	2,312	2,182	130
Energy	6,764	6,873	(109)
Environment	2,104	1,914	190
	20,812	19,394	1,418

Explanation of Change: Additional resources (12 person-years and $1.2 million) were utilized in Land Research through reallocation from other areas of the Program in order to respond to increasing emphasis on soil salinity and soil conservation.

Description

This Activity provides provincial extension agencies, planning agencies, regulatory agencies, and primary and secondary producers with information and technology that contribute to the effective and wise use of land, water and energy in support of increasing the efficiency of agri-food production without harming the environment.

In these areas, research is undertaken to provide information and new technology, as follows:

Land: Research and mapping are carried out on agricultural land to provide for its conservation, availability and better use. The Department provides accurate and detailed information on soil resources for land use planning decisions.

Water: Research is undertaken to provide information and new technology for the effective and efficient use of water resources for agricultural production.

Energy: Research is aimed at three areas in energy throughout the food production system: energy conservation, production, and utilization.

Environmental Quality: Research is carried out to develop agricultural management practices consistent with production and environmental requirements.

Performance Information/Resource Justification

The Department undertakes a large number of research projects on natural resources each year on an ongoing basis, involving some 135 scientists at 12 research establishments across the country. In addition, approximately $3.0 million is spent on contract research, accounting for about 13.7% of the effort on natural resources. An important aspect of this total activity is technology transfer, both directly to producers and to intermediate agencies such as the Prairie Farm Rehabilitation Administration. Information on research projects and significant accomplishments are provided in the Department's publication "Progress in Research". Figure 12 is a summary by subactivity of the specific initiatives for 1985-86. Additional details are as follows:

Land: In 1985-86, the Department will continue to provide information and technology related to soil management, conservation and desalinization, as well as land inventory and evaluation. Studies will focus on

soil physical relationships, soil erosion in Quebec, minimum tillage in western Canada, and basic research on soil constituents such as nitrogen. The results are expected to have an impact in a number of areas, for example, increased cereal and forage production on problem soils, reduced soil erosion, adaptation of minimum tillage to a wide range of soil and climatic conditions, improved soil conservation and possible alternatives to fertilizer application.

Soil surveys and land evaluation will address the rapidly growing demand for information from land use planners and for regional agricultural development programs. Better methodology will steadily improve the cost effectiveness of both land inventory and evaluation.

Water: In 1985-86, a variety of techniques for improving the efficiency of irrigation will be investigated, with emphasis on modeling of irrigation water distribution, and economical methods of lining irrigation canals. The goals are to avoid wasteful operations and to reduce soil degradation due to canal seepage on the prairies. In dryland production areas, alternate cropping systems will be developed to improve water conservation and reduce salinization.

Energy: A major program on energy research and development has been established. The overall aim is to develop technology for food, feed and fibre production systems that will increase energy efficiency, reduce the use of fossil fuels, and improve economic returns to producers and processors. Major results are expected to come from research on energy conservation in the food processing sector, alternative sources of energy for use on the farm, and methods to conserve energy in crop production (e.g., reduced tillage). A total of 185 contract proposals were received for review and initiation in 1984-85 and beyond. In addition, many suitable contractors are already engaged in energy contract work.

Environmental Quality: In order to reduce hazards to human and animal health, during 1985-86 research will focus on advancing the knowledge of safe agricultural practices for environmental protection. Safer methods for applying pesticides will be developed, the need for chemical control of pests will be reduced and farm practices for waste disposal and fertilizer applications will be improved.

Figure 12: Research on Natural Resources

Sub-activity	Resources $000	Resources P-Y	Overall Output	Specific Initiatives FY 1985-86
Land	11,451	205	Information on agricultural land to provide for its maintenance, availability and better use to meet current and future agricultural and food production needs.	Better knowledge of the crop sequences required to conserve soils in perpetuity. Methodology for adapting minimum tillage to a wide range of soil and climatic conditions. Enhanced understanding of the effects of erosion on agriculture in Quebec. Fundamental research on soil physical relationships, on soil constituents such as nitrogen, and on sophisticated techniques for improving the efficiency of fertilizers. Increased emphasis on soil surveys and land evaluation in response to the rapidly growing demand for information; development of more cost-effective methods in both inventory and evaluation.
Water	2,942	49	Methods for the effective and efficient use of water resources for agricultural production.	Development of techniques for improved irrigation efficiency, leading to reduced costs and water conservation; development of a model for irrigation water distribution; improved fertilizer practices for use with irrigation. Advances in economical methods of soil drainage, and in defining procedures for control of soil salinity; recommendations for alternative cropping systems on dryland areas to improve water conservation and reduce salinization. Improved understanding of the implications of long days on crop yield in northwestern Canada; methods to detect important differences in climate near the ground; improved knowledge of the interaction between crops and climate for better farm weather service and enhanced assessment of crop production.
Energy	5,599	30	Information and technology on the conservation, production and utilization of energy throughout the food production system.	Conservation: Technology for greenhouses, solar collectors and heat exchangers for livestock buildings, and improved crop dryers. Alternative sources: Energy crops, liquid fuel production, methane production from manure and food processing wastes. Utilization: Energy-efficient technology for food processing, tilling operations, and greenhouse operations.
Environmental Quality	2,106	36	Reduced environmental degradation due to agricultural practices, reduced environmental hazards associated with agricultural production and practices.	Development of improved technology for animal waste management, and for cropping and fertilizer practices to safeguard groundwater. Continued studies on the effects of pesticides on nontarget organisms, on the fate of pesticides in the environment, and on the relationship of pest control to weather conditions as part of the ongoing effort to ensure the safe use of agricultural chemicals for crop and animal production. Use of sex attractants to improve the monitoring of new insect populations.

B. Research on Production Development

Objective

To assist in increasing the efficiency and improving the quality of primary food and agricultural production in order to meet domestic and export market demands and international aid commitments through basic and mission-oriented research and technology transfer to users.

Resource Summary

The Research on Production Development Activity accounts for 15% of the Agri-Food Development Program expenditures and 48% of the person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Animal Production Development Research	45,489	544	27,277	538	26,767	544
Crop Production Development Research	74,240	1,167	65,797	1,252	68,971	1,179
Production Support Research	37,716	540	36,765	547	33,747	560
Farm Input Supply Research	978	20	1,066	23	983	20
Genetic Improvement	18,058	345	17,979	343	21,302	343
Crop Improvement	1,453	11	1,333	11	1,146	8
	177,934	2,627	150,217	2,714	152,916	2,654
Revenue	13,591		7,657		6,760	

The percentage of resources applied to salaries has decreased slightly to 57% during the past three years. During the same period, the proportion used for capital has increased to 30%. Other operating costs (including allocations for maintaining equipment, laboratories, and other capital assets) remain fairly consistent at about 9% of the total resources. Revenue is generated from the sale of products and through fees for service. The total revenue of approximately $13.6 million is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

There were a number of changes between actual and planned financial requirements, as indicated in Figure 14.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Animal Production Development Research	26,767	33,622	**(6,855)**
Crop Production Development Research	68,970	60,410	**8,560**
Production Support Research	33,747	30,166	**3,581**
Farm Input Supply Research	983	910	**73**
Genetic Improvement	21,303	16,601	**4,702**
Crop Improvement	1,146	1,504	**(358)**
	152,916	143,213	**9,703**

Explanation of Change: Major factors responsible for deviations are:

- a one-time contribution of $9.1 million to the Western Grains Research Foundation, which was approved in Supplementary Estimates;
- changes in the Capital Strategy Plan, resulting in a decrease of $7 million for this planning element ($2 million lapsed, the remainder being reallocated);
- the full utilization of the Summer Canada Employment program and the New Employment Expansion Development program in this planning element (91 person-years and $4.5 million); and
- the Special Recovery Capital Project totaling $4.3 million for improvements to the Exhibition facilities at the Canadian Western Agribition.

Description

Research on Production Development strives to solve current and anticipated problems in the diverse soil and climatic zones of Canada. Operations are designed: to determine optimum soil and climate conditions for specific types of crop and animal production; to develop new and improved varieties of crops and new breeds of animals; and to reduce losses caused by disease, weeds, and insects. This activity is of direct benefit to the agricultural industry and producers because it provides new information for better management decisions, as well as new and improved techniques, varieties, and breeds for efficient production to meet domestic and export market demands.

The Research on Production Development Activity consists of six elements, as listed in the activity resource summary. The first four elements are carried out by the Research Branch and the last two by the Regional Development Branch.

Animal Production Development Research: Research is carried out on beef and dairy cattle, hogs, sheep, poultry and honey bees. In general, the Program supports research on breeding, on reproductive physiology, and on feeding, production and management systems.

Crop Production Development Research: Research is directed toward improving the efficiency of production and the quality of crops to meet current and anticipated market demands through development of new varieties with higher yields, greater resistance to pests, and increased tolerance for adverse environmental conditions.

Production Support Research: Basic research for the development of new technology in food and agricultural production is carried out in the areas of biosystematics, pest management, pesticides and plant physiology. Studies are conducted on drought resistance and winterhardiness in crops, nitrogen fixation, cytogenetics, plant disease organisms, insect pests, weed ecology and biotechnology. This research also contributes information and techniques for the development of crop and animal protection systems to minimize losses from pests. A national centre for collections and studies in insect and plant identification serves federal and provincial agencies, universities, specialists and the general public.

Farm Input Supply Research: Canadian farmers annually invest $500 million in construction and improvements to farm buildings and $2 billion in farm machinery. Farm input supply research is aimed at developing minimum-cost functional farm buildings and farm machinery that can reduce production costs and maintain or improve product quality. Methods of economical energy use in agriculture are also developed.

Genetic Improvement: The Department works in concert with livestock producers, provincial governments and other segments of the industry and the federal government to improve the genetic merit and management of livestock. The Department provides extensive genetic improvement programs under the Record of Performance Program for Dairy, Beef, Swine and Sheep. As well, it ensures authentic identification and ancestry of purebred livestock through the administration of the Livestock Pedigree Act.

Financial assistance is provided to approximately 210 fairs and exhibitions across Canada for the exhibition of livestock.

Crop Improvement: The Department facilitates the viability and improvement of crop production by: assessing national and regional crop production potentials; assessing the impact of drought, excess moisture, and frost on crop production; and evaluating environmental resource constraints and advantages for existing and potential crop

production. As well, it facilitates the commercial adoption of new crops, new varieties, new production techniques and the development of new production areas. Financial assistance is provided to approximately 25 projects annually for this purpose.

Performance Information/Resource Justification

Agriculture Canada's Research Branch conducts hundreds of specific research projects on an ongoing basis in animal and crop production, production support and input supply. Some 520 scientists are involved at 32 of the 35 major research establishments located in every province (see Section III, page 3-91). Although the majority of research is carried out "in-house", some 1.6% of the work (approximately $2.6 million) is contracted out to the private sector and to universities.

Details of projects and significant accomplishments in the various areas of research can be found in the Department's publication "Progress in Research". Figure 15 shows the allocation of resources by animals, crops and production support function. Major initiatives are outlined below and summarized in Figure 16.

Animal Production Development Research: The broad objective of this research is to increase production efficiency by improving the quality and increasing the production potential of animals. Research is carried out over a period of years and the results are viewed in this context.

During 1985-86, research will concentrate on efficient methods of feeding and managing beef cattle and other livestock. The objective is the development of production systems that will make use of new technology on forage and pasture management and locally produced feeds, leading to efficient cow-calf and feedlot operations. Other research, as highlighted in Figure 16, aims to provide the information and technology that will allow livestock operators to meet the growing consumer demand for leaner meat and high-quality products and at the same time reduce input costs.

Figure 15: Allocation of Resources by Animal, Crop and Production Support Functions.

	1985-86		1984-85		1983-84	
	$000	P-Y	$000	P-Y	$000	P-Y
Animals						
Beef Cattle	20,946	164	9,239	167	8,917	161
Dairy Cattle	13,226	170	8,348	166	8,036	170
Swine	3,870	63	3,377	64	3,501	63
Poultry	4,270	84	3,709	81	3,783	88
Sheep	2,582	50	2,060	48	2,074	51
Other	595	13	544	12	456	11
Total Animals	45,489	544	27,277	538	26,767	544
Crops						
Wheat	7,672	158	7,091	173	6,310	152
Other Cereal Crops	8,936	174	8,157	180	15,565	155
Oilseed Crops	4,944	97	4,723	89	3,751	84
Forage Crops	10,583	211	10,105	218	9,106	214
Horticulture Crops	37,540	440	31,135	493	30,276	477
Field Crops	4,565	87	4,586	99	3,963	97
Total Crops	74,240	1,167	65,797	1,252	68,971	1,179
Production Support						
Supportive research and development	11,876	181	13,952	190	14,493	190
Protection	19,963	250	17,096	246	13,995	259
Biosystematics	5,877	109	5,717	111	5,259	111
Total Production Support	37,716	540	36,765	547	33,747	560

Crop Production Development Research: In 1985-86, continued research will be undertaken for the development of cultivars with superior yield and quality, increased resistance to pests and diseases and better adaptation to adverse soil and weather conditions.

During 1983-84, 24 new varieties of cereal, forage and field crops and 11 new horticultural varieties were either licensed or introduced to the industry. These varieties pertained to wheat, canola, barley, forage grasses, field beans, tobacco, potatoes, and apples. For example the new wheat variety Columbus, first seeded in 1983, has provided farmers with a wheat that is resistant to serious problem of early sprouting, has improved yield, and has extra resistance to leaf rust. This variety will assure Canada's reputation for high quality and dependability in the years to come. Advances were made in crop management systems for increased yields.

Production Support Research: Long-term fundamental research and services have application across a broad range of projects related to crop and animal production. In response to the National Biotechnology Strategy, research capabilities in biotechnology will be strengthened. Advanced genetic engineering procedures are being developed to improve nitrogen fixation capability in legumes and to transfer specific genes in crop species for more efficient plant breeding. Through programs on toxic chemicals, alternatives to chemical pesticides in the control of crop and animal pests will be developed. Effective detoxification procedures will be developed to reduce mycotoxin levels in contaminated corn and cereals.

Farm Input Supply Research: The development of efficient farm machinery and safe economical farm structures is essential for efficient animal and crop production at minimum input cost. New machines and building designs will continue to be made available to provincial extension agencies for use by farmers and building contractors.

Figure 16: Research on Production Development

Subactivity	Resources $000	Resources P-Y	Overall Output	Specific Initiatives FY 1985-86
Animal Production Development Research	45,489	544	Improvements in the efficiency of production and the quality of animals in support of market development.	Improved production systems for beef cattle as a result of implementing new technology on forage harvesting and storage and on pasture management, increased emphasis on locally produced feeds, and more efficient cow-calf and feedlot operations. Increased efficiency of milk production through continued assessment of the genetic potential of dairy cattle, improved nutrition and decreased feed costs, and methods to utilize the fundamental knowledge of basic physiology and reproduction in cows for improving productivity and reproductive efficiency. Improved accuracy in genetic evaluation of swine, improved pre- and post-natal piglet survival, and behavioral research to improve management of piglets. Breeding and nutrition studies to expand the knowledge of resistance to disease in poultry; improved knowledge of nutrient requirements, including use of full fat canola, low-protein starter rations. Information on breed comparisons and physiological responses in sheep, and advances in the efficiency of lamb production. Continuing studies on wintering of bees, bee nutrition, honey production and use of pheromones in hive management.
Crop Production Development Research	74,240	1,167	Improvements in the efficiency of production and the quality of crops in support of market development.	Identification of lines of wheat with superior resistance to sprouting, winterkilling, sawflies, and diseases such as rust, snow mold and leaf blight, and evaluation of new breeding techniques. Development of new early-maturing sunflower hybrids to expand production into nontraditional areas; improvements in canola cultivars with emphasis on higher yields, better oil and protein content, and resistance to blackleg and white rust. First indications as to the potential value of biotechnology techniques for developing superior cultivars of cereals, legumes, grasses, and canola hybrids, and for propagation of ornamental crops. Enhanced production of fresh and processed tomatoes through development of cultural and management packages; development of new potato cultivars for the Prairies, and of an energy-efficient harvesting system for potatoes. Improved cultivars and management systems for field peas and beans, buckwheat and peanuts. Improved techniques for chemical thinning and control of flowering in fruit trees.

Subactivity	Resources $000	Resources P-Y	Overall Output	Specific Initiatives FY 1985-86
Production Support Research	37,716	540	Ensure the availability and development of basic support services necessary for food and agricultural production.	Mechanisms to speed up plant breeding programs through biotechnological advances; greater efficiency in protein synthesis in ruminant animals through genetic alteration of rumen bacteria. Improved overwintering of crop plants through studies on cold acclimatization, freezing injury and overwintering damage. Safer means of pest control by determining atmospheric residue levels of herbicides, and developing technologies for using naturally occurring plant products, as well as integrated control strategies. Continued engineering, statistical, analytical, and technical support for research programs.
Farm Input Supply Research	978	20	Assist in ensuring the availability and quality of basic inputs to the food and agricultural production system.	Development of new building designs for farmers and building contractors with a view to achieving construction economies and safe and efficient buildings for animal production and storage. Continued development of new machines and mechanization systems for more efficient crop production.

Genetic Improvement: The federal government encourages continued improvements in production efficiency and product quality for the cattle, sheep and swine industries through programs designed to increase reproductive capabilities and overall production efficiency through identification and multiplication of genetically superior breeding stock. This in turn contributes to a viable livestock industry while meeting consumer demands for products and quality.

During 1985-86, the Department will introduce a redesigned Record of Performance Program which will provide breeders with advanced information for herd management, selection and decision making. This will improve the producer's capabilities to increase the productivity of their livestock through timely and efficient selection of breeding animals. Within the dairy sector, continued work is being done in order to increase the efficiency of cheese production and the quality of milk production. In response, the Department will expand the laboratory testing of milk samples for protein to cover 100% of all the herds, instead of the current 50%.

The production gains per animal performance tested in the five-year period (1979-83) are measured by overall production efficiency, quality of product, and actual estimates of genetic progress. Within the dairy cattle segment, the average milk and fat yield per cow has increased by 381 kg of milk and 15 kg of butterfat. The improved quality of Canadian pork is indicated by a reduction in backfat thickness of 2.5 mm over the five-year period, thereby substantially increasing the amount of lean meat per animal. An improved production trend is evident in the beef cattle segment, with an average gain in weaning weight of 18.0 kg and in yearling weight of 25.0 kg in the annual calf crop. This is also reflected in the improved average daily gain per calf. As with beef, sheep have also demonstrated an average weight gain per lamb of 1 kg at 50 days of age and 1.2 kg at 100 days of age. These gains impact on the national herd/flock through the dissemination of performance-tested breeding stock throughout the livestock population. As well they represent a monetary saving through improved production efficiency, and help ensure a quality product to the consuming public.

Genetic selection relates directly to the number of performance-tested livestock. Greater numbers of performance-tested animals will have a faster, more positive impact on the efficiency and quality of livestock production. Enrollment continues to increase. The number of herds enrolled in the Record of Performance (ROP) programs for 1983 was 8,078. Some 473,925 animals were enrolled in the programs in 1982, up from 470,931 in 1982. As well, 69,715 sires were evaluated through the Department's programs in 1983, up from 67,807 in 1981. Although the number of herds enrolled in the programs has stabilized, the number of animals continues to increase.

Complementing performance testing of livestock is the visual assessment of traits relative to longevity and structural soundness. This is carried out through the showing of livestock at agricultural fairs and exhibitions. The Department provides financial assistance to approximately 210 annual fairs and exhibitions conducting livestock shows in line with set standards. A major spin-off of such shows is the increased visibility of quality Canadian livestock to foreign and domestic buyers. In addition in 1983-84, as a result of a Special Recovery Capital Project the Department was able to expend $4.3 million at the Canadian Western Agribition to contract, expand and improve exhibition facilities. The transfer payments in support of fairs and exhibitions are set out in Figure 17.

Figure 17: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canadian Western Agribition	100	100	100
Royal Agricultural Winter Fair	100	100	100
Le Salon international de l'agriculture et de l'alimentation	50	50	50
Class A and Class B, Winter and Spring Fairs and Special Fairs	2,348	2,460	2,261
Freight on Livestock Shipments to and from the Royal Agricultural Winter Fair and the Canadian Western Agribition	178	178	102
Special Recovery Capital Project & Western Agribition			4,300
	2,776	2,888	6,913

Crop Improvement: In order to broaden the crop production base in each region in Canada, financial assistance is provided to the private sector for crop development through the New Crop Development Fund. The New Crop Development Fund is unique since it brings an equivalent amount of investment from the private sector in support of these projects. The primary objective of this fund is to assist the commerical evaluation and development of new crops and improvement of crops beyond the basic research or plant breeding stage. As well, the fund attempts to accelerate the commerical adoption of those crops demonstrating potential for commercial agriculture. In 1985-86, this fund will assist 27 projects. Federal contributions in terms of type of crop and recipient are outlined in Figures 18 and 19 respectively. As well, in 1985-86, winter and early spring weather conditions in western Canada will be monitored for drought conditions, and regional studies of

production potential will be carried out. Work on changing crop production practices and patterns in relation to reducing soil degradation and improving the long term sustainability of the land resource base for agriculture will be investigated.

In 1983-84 Cabinet approved an extension of the New Crop Development Fund for five years to March 31, 1988 at a funding level of $750,000 per year. This has provided funding for 27 crop development projects at a cost of $723,000 in 1983-84.

Figure 18: Contributions by Crop Type ($000)

	No. of Projects	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Horticulture	13	342	339	285
Grain	3	157	127	59
Oilseed	5	98	168	266
Pulse	3	60	37	47
Forage	1	33	52	3
Special crops	2	60	-	63
	27	750	723	723

Figure 19: Project by Type of Recipient - 1983-84

	No. of Projects	Budget ($000)	% of Total Funds
Provincial Government Agencies	1	2	-
Producer groups	8	244	33
Universities and colleges	3	234	31
Commerical organizations	10	170	23
Industry associations	5	100	13
	27	750	100

C. Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns

Objective

To increase efficiency, technological innovation and product development in the food processing and distributing sectors, and to assist in ensuring the consumer a dependable supply of safe and nutritious food.

Resource Summary

This Activity accounts for 2% of the Agri-Food Development Program financial resources and 3% of its person-years.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Processing Research	22,776	119	25,845	101	7,747	83
Distributing Research	1,603	26	1,444	23	1,473	24
Food Quality and Nutrition Research	2,692	32	2,657	38	1,573	23
	27,071	177	29,946	162	10,793	130
Revenue	402					

About 57% of the total resources shown above are allocated to capital, mainly due to the construction of the Research Centre at St-Hyacinthe, 30% allocated to salaries, and the remaining 13% to other operating costs, including maintenance of capital assets.

Past Financial Performance

The major changes that occurred in the financial requirements during 1983-84 are given in Figure 21.

Figure 21: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Processing Research	7,747	4,636	3,111
Distributing Research	1,473	1,090	383
Food Quality and Nutrition Research	1,573	2,637	(1,064)
	10,793	8,363	2,430

Explanation of Change: Increases in expenditures were due to construction of the Food Research Centre, St-Hyacinthe, Que. (a Special Recovery Capital Project), and additional resources ($1.9 million) were approved in Supplementary Estimates. Construction of the Meat Facility at Lacombe, Alta., was completed, using capital resources ($0.7 million) that were planned in the Main Estimates for use in the Research on Production Development activity.

Description

Through this Activity, the Department contributes to the development and improvement of the food processing sector, currently a $30 billion industry (wholesale value). This Activity has three elements: Processing Research, Distributing Research, and Food Quality and Nutrition Research.

Processing Research: This is directed to the development of new food processing technology and to improving the efficiency of the food processing system. Background research is conducted on the chemical and physical changes in food during processing. New ingredients, products and instruments are developed for private industry evaluation.

Distributing Research: This research aims to reduce energy costs related to the transport and storage of commodities, to improve storage conditions and extend the shelf life of agricultural products, and to increase the domestic and export market potential of commodities and products.

Food Quality and Nutrition Research: Research is undertaken to define potential hazards of undesirable material in feedstuffs and foods by studying their occurrence and their interactions in the food system and to develop procedures for their removal or prevention. Nutrition research focuses on the nutritional qualities of certain food components, on the availability of natural nutrients, and the nutritional value of certain foods.

Performance Information/Resource Justification

Food research in Agriculture Canada is conducted by 57 scientists located at eight major establishments at a cost of $10.7 million annually. In addition, research is contracted out to the private sector and to universities at a cost of $2.2 million. Specific initiatives for 1985-86 by subactivity are summarized in Figure 22. Additional details are outlined below.

The total research effort by the food industry in Canada amounts to $30 million, representing an expenditure of less than 0.1% of the wholesale value of food products, and is only one-ninth of the average research expenditures by Canadian industry as a whole.

Processing Research: New products and processes are developed through this research, and the resulting technology is transferred to private industry. A major initiative in 1985-86 will be the completion of the Food Research Centre at St. Hyacinthe, Que., at the cost of $35.7 million. The centre will pave the way for joint research with industry on new technologies needed to develop a food industry based on maximum use of regional agricultural production.

Distributing Research: Effective and acceptable control measures for insect pests in cereals and oilseeds will be developed to assist in maintaining their export marketability. Increased knowledge of fundamental storage problems will be sought and new and improved technology for storing fruits and vegetables will be developed and recommendations made to extend the storage life of domestic produce with a view to replacing imports where possible.

Food Quality and Nutrition Research: In 1985-86, research will continue on the inhibition of spoilage organisms in cured meats, including methods to control surface mold growth in uncooked cured meats. Investigations on mycotoxin contamination of cereals will focus on the effect of milling practices, and on identifying mycotoxins other than vomitoxin and assessing their toxicity. The nutritional availability of vitamins in cereals and in fresh and processed vegetables will be studied.

Figure 22: Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns

Subactivity	Resources $000	Resources P-Y	Overall Output	Specific Initiatives FY 1985-86
Processing Research	22,776	119	Promotion of increased technological innovation and efficiency in the processing sector.	Development of improved processes for high-quality milk and milk products through research on storage, bacterial cultures and basic structure of dairy products; and for restructured meat products through better knowledge of nutrient composition and factors affecting quality. Assessment of new fruit and vegetable cultivars for processing; development of methods to extract and concentrate essential oils from native plants; information on systems for recycling blancher effluent from fruit and vegetable processing. Development of high-quality liquid diets for vealer dairy, beef and herd replacement calves, including increased use of whey proteins. Development of economic processes for manufacturing nutritive, functional and nontoxic ingredients from oilseeds for human consumption. Development of new products such as pear juice concentrate, low-sodium pickles and heat-sterilized pouch packs for fruit desserts.
Distributing Research	1,403	26	Increased efficiency in the distribution sector.	Development of safe and effective control measures against insect pests that may threaten exports of Canadian seeds and seed products. Preparation of guidelines for reducing the production of mycotoxins in stored products and for detecting damage in stored grains and oilseeds. Increased knowledge of fruit storage including the prediction of rot, prevention of fruit deterioration, and application of a metabolic block against enzyme systems that cause breakdown. Improved technology for storing fruits and vegetables such as semi-permeable film coatings; new handling and storage procedures for crops such as broccoli, cabbage and carrots.
Food Quality and Nutrition Research	2,492	32	Information and technology for ensuring the safety, quality and nutritive value of edible agricultural products.	Improved safety of cured meats through studies on the role of nitrites in reducing spoilage and on methods to control growth of surface mold. Enhanced knowledge of mycotoxin contamination of cereals including effects of milling practices and procedures to identify and isolate mycotoxins other than vomitoxin and to assess their toxicity. Continued studies on nutritional quality of fresh and processed vegetables, including folates and vitamins A and C, and factors affecting B vitamins; development of advanced methods for evaluating nutrients in cereal products.

D. Market Development and Economic Analysis

Objective

To assist and stimulate the agri-food sector in its market development efforts aimed at increasing Canadian self-sufficiency, expanding exports and increasing demand for domestic products, so as to increase economic viability at the enterprise level throughout the agri-food sector.

Resource Summary

This Activity accounts for 4% of the Agri-Food Development Program expenditures and 5% of the person-years.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Market Development	2,413	43	3,294	47	1,865	29
Marketing Effectiveness and Economic Viability	41,967	237	43,261	226	25,202	239
	44,380	280	46,555	273	27,067	268
Revenue	550	-	550	-	880	-

Of the total expenditures in this Activity, salaries and wages account for 30% and transfer payments account for 64%. The balance of 6% represents support for operations in communications and travel, supplies, printing and distribution of market and consumer information and commodity and market outlooks. The revenue is generated as set out in Figure 51 on page 87. It is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 24 sumarizes the major changes in financial requirements that occurred in 1983-84.

Figure 24: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Market Development	1,865	1,562	**303**
Marketing Effectiveness and Economic Viability	25,202	26,004	**(802)**
	27,067	27,566	**(499)**
Revenue	880	377	**503**

Explanation of Change: Generally, the net loss accrued as a result of the Fruit and Vegetable Storage Construction Financial Assistance Program receiving approval too late in the year to take full advantage of alloted funds. During the year, priorities within the Branch were realigned, resulting in changes within the elements.

Description

Through this Activity, the Department works with producer marketing groups and organizations, agri-food businesses, and provincial and federal departments and agencies to improve the efficiency and effectiveness of agri-food marketing systems, to enhance the economic viability of the food and agricultural sector, and to develop and maintain national and international markets. Operations are designed to encourage and stimulate the sector's efforts to enhance its competitiveness and the marketability of Canadian food and agricultural products, increase the market share of Canadian food and agricultural products, ensure the continuity of supply and improve returns to producers. The Activity consists of two elements.

Market Development: This element helps the agri-food sector to take advantage of market opportunities by improving the links between buyers and sellers, financially assisting domestic campaigns to promote Canadian agricultural food products, and conducting technical and fact-finding missions in foreign countries. Incoming buying missions are assisted to ensure their purchasing needs are met by Canadian sources. For example, the showcase herds located at the Experimental Farm allow foreign buyers to examine a high quality sample of Canadian Livestock. The Department contributes to multilateral and bilateral trade agreements for agricultural products to guarantee reasonable access of Canadian products to foreign markets and to ensure that foreign products do not constitute unfair competition for domestic Canadian products.

Marketing Effectiveness and Economic Viability: This element collects, analyzes, interprets and issues commodity statistics, market information, consumer information, forecasts on national and international demand, supply and pricing, as well as assessments and reports on the impact of national and foreign programs, legislation, policies, trade practices and commodity flows on the economic situation of Canadian producers and processors. It offers advice on the design of institutions which affect agricultural marketing, trade and producer returns.

Producer groups are encouraged to improve their marketing practices and the quality of their storable crops by means of financial contributions to construct modern climate-controlled storages for fruits and vegetables. Loan guarantees to producer groups and cooperatives under the Agricultural Products Cooperative Marketing Act (APCMA) and the Advance Payments for Crops Act (APCA) provide for pre-sale cash advances on stored crops and reduce post-harvest price depressions and short-term cash flow problems at the producer level. Interest on cash advances is paid to the Canadian Wheat Board on farm stored grain for Western producers under the Prairie Grains Advance Payments Act. The Board also receives reimbursement under the Act when grain producers default on repayment of cash advances. Under the Agricultural Products Marketing Act (APMA), 79 provincial marketing boards are delegated

federal powers in order to regulate interprovincial and international movement of products and to collect levies from producer members to offset marketing costs.

National Farm Products Marketing Council: The council is a federal supervisory body that monitors the establishment, operation and performance of the national marketing agencies in accordance with the Farm Products Marketing Agencies Act. There are now three national agencies, for eggs, turkey and chicken. The council also works with the national agencies and the provincial governments to promote more effective marketing of regulated farm products and to defend Canadian consumer interests.

Performance Information/Resource Justification

Market Development: The 43 person-years and $2.4 million in operating are engaged in various activities that assist the agri-food sector to take advantage of market opportunities. 68% of the person-years are used to diffuse marketing food and nutrition information through market data, promotional booklets, newsletters and using all facets of the news media. 32% are used to conduct technical trade missions, to potentially increase export markets for Canadian products, services and technology, and identify foreign market requirements.

An additional $800,000 and two person-years have been allocated in 1985-86 to concentrate on an export expansion projects. An example of these projects will be to identify possible technical trade barriers to exports, provide the expertise to overcome such barriers and thereby assist the entry of agri-food products to foreign markets.

Financial incentives are provided through transfer payments in the form of various grants and contributions. Private sector projects for promoting products or for identifying market opportunities valued at over $2 million, are encouraged by an average 25% financial participation. Details of transfer payments are summarized in Figure 25.

Figure 25: Market Development Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grant			
To assist in the marketing of agricultural products	20	20	17
Contribution			
To promote the sale of Canadian seed potatoes	181	191	130
To Canadian commercial organizations, industry associations, universities and institutes for the purpose of stimulating improvements in the marketing of Canadian agricultural and food products	250	250	247
	451	461	394

Showcase Herds: The showcase herds located at the Experimental Farm consist of high-quality examples of Canadian dairy cattle, beef cattle, swine and sheep. These herds provide foreign and domestic visitors with a good display of modern production practices.

In 1985-86, the effectiveness of the showcase as a marketing tool will be increased by the addition of electronic displays of information on the Canadian Livestock Industry.

In 1983-84, approximately 200,000 visitors, including about 5,000 foreign visitors, toured the showcase facilities. Out of 72 countries purchasing semen or purebred cattle in the last four years, 63 have visited the showcase. The Showcase Herd Program was expanded in 1983-84 to include a Swine and Sheep Showcase. The Swine Showcase Barn was opened to the public in August 1983 and the Sheep Barn was opened in October 1983.

Marketing Effectiveness and Economic Viability: The 237 person years and $41.9 million operating engaged in this element organize, analyze and interpret market and economic data information and conduct economic research. Their forecasts on the agricultural market trends (domestic and foreign) input to trade negotiations and aid the government and industry decision-making process. Effectiveness has been shown by the development of policies in the area of Feed Grain, Red Meat, Dairy and Transportation (Crow Rate). Activities are initiated to solve marketing problems of various sectors of the market place from producers to consumers. Conferences such as the Air Cargo Forum and the Shippers-

Carriers Conference have permitted interested parties to bring an element of solution to structural marketing problems resulting in more efficient and effective marketing systems.

$600,000 will be used to fully computerize the manual information collection and dissemination system. The schedule will commence in 1985-86 with the livestock commodity group. Once developed, the system would deliver current market information on domestic and international prices, supply, quantities and qualities of goods traded, movements and other information for the use of Canadian producers, processors and distributors. Buyers and sellers in the marketplace will be able to obtain commodity information in time to influence their immediate day-today decisions. The information will be disseminated in formats tailored to the capabilities and preferences of the recipients. Computerization will reduce the current time and resource-consuming method of physical collection.

Support is also provided in the form of transfer payments. These are summarized in Figure 26.

Figure 26: Marketing Effectiveness and Economic Viability - Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grant			
Canadian Horticultural Council	30	30	30
Agencies established under the Farm Products Marketing Agencies Act	200	100	-
Contribution			
Advance Payments for Crops Act	12,000	8,000	4,308
Prairie Grain Advance Payment Act	14,000	12,000	-
Agricultural Products Cooperative Marketing Act	-	-	6,808
Canada Grains Council	85	90	89
Fruit and Vegetable Storage Construction Assistance	1,200	3,620	2,551
Contribution to the United Co-Operative of Ontario	-	7,500	-
	27,515	31,340	13,786

In accordance with the Farm Products Marketing Agencies Act, a grant of $200,000 is made available should the formation of new agencies be approved in 1985-86. The grant to a maximum at $100,000 per agency, would be used to defray the costs involved in the establishment of an agency.

The Advance Payments for Crops Act and the Prairie Grain Advance Payments Act contributions facilitate the orderly marketing of storable crops by providing producers, through their organizations, with

interest-free cash advances between harvest and sale of the product. This alleviates the post-harvest price depression and allows producers to sell their crops in response to market demands and opportunities over a longer time frame. Guarantees on cash advances of $200 million will be made to marketing organizations, representing 15,000 producers at a cost of approximately $12 million.

The Agricultural Products Cooperative Marketing Act guarantees bank loans for initial payments and operating costs to marketing organizations that market products cooperatively and pool returns. If the average selling price, plus operating costs as guaranteed are lower, the crown is liable for the difference. Under the guarantee a liability payment of $7.5 million was triggered in 1983-84.

The Fruit and Vegetable Storage Construction Financial Assistance Program aims through improved storage and capacity to extend the marketing season for domestic produce and to reduce the reliance on imported fruits and vegetables. During the 1985-86, the program will provide $1.2 million in assistance toward the construction of new or modernized fruit and vegetable storage facilities.

National Farm Products Marketing Council: Total resources in this Activity element for the fiscal year 1985-86 consist of $1,839,000 and 28 person-years to supervise agencies set up to administer national and regional marketing plans. Approximately 70% of the person-years ensure existing and/or new national agencies comply with the Act, federal/provincial agreements, and national plans for regulated products. Fifteen per cent ensure that on the average producers receive an adequate return on their investment and that the Canadian consumer is protected and is paying a fair price for the regulated commodities. Another 5% liaise with nonregulated producers or processors to determine the validity of a national agency to control total product. The remaining 10% of resources are associated with the administration and support of the Council and its components.

E. Farm and Regional Policy Development and Economic Analysis

Objective

To facilitate the development of the agri-food sector in each region within the national framework and in accordance with its market potential, and to work in collaboration with provincial government departments, other federal departments and non-governmental organizations.

Resource Summary

This Activity accounts for 4% of the total Agri-Food Development Program expenditures and 4% of the person-years.

Figure 27: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Regional Development	46,291	199	47,577	180	38,400	154
Development Policy	2,065	65	2,100	65	2,362	42
	48,356	264	49,677	245	40,762	196

Approximately 23% of the expenditures in this activity are used to cover personnel costs. Transfer payments in the form of contributions, as set out in Figure 29 on page 3-54, account for 44%, with the balance used for other operating costs and capital.

Past Financial Performance

Figure 28 summarizes the major change in financial requirements that occurred in 1983-84.

Figure 28: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Regional Development	38,400	32,854	5,546
Development Policy	2,362	1,680	682
	40,762	34,534	6,228

Explanation of Change: The change is due to the following:

- implementation of Phase 1 of the Compensation and Re-establishment Scheme for the for the Eastern Canada Apple Industry ($9.4 million);
- approval of a NEED program for the construction of certain facilities at the Atlantic Winter Fair ($455,000);
- approval of a contribution to the Mersea Township, Ontario for dyke protection works ($800,000);
- approval of a Federal Development Strategy for Prince Edward Island ($230,000); and
- a decrease of $5.2 million and 13 person-years as a result of delays in implementing regional development programs and initiatives in special areas.

Description

Regional Development: The Department provides assistance directly or jointly with provincial governments, through development initiatives that are designed to guide the short-, medium- and long-term development of the agri-food sector. The initiatives undertaken are designed for the private sector in order to increase production and efficiency in production and marketing while contributing to income opportunities for producers, regional job creation opportunities and human resource development. This includes providing financial assistance, technical advice and expertise for projects in research, production [illegible] aimed at improving production and marketing in the agri-food sector. These activities are developed in close consultation with the provinces.

Development Policy: This element carries out economic analyses and provides policy, program planning, and strategy development advice focused on the development of the primary sector. Priority areas of concern include regional development, agricultural resources (land, labour and capital), energy and farm input supply.

Performance Information/Resource Justification

Regional Development: This element contributes to an average 5% growth in the production of agricultural products and in the net producer income through: renewed and new agriculture subsidiary agreements; development of programs through contribution payments; and direct contact with all segments of the agri-food sector. The Department annually updates provincial economic profiles of the agri-food sector to form the basis for the development of short-, medium- and long-term agri-food policies and programs. Details of the expenditures, through transfer payments in the form of grant and contribution funding, are shown in Figure 29.

Figure 29: Transfer Payments for Regional Development ($000)

Initiative	Total Amount Authorized	Expended to March 31/84	Forecast 1984-85	Estimates 1985-86
Direct Delivery				
Prince Edward Island - Federal Development Strategy	4,836	3,389	672	-
Southeast New Brunswick Program	2,551	805	783	812
Nova Scotia Agri-Food Development Agreement	16,824	4,133	5,121	4,192
Magdalen Islands	1,346	67	611	-
Lower St. Lawrence and Gaspé	3,070	-	1,220	650
	28,627	8,394	8,407	5,654
Agriculture Subsidiary Agreements				
Newfoundland	14,707	13,624	900	-
New Brunswick	27,698	27,642	-	-
Quebec	61,960	60,867	695	-
Manitoba	11,100	6,174	2,500	1,800
British Columbia	30,000	22,846	5,014	-
	145,465	131,153*	9,109	1,800

* Of this amount, $102 million was expended by the Department of Regional Economic Expansion prior to the transfer of the agreements to Agriculture Canada.

In southeast New Brunswick, the Productivity Enhancement Program provides technical and financial assistance to the private sector to upgrade producer productivity, to improve the use of farms' physical resources and to accelerate the transfer of technological innovations within the region. The Marketing Development Program provides producers, processors and other agents in the agri-food system with technical, financial, and institutional resources so they can respond effectively to opportunities in domestic and export markets. A total of $3.6 million in Federal expenditures has been approved for the program, of which $1.1 million ($0.812 million in contribution, $0.3 million - other operating) will be spent in 1985-86.

The Lower St. Lawrence and Gaspé Agri-Food Development Plan completed its first full year of operation in 1984-85. This program is designed to promote the trial and adaptation of new production methods or productions which allow diversification and expansion in regional agri-food production, as well as to improve and increase storage capacity in the peripheral areas of the region. Assistance will be provided to producers, producer groups, associations, syndicates and manufacturers for distributing agricultural equipment, products or inputs. In addition, renovations to the facilities at the La Pocatière Experimental Farm will be undertaken to upgrade the research capability in the region. The funding required for 1985-86 is $4.0 million ($0.650 million in contribution; $3.4 million in other operating and capital) for a total of $12.3 million.

The programs delivered by the federal government under the Canada/Nova Scotia Development Agreement are directed toward market development, technology acceleration and development, resource development and information. Moreover, the agreement includes a land development program funded and delivered entirely by the province. Of the total Federal expenditure of $23.3 million approved, $6.2 million ($4.2 million in contribution; $2.1 million in operating costs) will be spent in 1985-86.

In 1984-85, the Department will enter into new Federal/Provincial Agreements known as Economic Regional Development Agreements (ERDA's). These Agreements will be undertaken with the provinces of Prince Edward Island, New Brunswick, Manitoba and Saskatchewan. Under these new agreements, a total authorized federal expenditures of $104 million has been approved of which $23.9 million will be expended in 1985-86.

The objectives of these Agreements are to facilitate an improved economic performance within the agri-food sector through improved production efficiencies, to contribute to the long-run sustainability of the sector through improved soil and water management, to encourage crop intensification and the enhancement of livestock productivity through the development of marketable products and the development and the transfer of technology to the sectors and to expand employment opportunities. In 1985-86, a total of $23.9 million will be spent in pursuit of these projects. The ERDA Programs are multi-year efforts which will terminate in 1988-89. Programs will be monitored and adjusted for the duration of the Agreement to ensure that initiatives are leading to the attainment of program objectives. An interim and final comprehensive evaluation of the programs will be undertaken following completion of the program. Also in 1984 a new Federal Direct Delivery Program known as the Assistance Plan for Innovation and Technological Transfer in the Quebec Agri-Food Industry was approved under the ERDA umbrella. This plan, which will extend into 1988-89 at a total cost of $4 million, is aimed at increasing the productivity factors and the

degree of production preparation or value added in the agri-food production and processing industry which already has the capital required to increase production levels significantly. Planned expenditures in 1985-86 will total $1.1 million. An evaluation plan has been developed to facilitate the evaluation of the program. This evaluation will be undertaken following completion of the Program. Figure 30 identifies the distribution by Province of Federal expenditures for Economic Regional Development Agreements.

Figure 30 : Expenditures For Economic Regional Development Agreements (000's)

	1984-85	1985-86	Future Years	Total
Canada - Prince Edward Island ERDA Agri-Food Development Subsidiary Agreement	4,050	5,850	16,100	26,000
Canada - Manitoba ERDA Subsidiary Agreement on Agri-Food Development	1,000	4,600	17,400	23,000
Canada - Saskatchewan Agriculture Development Agreement	1,500	7,500	21,000	30,000
Canada - New Brunswick ERDA Agri-Food Agreement	2,100	5,900	17,000	25,000
Assistance Plan For Innovation and Technological Transfer in the Quebec Agri-Food Industry	450	1,100	2,450	4,000

In 1983-84, $8.3 million out of a planned $10.5 million was spent in Prince Edward Island, Southeast New Brunswick and Nova Scotia. These resources provided the means for funding projects related to the acceleration and development existing and new technology, market development and human resources. Other projects included improved drainage and ditching and crop production in such areas as potato crops and commerical production of cranberries. Due to delays in getting agreement signed, in receiving project submissions and in receiving requests for payments, $2.2 million was not spent in 1983-84. These funds have been put forward in future years based on the cash requirements, (see Figure 29).

In Prince Edward Island, the Federal Government has supported agri-food development through a range of programs under the Comprehensive Development Plan (1969-84) and the Federal Development Strategy (ending September 1984). At the end of September 1984, some $89.9 million will have been spent in the sector. The programs supported by provincial programs have contributed significantly to substantial improvements in the Prince Edward Island agri-food sector in the 1969-84 period. Annual net farm income for the period 1979-83

in 1981 constant dollars was $51 million - a 46% increase over the $35 million in 1981 dollars experienced in the period 1965-69. Physical output increased by 33% in the same period.

The five federal/provincial Agriculture Subsidiary Agreements which are all cost/shared agreements with Newfoundland, New Brunswick, Quebec, Manitoba and British Columbia were established to address regional disparities in the agri-food sector. In 1983-84, $10.8 million of a total of $13.0 million was spent. A total of $2.2 million was not expended as planned due to delays in the progress of projects. Funds will be rolled over to future years as cash requirements are needed (see Figure 29 for the cash flow).

Evaluations of the Newfoundland, British Columbia and Manitoba Agreements will not be completed before September 1986. In New Brunswick, an evaluation study concluded that the Agreement was the major catalyst in the generation of a $20 million annual increase in earned income and the creation of 300 full-time new jobs in the sector. The study also estimated that an additional 180 full-time jobs were created in related sectors and that 1,250 person-years of employment resulted from capital. In Quebec, funding was provided for 81 million linear metres of underground drainage for farmland. The result of the Program will be an estimated gross increase of $15.4 million in crop production revenues for farmers.

Development Policy: Economic analysis, strategic and policy advice and support services are provided by sixty five person years. These services support policy decision-making and regional program design and implementation. Areas of particular importance include regional agricultural development, farm finance and taxation, production costs, technology assessment and transfer, soil and water, agricultural energy, and other farm inputs. The economic analyses and forecasts also provide information for farmers and others in the private sector.

In 1985-86 the emphasis will be on assisting the Regional Offices with program development in the face of agricultural market and financial difficulties, on measures to deal with continuing farm financial problems, on developing and coordinating a national soil and water policy, on an improved technology strategy for the Department, on medium-term outlook information, and other analysis and advice as required by policy and program issues.

In 1983-84, considerable effort was directed to formulating strategies and providing policy advice for the development of government response to the worsening financial situation of farmers. Several studies were undertaken including a large-scale survey of the financial situation of farmers, carried out jointly with the farm energy requirements and use contributed to improved ability to provide

advice on appropriate adjustments. Significant contributions were made to the development of the federal position in the negotiations of the Tripartite Stabilization Program for Red Meats. In association with the regional development thrust of the government, policy, monitoring and evaluation requirements of the new ERDA's were analyzed and operational mechanisms developed.

F. International Development Assistance

Objective

To implement federal government foreign policy initiatives in the field of food and agriculture aimed at improving international food security, promoting international agricultural development and achieving wider foreign policy objectives related to social justice and global stability.

Resource Summary

The International Development Assistance Activity accounts for less than 1% of the Agri-Food Development Program expenditures and less than 1% of the person-years.

Figure 31: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
International Cooperation	1,344	18	1,419	18	943	18
International Development	1,003	5	922	5	903	4
	2,347	23	2,341	23	1,846	22

Approximately 43% of the expenditures in this Activity are used for personnel costs, 37% for transfer payments as detailed in Figure 33 on page 3-61, and the balance is used for other operating costs.

Past Financial Performance

Figure 32 summarizes the major change in financial requirements that occurred in 1983-84.

Figure 32: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
International Cooperation	943	1,130	(187)
International Development	903	1,014	(111)
	1,846	2,144	(298)

Explanation of Change: The favourable variance is mainly due to the rate of exchange being lower than anticipated for the Contribution to the Commonwealth Agricultural Bureau.

Description

The functions of the International Development Assistance Activity include liaison with international food and agricultural agencies, the collection and dissemination of international agricultural intelligence, the management of a number of foreign aid projects, and the provision of technical assistance to these programs. The Activity consists of two elements:

International Cooperation: This deals with various forms of international cooperation, including Canadian participation in international agri-food organizations. The Department, in cooperation with the Trade Commissioner Service of the Department of External Affairs, also collects information about foreign agricultural policies and programs and keeps the Canadian foreign service informed of Canada's agricultural policies. It coordinates the activities in Canada of a large number of visitors and foreign trade missions. Financial support is provided to the Commonwealth Agricultural Bureau, which provides a number of essential services to Canadian researchers in agriculture, forestry and health, as well as to the International Dairy Federation, which provides Agriculture Canada with the opportunity to contribute to and benefit from international development work in all facets of the dairy industry.

International Development: This provides one departmental point of contact for bilateral development assistance programs carried out on behalf of the Canadian International Development Agency (CIDA). The necessary secretariat tasks are performed to channel the scientific and technical expertise of the Program into the planning, execution and evaluation of overseas projects. In cooperation with various government departments and agencies involved in development assistance and export trade, technical support is also provided to assist Canadian firms to implement feasibility studies and to test Canadian technology in third world countries. Also, technical assistance policies and programs are coordinated at the corporate level. Attention has recently been focused on different forms of technical cooperation with industrializing countries, aimed at supporting the Department's agricultural export market development priority. Finally, arrangements are made for assigning departmental staff to international organizations and the Trade Commissioner Service.

Performance Information/Resource Justification

The Program's role in international development assistance is one of technical support for Canadian agricultural initiatives abroad. These initiatives focus on food aid, agricultural development and market development overseas.

The Program carries out these initiatives bilaterally, in relation to agricultural agencies and foreign governments, and multilaterally through involvement in six international organizations: the Food and

Agricultural Organization (FAO); the World Food Program (WFP); the World Food Council (WFC); the Organisation for Economic Cooperation and Development (OECD); the Inter-American Institute for Cooperation in Agriculture (IICA); and the Committee on Agricultural Problems, Economic Commission for Europe (ECE).

Agricultural expertise is mobilized through the management of an inventory of some 700 qualified personnel and through active recruitment of candidates for overseas agricultural developments projects. In 1985-86, departmental staff will be involved in the administration and execution of 19 CIDA-financed projects in Asia, Africa and Latin America, valued at about $70 million, over the next five years with $10 million slated for use in 1985-86.

Many of the professional staff for overseas projects come from the operating branches of the Department. Overseas research and technology projects are designed to be transferred to local staff for continuation in future years. Typical examples of successful technical assistance projects include dryland research in India, dryland wheat production in Tanzania and an economic planning project in Zambia. In a new approach to providing overseas technical assistance, the Research Branch has begun "twinning" certain research establishments with those in countries receiving assistance, based on the technical expertise required by the country.

Through this Activity the Program provides two contributions to international organizations, as illustrated in Figure 33.

Figure 33: Transfer Payments to International Organizations ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Commonwealth Agricultural Bureau	810	671	613
Fee for membership in the International Dairy Federation	15	15	14
World Food Day Association of Canada	60	60	
	885	746	627

G. Income Stabilization, Loans and Advisory Services

Objective

To promote equitable and stable returns to efficient producers by protecting incomes from market price instability and production uncertainties; and to encourage credit availability to farmers for the improvement and development of farms.

Resource Summary

The Income Stabilization, Loans and Advisory Services Activity accounts for 61% of the Agri-Food Development Program expenditures and 2% of the person-years.

Figure 34: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Crop Insurance	160,780	14	187,578	11	134,483	8
Income Stabilization	527,452	76	569,211	83	446,304	67
Other Compensation	6,233	-	21,787	1	11,492	1
Farm Management	922	13	870	13	452	13
Loan Guarantees and Advances	4,210	5	5,211	5	2,495	5
	699,597	108	784,657	113	595,226	94
Revenue	8,739	-	8,527	-	9,549	-

Contributions for income stabilization and crop insurance programs account for approximately 98% of the expenditures in this Activity. The balance covers personnel costs and other costs associated with buying, storing, transporting, or processing agricultural products.

Revenue is generated as set out in Figure 51 on page 3-87. It is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 35 summarizes the major change in financial requirements that occurred in 1983-84.

Figure 35: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Crop Insurance	134,483	145,517	(11,034)
Income Stabilization	446,304	386,287	60,017
Other Compensation	11,492	6,433	5,059
Loan Guarantees and Advances	2,947	2,753	194
	595,226	540,990	54,236
Revenue	9,549	7,990	(1,459)

Explanation of Change: The following major program expenditures for contributions were approved in 1983-84 Supplementary Estimates.

- $50 million increase for Dairy program
- $8 million increase for Agriculture Products Board
- $3.9 million increase for Farm Loan Interest Rebate
- $1 million increase for Migratory Waterfowl
- $60 million increase for Designated Commodities
- $57.6 million increase in statutory payment for Named Agriculture Commodities
- $11 million decrease for statutory payment for Crop Insurance.

Description

This Activity develops and delivers financial assistance programs which provide income protection against production and market risks, and implements programs designed to enhance business management and entrepreneurship at the farm level. These endeavours contribute to productive agricultural investment and encourage the production of supplies of agricultural commodities at fair prices to consumers. The activity is carried out through five elements.

Crop Insurance: Crop Insurance provides all-risk protection against natural production hazards to individual Canadian farmers. Provinces administer federally approved programs under federal-provincial shared-cost agreements. The federal government contributes financially to producer premiums and/or administration costs.

Income Stabilization: This element provides funding for the Agricultural Stabilization Board and contributions made under the Agricultural Stabilization Act, the operations of the Agricultural Products Board and the administration of the Western Grain Stabilization Act.

The Agricultural Stabilization Act: The Act provides for a price support program based on a prescribed percentage of the previous five-year average market return, indexed for changes in cash costs of production. The program is in place to protect farmers when, due to circumstances beyond their control, market prices fall below the support levels. The Statement of Expenditure of the Agricultural Stabilization Board for the year ended March 31, 1984 is set out in Figure 53 on page 3-89.

Dairy Support Program: To ensure fair returns to producers, the Canadian Dairy Commission administers dairy support programs composed of an offer-to-purchase program for butter and skim milk powder and a federal subsidy program. The subsidy program is funded through the Agricultural Stabilization Act.

The production of milk and milk products in Canada is managed under supply management systems operating at the national and provincial levels. There are two major milk markets: fluid milk (table milk and fresh cream) and industrial milk and cream (used for processing into dairy products such as butter, cheese, skim milk powder, ice cream, yogurt, evaporated milk, etc.). While both of these milk markets are related, each is administered under separate supply management programs.

Fluid milk is managed independently in each province. The supply of industrial milk and cream is determined in accordance with domestic requirements, which are allocated on a provincial quota basis. This is accomplished with the cooperation of the federal government (Canadian Dairy Commission), as well as provinces and dairy farmer representatives. About 65% of total milk production is used for industrial or manufacturing purposes.

Agricultural Products Board Act: The Act provides for commodity purchase and resale programs to protect farm returns of Canadian producers against significant downward fluctuations in commodity market prices. Sales revenue is credited to the Consolidated Revenue Fund. The Statement of Operations of the Agricultural Products Board for the year ended March 31, 1984 is set out in Figure 54 on page 3-90.

Western Grain Stabilization Act: Agriculture Canada administers the Western Grain Stabilization Account and makes payments in accordance with the Western Grain Stabilization Act.

Other Compensation: Compensation is provided in two areas: crop damage compensation in the three Prairie provinces for crop damage caused by migratory waterfowl; and payments respecting rebates of interest on eligible farm loans made under the Farm Credit Act.

Loan Guarantees: This element is responsible for administration of the Farm Improvement Loans Act. Under this Act, farmers may obtain short and intermediate-term credit to purchase agricultural implements and foundation livestock, and to finance a wide range of farm-improvement projects. The loans are made by designated lenders (including chartered banks) under a government guarantee of repayment. The maximum interest rate chargeable is the prime rate plus 1%.

Performance Information/Resource Justification

Crop Insurance: The crop production industry is continually subjected to natural hazards beyond the control of the individual farmer. Crop insurance plays a major role in reducing the need for emergency assistance programs when adversities such as drought, frost, hail or disease strike. The security and confidence provided by this program allow farmers to make long-term planning decisions, which are necessary for a successful operation.

Financial participation by the federal government is statutory and covers two areas:

- contributions toward farmers' premiums and/or administration costs; and
- loans to the insurer province when claims exceed premiums and reserves; or, as an alternative to loans, the federal government may enter into a reinsurance arrangement with a province to cover a portion of the liability of the province for the payment of indemnities under an insurance scheme.

Person-year resources are used to provide direction and coordination for policy and program development; conduct ongoing reviews and research of the actuarial soundness of individual insurance plans; and assist provinces in developing and promoting crop insurance programs.

Agreements between the federal government and the provinces of Manitoba, Saskatchewan, Alberta, Nova Scotia and New Brunswick include reinsurance provisions. The agreements with the provinces of Prince Edward Island, Ontario and British Columbia include loan provisions.

In 1985-86, it is estimated that approximately $160 million will be required for the Crop Insurance Program. Under the authority of the Crop Insurance Act, the federal government assists the insuring producer by contributing either 25% of the premium plus 50% of the administrative costs incurred by the provinces or 50% of the premiums where the province pays all of the administrative costs. The premium is based on a geographical and crop-risk-related assessment in keeping with this actuarially sound insurance scheme. The amount of insurance toward which the federal government will make a contribution cannot exceed 80% of the average yield in an area or on a farm. Experience on loss ratio has been relatively good, as shown in Figure 36.

Figure 36: Participation and Federal Contributions to Provincial Programs

	1983-84	1982-83	1981-82
Participation			
Number of plans	197	190	182
Number of farmers	115,061	113,159	118,561
Insured hectares	14,203,204	13,685,902	13,904,029
Insurance coverage	$3,137,962,252	$2,891,229,953	$2,687,217,305
Total premiums	$294,160,916	$294,112,865	$246,472,130
Indemnities	$286,029,367	$260,789,322	$170,883,346
Loss ratio	0.97	0.89	0.69
Cumulative loss ratio	0.86	0.84	0.84
Federal contributions	$133,963,184	$142,170,307	$115,850,183

Income Stabilization: Income stabilization programs protect producer income against market price fluctuations and enhance the competitive position of the major Canadian agricultural products, thereby ensuring a stable agricultural economy. Contributions to producers under the Agricultural Stabilization Act constitute the bulk of expenditures. A breakdown of these and other expenditures is detailed in Figure 37.

Under the terms of the Income Stabilization Act, the following named commodities must be supported at not less than 90% of their average price over the previous five years, with adjustments according to changes in production costs: cattle, hogs, sheep; industrial milk and cream; corn and soybeans; and oats and barley not produced in the area designated by the Canadian Wheat Board Act. Funds spent in support of these commodities at the 90% level are statutory. If the support is greater than the 90% level, the support funds must be voted.

Any other natural or processed agricultural product not named in the Act may be designated for support at a level determined by the Governor in Council. Such commodities are referred to as designated commodities and are generally supported at the same minimum level of 90%.

There are 61 person-years used on an annual basis to administer the Act and to issue payments to 52,441 producers across Canada.

Figure 37: Income Stabilization Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Transfer Payments under the Agricultural Stabilization Act			
Designated agricultural commodities	11,000	73,900	70,938
Named agricultural commodities			
- Industrial milk and cream	297,100	301,200	347,576
- Other	75,000	61,000	12,400
Western Grain Stabilization Act	130,500	112,049	121,889
Expenditures under the Agricultural Products Board Act for the buying, storing, transporting or processing of agricultural products	5,565	17,565	12,584
	519,165	565,714	565,387

The Estimates for 1985-86, as shown in Figure 37, include a provisional amount of $11 million. However, it is not possible to forecast commodity market prices accurately until the growing season is well under way and, therefore, these amounts must sometimes be adjusted through the Supplementary Estimates.

The federal government is primarily responsible for controlling the supply of milk used for industrial purposes through the operations of the Agricultural Stabilization Act and the Canadian Dairy Commission. The Canadian Dairy Commission is the federal agency that has the responsibility for administering the federal dairy policy. The Dairy Support Program is based on a subsidy rate of $6.03 per hundred litres on forecast total Canadian consumption plus an export quota. Payments to producers (which reduce consumer costs for dairy products) are made through the Canadian Dairy Commission.

Western Grain Stabilization Act: Fifteen person-years are used to administer the Western Grain Stabilization Act by controlling the Western Grain Stabilization Account and servicing the accounts of some 120,000 participants in the program.

Other Compensation: Compensation payments, as shown in Figure 38, are made to farmers in the three Prairie provinces for crop damage caused by migratory waterfowl (ducks, geese and sandhill cranes). As well, the Farm Loans Interest Rebate Act authorizes payments relating to interest rebates on eligible farm loans made under the Farm Credit Act. This is administered by the Farm Credit Corporation but funded through this Activity.

Figure 38: Other Compensation ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Migratory Waterfowl	2,921	1,500	1,144
Farm Loans Interest Rebate	3,312	11,287	10,348
Excess Moisture	-	9,000	-
	6,233	21,787	11,492

Loan Guarantees: Under the Farm Improvement Loans Act, loan guarantees, provided through lending institutions, increase credit availability to farmers of short and immediate credit at competitive interest rates, to purchase land, livestock and buildings thereby improving financial stability. Figure 39 provides details on the loans guaranteed under this program (for years ending December 31).

Figure 39: Farm Improvement Loans Act - Summary of Operations

	Loans Made		Balance of Loans Payable at	Claims Paid		Recoveries
Year	Number	Amount	Year-End	Number	Amount	on Claims Paid
		($000)	($000)		($000)	($000)
1979	25,309	265,475	552,000	118	354	132
1980	19,439	222,435	559,072	120	436	106
1981	15,266	187,798	512,981	124	514	176
1982	15,782	211,486	512,979	137	1,014	149
1983	15,106	207,791	519,275	240	2,301	251
1984	14,000	200,000	525,000	300	4,000	250
1985	14,000	200,000	525,000	325	5,500	300
1986	14,000	200,000	525,000	360	6,200	350

The claims paid by the federal government constitute a statutory contribution.

In the 1983 calendar year, 15,106 loans were guaranteed amounting to $207.8 million. The average loan guarantee made during the year was $13,755. Of the total amount borrowed from lending institutions, $137 million or 65% was used to purchase agricultural implements, $25 million or 12% was utilized for construction, repair or alteration of farm houses and buildings, while $45 million or 23% was used to purchase land and related improvements, and livestock.

H. Prairie Farm Rehabilitation

Objective

To institute and undertake soil and water conservation programs and projects that will enable the preservation, management, development and use of the basic resources to support economic stability and growth.

Resource Summary

The Prairie Farm Rehabilitation Activity accounts for 6% of the Agri-Food Development Program expenditures and 16% of the person-years.

Figure 40: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Rural Soil and Water Conservation and Development	34,443	495	35,956	499	27,974	462
Water Resource Development	29,946	253	18,142	254	12,285	252
Management Activities	6,800	131	7,119	132	7,920	162
Emergency Assistance	1,040		59,444	6	-	-
	72,229	879	120,661	891	48,179	876
Revenue	16,228		43,176		12,754	

Revenue is generated from pasture and grazing fees, returns on investments, proceeds from sales of land and bulls, water service charges and recoverable costs for project operations. Revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program. The 1984-85 and 1985-86 revenue increases are the result of 50% cost shared program with the provinces. More detail on this revenue is provided in Figure 51 on page 3-87.

Of the total expenditures, approximately 43% are for personnel costs, 4% for bull purchases, feed and fodder, 9% for other operating costs, 32% for capital items, and 12% for contribution payments and loans.

Past Financial Performance

Figure 41 summarizes the major change in financial requirements that occurred in 1983-84.

Figure 41: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Rural Soil and Water Conservation and Development	27,974	-	27,974
Water Resource Development	12,285	-	12,285
Management Activities	7,920	-	7,920
	48,179	-	48,179
Revenue	12,754	-	(12,754)

Explanation of Change: Resources for the 1983-84 Main Estimates were appropriated through the Department of Regional Economic Expansion, and transferred to Agriculture Canada in 1983-84 Supplementary Estimates.

Description

The Prairie Farm Rehabilitation Administration (PFRA) functions as an agency within the Agri-Food Development Program. The agency administers a wide range of water source development programs for a variety of agricultural uses, as well as a major land use program and other soil conservation programs. It operates across the provinces of Alberta, Saskatchewan and Manitoba to deliver the programs under the Prairie Farm Rehabilitation Act. Headquartered in Regina, Saskatchewan, with offices across the Prairies, the agency carries out its operations through three elements:

Rural Soil and Water Conservation and Development: Programs in this element include the development of water supplies for rural domestic, stockwatering and irrigation purposes. As well, the element actively promotes improved land use practices. Soil conservation programs include a tree seedling production and distribution program, a community pasture program, and land degradation studies. Water development programs include on-farm, group and small community water supply programs, an irrigation demonstration farm, and the operation and maintenance of irrigation projects in southwestern Saskatchewan.

Water Resource Development: This element investigates, designs and implements medium- to large-scale single and multi-purpose water resource projects. Programs include: engineering services for the Agricultural Service Centres; operation and maintenance of the South Saskatchewan River project; maintenance of the Assiniboine River dykes;

rehabilitation of major irrigation works in Alberta; planning and engineering related to a variety of multi-purpose projects and schemes; as well as technical, management and administrative support for programs in this and other elements.

Management Activities: This element includes sub-elements that develop, guide and support programs to meet the agency objective. The Director General, with branch directors and support staff in Regina and provincial affairs offices in Edmonton and Winnipeg, provides executive and general management for the agency. The policy and analysis sub-element provides policy and program analysis and evaluation, and provides information to the public. Support services include finance, personnel, land administration, and accident prevention, as well as computer services, materiel management and general administrative services.

Emergency Assistance Program: This element was established to facilitate development, administration and delivery of special assistance programs introduced to mitigate the effects of drought on the economic stability of Prairie agriculture. The Prairie Livestock Drought Assistance Program is being administered and delivered in conjunction with the Provinces. Other drought assistance program initiatives may be negotiated and introduced as required.

Performance Information/Resource Justification

PFRA activities remove the constraints to economic development imposed by chronic water shortages and a fragile soil resources or take advantage of development opportunities consistent with careful resource management. To meet its objective and the demand for program services, the agency will require $72.2 million and 879 person-years in 1985-86. The percentage distribution for the three elements of the activity are presented in Figure 42.

Figure 42: Percentage Distribution of 1985-86 Resources

	% of $	% of P-Y
Rural Soil and Water Conservation and Development	48	56
Water Resource Development	41	29
Management Activities	9	15
Emergency Assistance	2	-
	100	100

Rural Soil and Water Conservation and Development: Programming in this element is undertaken to enhance the Prairie agricultural economy through the development of rural domestic and agricultural water supplies for individuals, groups and small communities, and the active promotion of improved land use practices.

Over the next five years, as part of the Canada-Manitoba Subsidiary agreement on Agri-Food Development, Prairie Farm Rehabilitation will provide an integrated soil conservation and management program. This program will provide technical and financial incentives, soil conservation plans and the means to conduct investigation relating to head water storage, and control of water related erosion.

Under the Canada-Saskatchewan Agreement on Agricultural Development, the Prairie Farm Rehabilitation will increase its program thrust in order to raise the efficiency of agricultural production through the removal of soil related constraints, such as salinization, wind and water erosion, and acidic and solonetzic soil. Program delivery will therefore be increased in such areas as diagnostic analysis, technical and financial assistance and information dissemination at the farm level with the intent of minimizing summerfallow and the frequency of tillage. An Irrigation Demonstration Farm, located in Manitoba, is presently under development and is expected to be fully operational in 1987-88. The total cost of the project is $3 million of which $531,000 is planned for 1985-86. Improved irrigation techniques and irrigated crop responses will be demonstrated and the information technology transfer will be emphasized.

Water Resource Development: The objective of this element is to facilitate the development of a productive and drought-resistant Prairie economy through the promotion, investigation, design, and implementation of medium- to large-scale water resource projects. These projects provide dependable supplies of water for a variety of agricultural and related activities. In addition to support for other programs within PFRA, services are provided to individuals and groups, municipal and provincial governments, federal government departments, federal-provincial agencies, and international agencies.

Provisions of water supply, water treatment and waste disposal facilities for up to 42 designated agricultural centres will be provided under the Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure at a total cost of $32 million over the next five years, of which $16 million will be recovered from the Province. In 1985-86, an expenditure of $8 million is planned. During 1985-86, $9 million out of a total of $17.2 million is the planned expenditure on the rehabilitation of the Bassano Dam on the Bow River as the final stage of the 1973 Canada-Alberta Irrigation Rehabilitation Agreement.

Planning, investigation design and construction of water diversion, storage or delivery works for irrigation development will be undertaken over the next five years under the Canada-Saskatchewan Subsidiary Agreement on Agricultural Development.

Under the emergency assistance program, programs designed to mitigate the effects of drought on the economic stability of Prairie agriculture will be developed, administered and delivered, such as the Prairie Livestock Drought Assistance Program. This program provides financial assistance for the purchase of feed, fodder and other supplies, in short supply due to drought, to encourage farmers and ranchers to retain their basic herds. Post-delivery evaluation of this program will occur in 1985-86 as required under the terms of this program.

Management Activities: As described previously, this element includes a wide variety of services in addition to administrative support. It will require about 9% of the financial resources and less than 14% of the human resources.

I. Management and Administration

Objective

To provide program execution and management, administrative services, operational planning services, information services and physical plant and internal support services.

Resource Summary

The Management and Administration Activity accounts for approximately 5% of the 1985-86 Agri-Food Development Program expenditures and 17% of the person-years.

Figure 43: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Management and Administration	**30,216**	**575**	35,798	593	28,638	572
Technical Information Dissemination	**141**	**4**	346	3	359	3
Physical Plant and Support Services	**28,473**	**368**	29,312	409	29,335	444
	58,830	**947**	65,456	1,005	58,332	1,019
Revenue	**694**		694		584	

Approximately 55% of the expenditures in this activity are used for personnel costs, 30% for other operating costs, 13% for capital, and the balance for grants for agriculture research to universities and other scientific organizations in Canada.

Revenue is generated as set out in Figure 51 on page 3-87. It is credited directly to the Consolidated Revenue Fund and is not available for use by the program.

Past Financial Performance

Figure 44 summarizes the major change in financial requirements that occurred in 1983-84.

Figure 44: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Management and Administration	28,638	26,541	2,097
Technical Information Dissemination	359	399	(40)
Physical Plant and Support Services	29,335	24,511	4,824
	58,332	51,451	6,881
Revenue	584	799	(215)

Explanation of Change: Major construction funds from the activity Research on Production Development were utilized for major construction projects in Management and Administration ($1.8 million). Additional resources ($1.38 million and 17 person-years) under the Summer Canada Employment and New Employment Expansion Development programs were obtained. Internal reallocation of funds and the provision of $0.873 million for the Retrofit program allowed additional expenditures for minor construction and purchase of equipment.

Description

This activity is responsible for the general management of the Agri-Food Development Program and some of the common support services. It consists of the following elements:

Management and Administration: This element provides program management, including the offices of the Assistant Deputy Ministers, directors-general and directors, administrative services, operational planning services, information services and support services.

Technical Information Dissemination: This element covers the documenting and publishing of research results and techniques in order to inform the general public, and the agricultural community in particular, of the achievements and policies of the program.

Physical Plant and Support Services: Buildings, equipment and support services not dedicated to a specific activity are centrally administered. This element covers the costs connected with the operation and maintenance of these buildings, including utilities, janitorial services, repairs, grounds maintenance and common operational services such as farm foremen.

Finally, the activity encompasses the management of the following departmental programs: the Status of Women, Handicapped and Indigenous People; Non-Governmental Organization Relations; and World Food Day. The latter is dedicated to encouraging Canadians to become involved, both as individuals and as groups, in resolving global problems of food production and distribution.

Performance Information/Resource Justification

Management and Administration: Human resource planning will receive special attention, with continued efforts directed to the special program for the recruitment and training of scientists. Training programs for middle managers and supervisors will be given emphasis, and the Affirmative Action Program will be implemented.

Approximately 25% of the senior scientists in the Research Branch are due to retire shortly; this loss could leave a void in research capability. A program in cooperation with universities is aimed at recruiting and training candidates to replace this large population of older scientists. A total of 20 person-years were committed to this program in 1984-85, with an additional 10 person-years assigned for 1985-86.

Technical Information Dissemination: A wide variety of departmental publications for use by the public will be generated and processed under the Agri-Food Development Program. In 1985-86, special attention will be given to the centennial of the Experimental Farm Stations Act. Many of the research establishments will be preparing informative booklets on the history of their research activities, and a comprehensive history of the Research Branch will be published.

Physical Plant and Support Services: The Department, mainly in the Research Branch, has a major investment in facilities and equipment consisting of some 1,700 buildings, 30,000 hectares of land and 92,000 pieces of equipment. The Department has begun a maintenance study to estimate maintenance funding requirements. Initial findings confirm the need for a uniform maintenance program to ensure adequate planning, control, budgeting and implementation in order to maximize the life and utility of these assets.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Agri-Food Development Program expenditures by object are presented in Figure 45.

Figure 45: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	189,093	178,813	165,901
Contributions to employee benefit plans	26,444	22,894	24,521
Other personnel costs	702	631	1,289
	216,239	202,338	191,711
Goods and Services			
Transportation and communications	13,953	12,473	9,921
Information	2,251	2,550	2,236
Professional and special services	22,588	24,202	18,144
Rentals	2,558	2,398	2,381
Purchased repair and upkeep	2,732	2,885	2,450
Materials and supplies	34,125	44,815	37,914
All other expenditures	130,562	112,110	266
	208,769	201,433	73,312
Total operating expenditures	425,008	403,771	265,023
Capital			
Professional and special services	1,582	812	610
Utilities, materials and supplies	676	666	663
Construction and acquisition of land, buildings and works	75,571	49,891	23,814
Construction and acquisition of machinery and equipment	35,071	29,475	14,861
Total capital	112,900	80,844	39,948
Transfer payments	614,934	788,630	650,962
Total expenditures	1,152,842	1,273,245	955,933

2. Personnel Expenditures

The Agri-Food Development Program's personnel costs of $216,239,000 account for 51% of the total operating expenditures and 19% of the total expenditures of the Program. Information on person-years is provided in Figures 46 and 47.

Figure 46: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Research on Natural Resources	320	333	314
Research on Production Development	2,627	2,714	2,654
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	177	162	130
Market Development and Economic Analysis	280	273	268
Farm and Regional Policy Development and Economic Analysis	264	245	196
International Development Assistance	23	23	22
Income Stabilization, Loans and Advisory Services	108	113	94
Prairie Farm Rehabilitation	879	891	876
Management and Administration	947	1,005	1,019
	5,625	5,759	5,573

Figure 47: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive Management	104	106	64	50,350-96,300	65,480
Scientific and Professional					
Agriculture	57	51	49	15,972-68,070	41,885
Biological Sciences	189	172	144	16,161-68,070	39,437
Chemistry	7	3	3	15,724-68,070	33,338
Economics, Sociology and Statistics	155	150	130	14,570-65,080	43,607
Engineering and Land Survey	109	108	32	23,306-76,130	41,150
Home Economics	17	17	15	21,685-48,015	32,613
Physical Sciences	27	12	4	15,304-68,070	48,305
Scientific Research	734	711	739	28,176-67,720	52,799
Other	2	5	3		

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Administrative and Foreign					
Services					
Administrative Services	116	114	81	13,912-57,987	35,470
Computer Systems Administration	33	26	19	18,766-61,433	32,999
Financial Administration	14	13	3	13,853-57,980	36,465
Information Services	31	27	22	13,579-57,980	39,004
Organization and Methods	1	2	-	13,520-57,980	35,196
Personnel Administration	4	6	-	13,330-63,870	38,720
Program Administration	60	59	18	13,912-57,987	38,803
Commerce	172	151	152	15,635-60,465	48,497
Purchasing and Supply	-	3	-	12,766-57,980	-
Technical					
Drafting and Illustrating	89	94	43	15,557-40,310	30,233
Electronics	8	10	15	16,619-51,950	36,718
Engineering and Scientific Support	1,049	1,033	859	14,041-50,866	28,488
General Technical	16	15	14	12,635-55,682	33,572
Photography	21	20	16	17,285-30,844	29,188
Primary Products Inspection	7	12	7	18,971-48,380	32,103
Social Science Support	39	41	42	12,635-57,764	31,344
Administrative Support					
Data Processing	17	15	8	13,352-37,130	24,708
Clerical and Regulatory	484	478	353	12,932-31,743	22,115
Office Equipment Operation	19	8	19	12,665-25,271	17,681
Secretarial, Stenographic and Typing	276	282	245	12,636-31,946	22,085
Operational					
General Labour and Trades	1,658	1,651	1,404	14,776-40,676	23,904
General Services	59	57	76	13,253-39,988	23,318
Heating, Power and Stationery Operations	48	52	50	18,242-35,598	28,331
Printing Operations	3	3	3	15,340-39,895	30,210

Note: The person-year columns display the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 48 presents a summary by major category of the Agri-Food Development Program's capital expenditures. Figure 49 provides details on major capital projects which are those having expenditures of $250,000 or more.

Figure 48: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Major construction	68,403	44,285	18,507
Minor construction	9,426	7,056	6,370
Equipment acquisition	35,071	29,503	15,071
	112,900	80,844	39,948

Figure 49: Details of Major Capital Projects ($000)

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years' Requirements
Research on Production Development					
New Brunswick					
Beef and calf facility, Fredericton	2,516	2,965	95	-	2,870
Quebec					
Office/Laboratory extension, Lennoxville	9,600	11,450	3,741	7,169	540
Ontario					
Office/Laboratory addition, London	11,118	11,398	1,230	1,300	8,868
Manitoba					
Laboratory/Headerhouse, Morden	19,544	11,685	370	903	10,412
Office/Laboratory Addition, Brandon	-	11,445	45	700	10,700
Alberta					
Feed Mill, Lethbridge	3,100	3,555	683	2,872	
Controlled environment building, Lethbridge	3,748	4,209	301	3,908	
British Columbia					
Office/Laboratory, Summerland	39,550	32,202	5,609	13,117	13,476
Feed Mill, Agassiz	3,875	4,511	496	3,615	400

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years' Requirements
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns					
Quebec					
Food Research Centre, St. Hyacinthe	35,750	35,750	21,522	14,228	-
Farm and Regional Policy Development and Economic Analysis					
Quebec					
Consolidation of research buildings, La Pocatière	2,300	7,600	2,517	3,047	2,036
Prairie Farm Rehabilitation					
Manitoba					
Interim Subsidiary Agreement	2,725	2,725	2,665	60	
Manitoba Irrigation Demonstration farm		2,365	1,082	410	873
Saskatchewan					
Interim Subsidiary Agreement	5,081	5,300	5,260	40	
Alberta					
Alberta Irrigation Rehab.	-	33,670	24,670	9,000	-

4. Transfer Payments

Figure 50 presents a summary of all transfer payments expenditures of the Agri-Food Development Program. For details on the purpose of the more financially significant of these, refer to the page reference provided.

Figure 50: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Research on Production Development			
Grant to the Organization for Economic Co-operation and Development	25	-	-
Royal Agricultural Winter Fair, Toronto	100	100	100
Canadian Western Agribition, Regina	100	100	100
Le Salon international de l'agriculture et de l'alimentation	50	50	50
Canadian Council on 4-H Clubs	45	45	45
Federated Women's Institutes of Canada	20	20	10

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants (Cont.)			
Canadian Plowing Council	10	10	10
Items not required for 1985-86			
Canadian National Livestock Records	-	-	50
Grant to le Conseil québecois des programmes nationaux 4H	-	-	14
	350	325	379
Market Development and Economic Analysis			
(S) Agencies established under the Farm Products Marketing Agencies Act	200	100	-
Grants to assist in the marketing of agricultural products	20	20	17
Canadian Horticultural Council	30	30	30
	250	150	47
International Development Assistance			
World Food Day Association of Canada	60	60	-
	60	60	-
Management and Administration			
Agricultural research in universities and other scientific organizations in Canada	999	1,326	1,326
	999	1,326	1,326
Contributions			
Research on Natural Resources			
Canada's fee for membership in the International Commission on Irrigation and Drainage	3	3	3
Items not required for 1985-86			
New Employment Expansion and Development Program (NEED)	-	-	67
	3	3	70
Research on Production Development			
Class "A" and "B" Fairs, Winter and Spring Fairs and Special Fairs	2,348	2,460	2,261
Freight on livestock shipments to and from the Royal Agricultural Winter Fair, Toronto and the Canadian Western Agribition, Regina	178	178	102
4-H Clubs organized in co-operation with Canadian Council on 4-H Clubs	290	240	240
Canada's fee for membership in the International Society for Horticultural Science	3	3	2

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Cont.)			
Producer and industry groups, universities and provincial agencies for the purpose of stimulating, developing and adapting new agricultural crops and varieties for commercial production	750	723	723
Canadian National Livestock Record	150	250	230
Items not required for 1985-86			
Summer Canada - Student Employment Program	-	-	583
Contribution for the construction, extension or improvement of exhibition facilities at the Canadian Western Agribition	-	1,400	4,300
New Employment Expansion and Development (NEED) Program - Federal projects	-	16	2,660
Contributions to Western Grains Research Foundation	-	-	9,067
Contribution to Organization for Economic Cooperation and Development	-	22	39
	3,719	5,292	20,207
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns			
Item not required for 1985-86			
Summer Canada - Student Employment Program	-	-	11
Market Development and Economic Analysis			
Canada Grains Council	85	90	89
Contribution to Canadian commercial organizations, industry associations, universities and institutes for the purpose of stimulating improvements in the marketing of Canadian agricultural and food products	250	250	247
Producer groups towards the cost of construction of regular cold storages, frost free, controlled-atmosphere, jacketed or other specialized potato, fruit or vegetable storages, in accordance with terms and conditions prescribed by the Governor in Council	1,200	3,620	2,551
(S) Payments to producer organizations for amounts equal to:			

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Cont.)			
(i) the interest paid or payable in respect of money borrowed by the organizations and used to make advance payments to producers for their crops; and			
(ii) defaults by producers in the repayment of advances guaranteed by the Minister of Agriculture pursuant to the Advance Payments for Crops Act	12,000	8,000	4,308
(S) Payments in connection with the Prairie Grain Advance Payments Act	14,000	12,000	*
Contribution to a market promotion organization to promote the sale of Canadian seed potatoes	181	191	130
Items not required in 1985-86			
Payments to cooperative associations processors or selling agencies under the Agricultural Products Cooperative Marketing Act	-	-	6,808
Contribution to the United Co-Operative of Ontario	-	7,500	-
	27,716	31,651	14,133
Farm and Regional Policy			
Development and Economic Analysis			
Contributions related to developmental opportunities undertaken in respect of economic and socio-economic development in the agri-food sector:			
Initiatives under the authority of the general development agreements	5,992	14,230	15,847
Initiatives undertaken in special areas	1,462	2,614	721
Initiatives under the authority of the Economic and Regional Development Agreements and assistance plan for Innovation and Technological Transfer in Quebec	11,760	1,427	-
Items not required for 1985-86			
Summer Canada-Student Employment Program	-	-	12
Contribution to the Atlantic Winter Fair to construct facilities to accommodate fairs, exhibitions and trade shows (NEED)	-	-	455
Contribution to apple growers for the purpose of compensating for frost damage and for establishment of the production capabilities of commercial orchards	-	13,032	9,184

* Transferred from External Affairs in 1984-85

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Cont'd)			
Federal Development Strategy for Prince Edward Island	-	672	1,010
Contributions to Les Serres A.M. Dion Ltée Québec for establishment of a tissue culture microprobation laboratory for apple tree seedlings production	-	-	120
Contribution for emergency funding for Mersea Township, Essex County (Ontario) - dyke protection	-	-	800
	19,214	31,975	28,149
International Development Assistance			
Agriculture Canada's fee for membership in the International Dairy Federation - Canada	15	15	14
Commonwealth Agricultural Bureaux	810	671	613
	825	686	627
Income Stabilization, Loans and Advisory Services			
Payments to producers for agricultural commodities designated by the Governor in in Council and for named agricultural commodities in excess of the minimum provision of the Agricultural Stabilization Act	308,100	375,100	418,514
Payments under the Farm Loans Interest Rebate Act, I and II	3,312	11,287	10,348
Canada Safety Council in support of National Farm Safety Week	4	4	4
(S) Payments to producers for named agricultural commodities pursuant to the minimum provision of the Agricultural Stabilization Act	75,000	61,000	12,400
(S) Contributions to the provinces under the Crop Insurance Act	160,000	187,000	133,963
(S) Loan guarantees under the Farm Improvement Loans Act	4,000	5,000	2,495
Contributions to the provinces of Manitoba, Saskatchewan and Alberta under the Federal-Provincial Agreements for the payment of compensation for crop damage caused by migratory waterfowl	2,921	1,500	1,144

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Cont'd)			
Items not required in 1985-86			
Contributions for BC Surplus Red Wine Decolization Program	-	-	300
Contribution to reimburse western grain producers for a loss in revenue resulting from Canadian Wheat Board sales of specified feed grains at corn competitive prices	-	-	7
Feed Freight Assistance	-	-	4
Contribution to field crop producers in Manitoba and in Northeastern Saskatchewan for crop losses caused by excess moisture	-	9,000	-
	553,337	649,891	579,179
Prairie Farm Rehabilitation			
Contributions to the Provinces of Manitoba and Saskatchewan for ground-water and drought-proofing investigations and studies for long-term strategy and economic development	93	272	538
Contributions to bonafide farmers and ranchers, groups of farmers and small communities in Manitoba, Saskatchewan and Alberta for the development of dependable water supplies	7,262	7,652	5,067
Contributions to livestock producers within designated drought areas of Manitoba, Saskatchewan and Alberta to assist the producers in the cost of retaining their breeding herds and payments to the province for administration	1,040	59,260	-
	8,395	67,184	5,605
Management and Administration			
Canadian Agricultural Research Council	66	67	64
Item not required for 1985-86			
New Employment Expansion and Development Program (NEED)	-	20	1,165
	66	87	1,229
Transfer Payments	614,934	788,630	650,962

5. Revenue Analysis

Figure 51: Revenue by Class ($000)

	1985-86	1984-85	1983-84
Research on Natural Resources			
Service and service fees	486	-	-
Total revenue for Research on Natural Resources	486	-	-
Research on Production Development			
Proceeds from sales	4,832	4,832	4,527
Service and service fees	8,759	2,825	2,233
Total revenue for Research Production Development	13,591	7,657	6,760
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns			
Services and service fees	402	-	-
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	402	-	-
Market Development and Economic Analysis			
Proceeds from sales	250	250	147
Refund of previous years expenditures	300	300	733
Total revenue for Market Development and Economic Analysis	550	550	880
Income Stabilization, Loans and Advisory Services			
Return on investments	2,701	2,712	2,254
Farm Improvement Loans	250	250	226
Proceeds from sales	5,788	5,565	7,069
Other			
Total revenue for Income Stabilization, Loans and Advisory Services	8,739	8,527	9,549

	1985-86	1984-85	1983-84
Prairie Farm Rehabilitation			
Proceeds from sales	**150**	681	522
Return on investments and interest on loans	**1,651**	1,785	3,042
Services and service fees	**9,096**	9,768	8,304
Other	**831**	692	886
Recovery of Provincial cost-shared Agreements	**4,500**	30,250	-
Total revenue for Prairie Farm Rehabilitation	**16,228**	43,176	12,754
Management & Administration			
Rentals - house	**277**	277	233
Rentals - other	**198**	198	166
Service and services fees	**13**	13	11
Sundry	**206**	206	174
Total revenue for Management and Administration	**694**	694	584
Agri-Food Development Revenue	**40,690**	60,604	30,527

B. Cost Analysis

Net Program Cost

The 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the program on a full cost basis. Also to be taken into account are any revenues generated by the Program that are credited directly to the Consolidated Revenue Fund.

Figure 52: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Costs	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	1984-85 Forecast
Research on Natural Resources	22,098	1,902	24,000	486	**23,514**	25,636
Research on Production Development	177,934	14,891	192,825	13,591	**179,234**	157,342
Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns	27,071	951	28,022	402	**28,424**	30,897
Market Development and Economic Analysis	44,380	1,584	45,964	550	**45,414**	47,589
Farm and Regional Policy Development and Economic Analysis	48,356	1,267	49,623	-	**49,623**	51,051
International Development Assistance	2,347	158	2,505	-	**2,505**	2,503
Income Stabilization, Loans and Advisory Services	699,597	634	700,231	8,739	**691,492**	664,694
Prairie Farm Rehabilitation	72,229	5,069	77,298	16,228	**61,070**	82,553
Management and Administration	58,830	5,228	64,058	694	**63,364**	69,990
	1,152,842	31,684	1,184,526	40,690	**1,143,836**	1,132,255

The adjustments made to the estimated expenditures to arrive at a total net cost include $31.7 million other costs, which include accommodation provided without charge by Public Works and Agriculture accommodation $26.6 million, common service charges by DSS $.915 million, Employer's share of insurance premiums and costs $3.8 million and Dept. of Labour for employee compensation payments $.351 million and inclusion of all revenues generated by the Program. Revenue is detailed in Figure 51 page 3-87.

C. Additional Information

1. Agricultural Stabilization Board - Statement of Expenditure

Figure 53 provides the statement of expenditure of the Agricultural Stabilization Board for the year ended March 31, 1984.

Figure 53: Agricultural Stabilization Board - Statement of Expenditure for year ended March 31, 1984 ($000)

Payments to the Canadian Dairy Commission for Subsidies to producers of milk and cream used for industrial purposes	347,576
Deficiency payments	
Apples	20,380
White Beans	19,548
Soybeans	10,903
Wheat	10,800
Sugar Beets	5,927
Carrots	4,700
Cucumbers	4,383
Cabbages	2,000
Onions	1,200
Corn	1,016
Pears	719
Rutabagas	600
Sour Cherries	291
Wool	253
Lambs	216
Prunes	144
Apricots	126
Tomatoes	118
Hogs	14
Potatoes	
Administration expenses	2,340
Total expenditure	433,254
Provided for by:	
Parliamentary appropriations	432,367
Government departments which provided services without charge	887
	433,254

2. Agricultural Products Board - Statement of Operations

Figure 54 provides the statement of operations of the Agricultural Products Board for the year ended March 31, 1984.

Figure 54: Agricultural Products Board - Statement of Operations for the year ended March 31, 1984 ($000)

Expenditure	
Purchases	
Raspberries	4,842
Turkeys	1,850
Peaches	1,804
Apple Juice	1,500
Pears	1,477
Onions	707
Grapes	224
Strawberries	132
Tomatoes	31
Processed Fruit	14
Prune-Plums	2
Sour Cherries	-
Administration expenses	65
	12,648
Revenue	
Sales	
Tomatoes	3,141
Turkeys	1,978
Grapes	774
Sour Cherries	433
Canned Vegetables	300
Onions	169
Processed Fruit	118
Prune-Plums	94
Strawberries	62
	7,069
Interest on accounts receivable	150
	7,219
Net cost of operations	5,429
Provided for by:	
Parliamentary appropriation	
Agriculture Vote 5	12,631
Government departments that provided services without charge	17
Revenue credited to the Consolidated Revenue Fund	(7,219)
	5,429

3. Research Establishments

Figure 55 provides a listing of the major research establishments where research is carried out.

Figure 55: Major Research Establishments by Province

Region	Establishment
Atlantic	St. John's West, Nfld. Charlottetown, P.E.I. Kentville, N.S. Fredericton, N.B.
Quebec	Lennoxville, Que. Sainte-Foy, Que. Saint-Jean, Que. St-Hyacinthe, Que.[1]
Ontario	Delhi, Ont. Harrow, Ont. Ottawa, Ont. Vineland Station, Ont. Animal Research Centre, Ottawa, Ont. London Research Centre, London, Ont.
Western	Brandon, Man. Morden, Man. Winnipeg, Man. Melfort, Sask. Regina, Sask. Saskatoon, Sask. Swift Current, Sask. Beaverlodge, Alta. Lacombe, Alta. Lethbridge, Alta. Agassiz, B.C. Kamloops, B.C. Saanichton Research and Plant Quarantine Station, Sidney, B.C. Summerland, B.C. Vancouver, B.C.
Institutes Directorate, Ottawa, Ont.	Biosystematics Research Institute Chemistry and Biology Research Institute Engineering and Statistical Research Institute Food Research Institute [1] Land Resource Research Institute [2] Research Program Service

1. Primary contribution is to Research and Information Related to Processing, Distributing, Retailing and Consumer Concerns activity.
2. Primary contribution is to Research on Natural Resources activity.

Agri-Food Regulation and Inspection Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $223,617,000 in support of the 1985-86 Agri-Food Regulation and Inspection Program. The remaining expenditures, estimated at $21,116,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Parliament has previously authorized a total drawdown of $2,000,000 for the Race Track Supervision Revolving Fund. The projected use of this authority as related to these Estimates is as follows:

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Agri-Food Regulation and Inspection Program		
20 Operating expenditures	179,960	169,608
25 Capital expenditures	35,495	15,598
30 Grants and contributions	8,162	12,627
(S) Contributions to employee benefit plans	21,116	18,453
(S) Race track supervision revolving fund	-	(473)
Total Program	244,733	215,813

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Agri-Food Regulation and Inspection Program	
20	Agri-Food Regulation and Inspection - Operating expenditures	179,960,000
25	Agri-Food Regulation and Inspection - Capital expenditures	35,495,000
30	Agri-Food Regulation and Inspection - Contributions	8,162,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					
		Budgetary				
	Authorized Person-Years	Operating	Capital	Transfer Payments	Total	1984-85 Main Estimates
Research and Advisory Services	399	19,331	27,211	-	46,542	30,636
Inspection and Protection of Crops, Livestock and Farm Input Supplies	1,235	60,285	5,978	685	66,948	56,647
Market Maintenance	984	42,487	1,531	-	44,018	41,139
Inspection and Control of Facilities and Food Products	1,398	62,603	303	-	62,906	60,583
Management and Administration	322	16,370	472	7,477	24,319	27,281
* Racetrack Supervision	103				8	(473)
	4,441	201,076	35,495	8,162	244,733	215,813

* This activity is financed through a Revolving Fund. For this particular Fund, net cash Estimates are equal to the anticipated profit (loss).

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 20 - Agri-Food Regulation and Inspection - Operating expenditures and contributions	165,182,000	189,246,949	162,597,345
Vote 25 - Agri-Food Regulation and Inspection - Capital expenditures	15,550,000	9,050,001	7,665,998
	180,732,000	198,296,950	170,263,343
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	17,645,000	19,639,000	19,639,000
Refunds of amounts credited to revenues in previous years	-	167	167
Racetrack Supervision Revolving Fund	(889,000)	305,266	(1,177,349)
	16,756,000	19,944,433	18,461,818
	197,488,000	218,241,383	188,725,161

Section 1
Program Overview

A. Plans for 1985-86

1. Highlights

In 1985-86, highlights for the Agri-Food Regulation and Inspection Program will be as follows:

- It is anticipated that tuberculosis will be eradicated from Canadian livestock in 1985-86, and the incidence of brucellosis will be further reduced toward its anticipated eradication in 1986-87 (see page 4-24);
- Twelve person-years and $2,000,000 will be used for a four-year project (1984-88) on the "Export Development of Agricultural Products" with an emphasis on the protection of international marketability of Canadian plant products (see page 4-25);
- Thirty-one person-years and $1,356,000 will be used for the Management of Toxic Chemicals Program in 1985-86 (see page 4-25);
- As announced by the Minister of Finance in the November Economic Statement, the level of cost recovery from fees charged for services will be increased by approximately $25,000,000 for 1985-86. (see page 4-48).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Research and Advisory Services	**46,542**	26,678	19,864	4-16
Inspection and Protection of Crops, Livestock and Farm Input Supplies	**66,948**	58,901	8,047	4-22
Market Maintenance	**44,018**	41,528	2,490	4-27
Inspection and Control of Facilities and Food Products	**62,906**	59,644	3,262	4-31
Management and Administration	**24,319**	21,308	3,011	4-36
Race Track Supervision	**13,206**	12,107	1,099	
Less Revenue credited to the Vote	**13,206**	12,690	516	
Race Track Supervision	**-**	(583)	583	4-38
Total	**244,733**	207,476	37,257	
Authorized person-years	**4,441**	4,309	132	

The increase of $37 million in requested resources for 1985-86 is made up of the following major changes:

- items identified as a result of a review of operations requested by Treasury Board: $7 million;
- allowance for inflation: $8 million;
- additional capital requirements: $22 million;
- net increase in contributions: $2 million; and
- decrease in overtime base: $2 million.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $207.5 million or $8.3 million lower than the 1984-85 Main Estimates of $215.8 million (Extracts from Part II of the Estimates, page 4-4). The difference of $8.3 million reflects the following major offsetting items:

	$ millions
• Supplementary Estimates Items	
Management of Toxic Chemical Program	1.8
Capital Equipment Replacement Plan	1.7
Export Development of Agricultural Products	.5
• Transfer to Administration Program - Common Services	(.6)
• Major Capital Construction - Changes in Cash Flow	(4.0)
• Lapses in Salaries - Overtime	(1.0)
• Contributions	
Change in Cash Flow; Construction of Veterinary Science Teaching Facility at Charlottetown, P.E.I.	(6.0)
Decrease in Payments; Compensation for Animals Slaughtered	(.7)

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

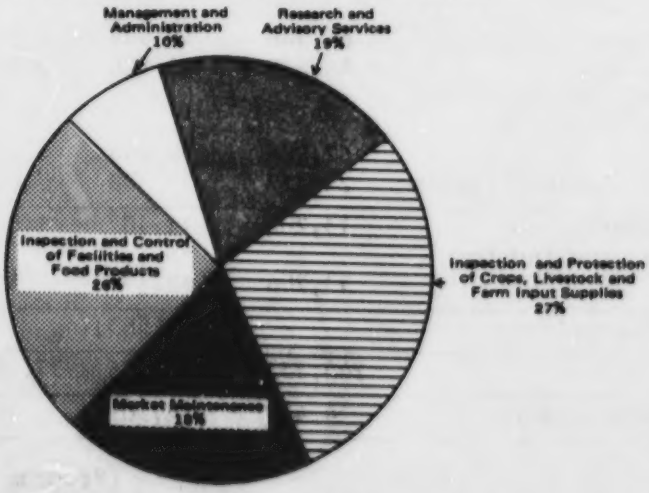
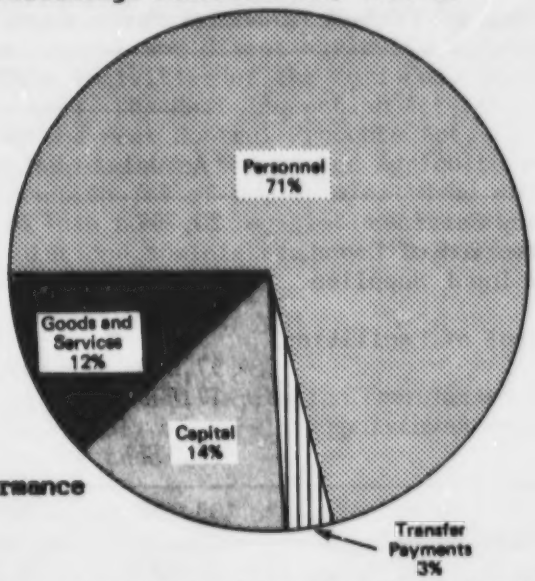


Figure 3: Gross Expenditures by Object (Percentage Distribution) 1985-86



B. Recent Performance

1. Highlights

In 1983-84, the planned results of the Agri-Food Regulation and Inspection Program were attained; the following additional achievements are notable:

- An agreement was signed with the four Atlantic Provinces to contribute 50% ($18.25 million) for the design and construction of an Atlantic Veterinary College at Charlottetown, with construction to start by fall 1984. Also, an initial $100,000 (of $250,000) was given to the University of Guelph toward the planning of updated veterinary training facilities.

- Two seed potato certification laboratories were opened at Charlottetown and Fredericton, at a cost of over $500,000; these will facilitate seed potato exports.

- A foot and mouth vaccine bank has been jointly established by Mexico, the United States and Canada to assure North American preparedness against an outbreak of the disease. Also, to support efforts against imported animal diseases, a $570,000 quarantine station was opened at Mirabel.

- An outbreak of anaplasmosis in July 1983, along the Saskatchewan/U.S. border, led to the testing of approximately 29,000 cattle. Fifteen hundred animals had to be slaughtered, with $1,000,000 in compensation paid to owners. Surveillance testing in southern Saskatchewan, Alberta and Manitoba indicates that the disease was sucessfully confined, avoiding major losses to the Canadian livestock industry and protecting our international trading status.

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Research and Advisory Services	20,789	28,285	(7,496)
Inspection and Protection of Crops, Livestock and Farm Input Supplies	55,886	57,264	(1,378)
Market Maintenance	38,390	37,862	528
Inspection and Control of Facilities and Food Products	57,030	59,213	(2,183)
Management and Administration	17,808	15,753	2,055
Race Track Supervision Revolving Fund	(1,177)	(889)	(288)
	188,726	197,488	(8,762)
Revenue	7,036	7,728	(692)

Explanation of change: See under the individual Activity Financial Performance.

C. Background

1. Introduction

The Agri-Food Regulation and Inspection Program fulfills the federal government's responsibility to protect the food and agricultural sector of the economy. It serves producers, processors, distributors, wholesalers and consumers.

Jurisdiction over the agri-food sector is shared among the Department, provincial governments and other federal departments such as Health and Welfare Canada and Consumer and Corporate Affairs Canada. In addition, there is close cooperation with universities and with national and international agricultural associations.

The major concerns of the Program are: animal disease control/eradication, plant disease control/eradication, farm input assurance, food quality assurance, food safety and race track supervision.

2. Legal Mandate

The Department of Agriculture Act constitutes the legislative authority of the Minister to control and direct agriculture. Other principal acts which govern the activities of the Agri-Food Regulation and Inspection Program are: the Meat Inspection Act, the Animal Disease and Protection Act, the Pest Control Products Act, the Plant Quarantine Act, the Pesticide Residue Act, the Canada Agricultural Products Standards Act and Section 188 of the Criminal Code with respect to race track supervision. This body of legislation, as well as the various other acts and regulations administered by the Program, is listed on page 4-50 in Section III.

3. Program Objective

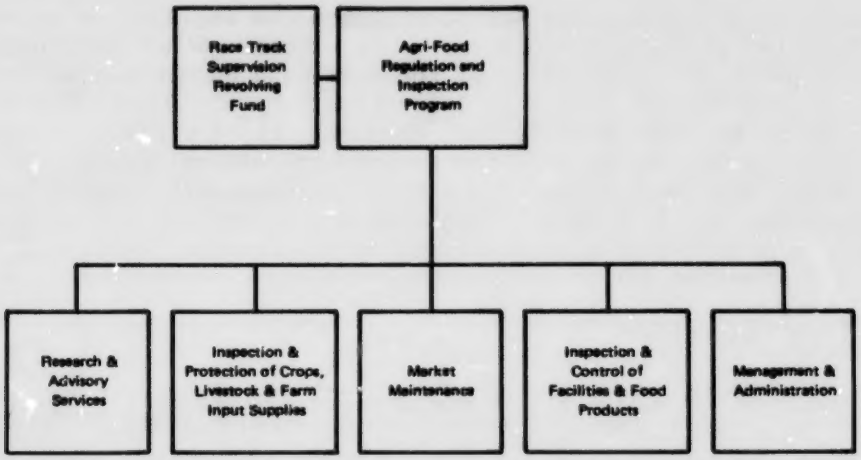
The objective of the Agri-Food Regulation and Inspection Program is "to ensure the continued supply of safe, high quality, nutritious food for the domestic and export trade."

To protect the marketability of agricultural, food and forest products, the Agri-Food Regulation and Inspection Program supports the ongoing processes of marketing within established trade channels, ensures equity at each level of the food system, and provides a strategic basis for future market development. The Program is based on an essential relationship between industry and the federal government: while industry is ultimately responsible for the health, safety and the quality aspects of their products, the federal government is charged with setting and enforcing the relevant norms to protect the supply base, facilitate national and international trade and market development, and safeguard human health through Disease Control and Food Safety programs.

4. Program Organization for Delivery

Activity Structure: The Program is divided into five major activities which reflect the focus of the Program, and allow it to meet its stated objective. In addition, the Race Track Supervision Revolving Fund is managed. Each activity is subdivided to further define the objectives and operation of the Program. Figure 5 illustrates the activity structure.

Figure 5: Activity Structure

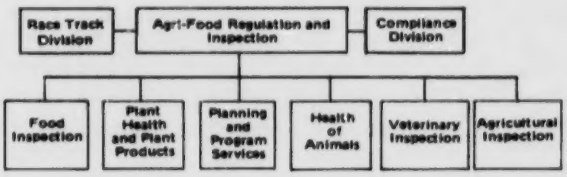


Organization Structure: The activities of the Program are administered through six directorates, plus the Race Track and Compliance Divisions.

The operations of the Program are delivered through program divisions at headquarters, regional offices and a series of laboratories strategically located across Canada. These are set out in Figure 38 on page 4-52.

The relationship between the departmental organization and the previously described activity structure, together with a breakdown of 1985-86 resources, is shown in Figure 6.

Figure 6: Resources by Organization and Activity ($000)



	Food Inspection	Plant Health and Plant Products	Planning and Program Services	Health of Animals	Veterinary Inspection	Agricultural Inspection	Activity Totals
Research & Advisory Services	1,354	—	—	43,498	—	1,690	46,542
Inspection & Protection of Crops, Livestock & Farm Input Supplies	6,398	8,162	—	4,180	27,600	20,608	66,948
Market Maintenance	2,535	386	—	—	11,906	29,191	44,018
Inspection & Control of Facilities & Food Products	3,424	—	—	—	57,927	1,555	62,906
Management & Administration	1,184	777	9,232	2,545	3,699	6,882	24,319
Total	14,895	9,325	9,232	50,223	101,132	59,926	244,733
Person-Years	277	147	54	457	2,189	1,214	4,338

D. Planning Perspective and Performance Review

1. Environment

The Canadian agricultural food system is a mainstay of the nation's economy, accounting for approximately 10% of gross domestic product and approximately 13% of direct total employment.

The agri-food sector has demonstrated stable growth over the past five years, while most other primary resource and manufacturing industries have shown a decrease, both in dollar value and percentage of domestic product.

The agri-food sector is oriented to the market, and is a major contributor to Canada's trade balance; in 1982, agricultural trade represented 11.5% of total exports and 8% of total imports, resulting in a favourable dollar differential of 4.25 billion dollars or 25% of Canada's total trade balance of merchandise exports.

The strategic environment for the agri-food sector's performance is complex and competitive. At the domestic level, the sector must deal with consumer demand for inexpensive yet high-quality foods, increasing concerns by consumers over the use and presence of toxic chemicals in the food supply, fluctuations in demand due to recessional pressures, and aggressive efforts by foreign countries to capture domestic market shares.

At the production level, the sector must deal with problems which exceed the capabilities of individuals, companies, or even the provinces to resolve. Rail transportation, water and soil management, production research, the provision of credit, the alleviation of the effects of weather hazards and market fluctuations, and the control of animal and plant pests and diseases are but a few examples.

At the international level, the sector must cope with tariff and non-tariff trade barriers, the extreme diversity of product certification requirements of importing countries, the alignment of trading blocks, subsidy policies of foreign governments, the conflict between agri-business and third world food needs, the impact of multinationals on small or family farms, and the politics of international marketing.

Despite these and other factors, the agri-food sector has demonstrated stability and growth, due in part to the cooperative efforts of industry and government, and their respective leaders.

The future outlook for agricultural and food production and trade is positive. World demand for food is expected to increase at a faster rate than that of population growth over the next 20 years. Several federal thrusts including the Agri-Food Strategy,

the Western Transportation Initiative and the Economic and Regional Development Agency will contribute to strengthening Canada's productive capacity to exploit these future opportunities. The regulatory function of Agriculture Canada will play a central role.

Both domestic and foreign market access will depend on the health, safety and quality of agricultural, food and forest products. Canadian manufacturing processes, individual products, inspection and regulatory programs, and product certification practices are all subject to evaluation and acceptance by foreign authorities. An inability to meet foreign evaluation and acceptance criteria is often a major obstacle to trade. Assisted by climate and geography, Canada has developed world-class regulatory and inspection programs that provide an infrastructure for the facilitation of Canadian agricultural marketing on a global scale. This applies to production inputs such as feed, seed, pesticides, fertilizer, livestock, plant and forest products, and manufactured products such as meat, poultry, dairy, fruits, vegetables, and lumber.

The essential nature of the Agri-Food Regulation and Inspection Program is to assist Canada to remain competitive and exploit its full production and trade potential.

2. Initiatives

There are no major initiatives planned for fiscal year 1985-86.

3 . Update on Previously Reported Initiatives

There were no new initiatives reported in 1983-84.

4. Program Effectiveness

The success of the Agri-Food Regulation and Inspection Program in meeting its stated objective ("to ensure the continued supply of safe, high-quality, nutritious food for the domestic and export trade") is indicated by overall consumer and producer confidence in the Canadian food system. Canada enjoys one of the safest food systems in the world, and consumers are assured of a continuous supply of wholesome products that meet the exacting standards developed by the Program.

The maintenance and growth of Canadian export markets is facilitated by ensuring the superior health and quality of Canadian livestock and crops, and by the priority given to the mandatory inspection of agricultural exports. Figure 7 shows the value of agricultural exports, by principal commodity group, from 1974 to 1983. Figure 8 shows how agricultural exports have risen steadily since 1968.

Figure 7:

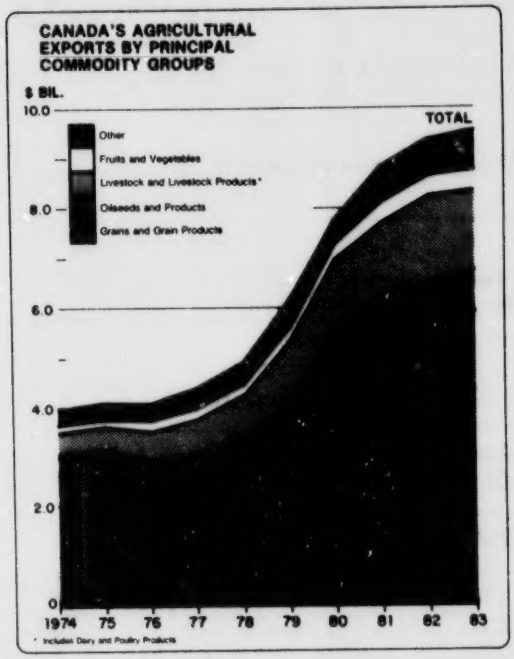
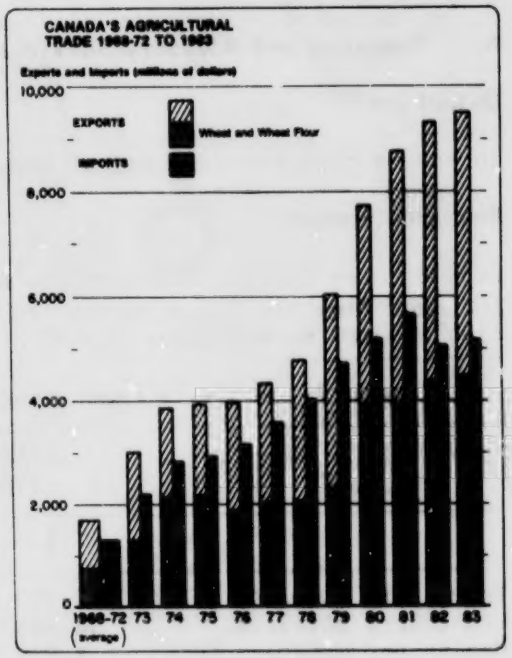


Figure 8:



Although the importance of economic and political forces in defining trade volumes is acknowledged, it must also be recognized that without Canada's rigorous inspection regime, it would be very difficult to maintain our access to many highly restrictive foreign markets. Various elements of the Agri-Food Regulation and Inspection Program have direct impact on exports in all commodity groups. A comprehensive evaluation of all programs involved in market maintenance is continuing, with results expected early in fiscal year 1985-86. In addition, the evaluation of the Inspection and Protection of Crops and Farm Input Supplies component, which will review the department's activities in plant health, feed, seed, fertilizer and pesticides is underway.

Section II
Analysis by Activity

A. Research and Advisory Services

Objective

To ensure that the farm animal population is unencumbered by disease.

Resource Summary

Expenditures for the Research and Advisory Services Activity account for approximately 19% of total 1985-86 Agri-Food Regulation and Inspection Program expenditures and 9% of total person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Veterinary Research	9,783	120	6,218	120	6,003	122
Laboratory Services	34,784	252	19,183	249	13,517	244
Health and Management	1,975	27	1,277	28	1,269	29
	46,542	399	26,678	397	20,789	395
Revenue	816		789		853	

Approximately $19 million (39%) is required to support personnel and other operating costs of the activity.

Revenue of approximately $816 thousand is generated through blood typing services to producers and from the sale of livestock and poultry. Revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 10 summarizes the changes in financial requirements that occurred in 1983-84.

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Veterinary Research	6,003	8,788	(2,785)
Laboratory Services	13,517	18,304	(4,787)
Health and Management	1,269	1,193	76
	20,789	28,285	(7,496)
Revenue	853	844	9

Explanation of Change: Changes in the cash flow for Major Construction Projects created a lapse of approximately $8 million as follows:

- Sackville Laboratory $1.9 million
- St-Hyacinthe Laboratory $(.4) million
- Guelph Laboratory $3.2 million
- Lethbridge Laboratory $2.7 million
- Isolation Barn, Lethbridge $.6 million

Description

Research and Advisory Services activities contribute to the maintenance and improvement of the health of Canadian farm livestock, and the protection of human health. Activities are grouped into three areas.

Veterinary Research: Research projects are conducted to improve the speed and accuracy of laboratory diagnosis of animal diseases, to improve methods for testing meat and poultry products for chemical and biological contaminants, to devise methods for disease control or eradication, and to increase knowledge about animal diseases of national economic or human health importance. A major objective is to support the Disease Control Program in screening imports of animals and animal products to prevent the entry of foreign animal diseases or, should a disease gain entry to Canada, to facilitate a rapid diagnosis and identification of infected animals.

Laboratory Diagnostic Services: Scientists perform and evaluate tests for meat safety, for diseases exotic to Canada, and for significant domestic livestock diseases. Included are tests for health certification (to promote exports) and to minimize the risk of disease introduction through imports of animals and animal products. Biological reagents required for animal disease testing are produced and/or tested for safety and potency. A blood typing service is offered to Canadian cattle and horse owners.

Health and Management: Registration and inspection of poultry hatcheries ensures that they maintain sanitary operating conditions and produce healthy chicks and poults. Tests are conducted to demonstrate the genetic merit of various strains of poultry stock to the poultry industry.

Performance Information/Resource Justification

Veterinary Research: In 1985-86, a total of $10 million in operating and capital costs and 120 person-years will be used for veterinary research, including research on foreign animal diseases, indigenous diseases for which Canada has national control programs, and diseases which are of economic significance to Canadian livestock production. Research will also be conducted on meat safety testing methods. This research supports the Animal Disease Control Program (Inspection and Protection of Crops, Livestock, and Farm Input Supply Activity) and the National Inspection Program (Inspection and Control of Facilities and Food Products Activity). Figure 11 identifies the projects to be undertaken in 1985-86.

In 1983-84, the Veterinary Research Program was conducted according to plan. As a result, knowledge about a number of animal diseases (and their diagnosis) was increased. This will facilitate disease control and eradication programs designed to improve the overall health of Canadian livestock, contribute to the acceptance of Canadian livestock in export markets, and reduce disease transmission from animals to humans.

Figure 11: Veterinary Research Projects, 1985-86

Research Area	General Objective	Projects for 1985-86
1. Foreign Animal Diseases	Prevent entry and ensure rapid diagnosis to control foreign diseases threatening livestock production and exports.	Evaluate embryo transfer for the conservation of genetic stocks from animals infected with foreign animal diseases.
		Develop methods for the diagnosis of pseudorabies in swine, using enzyme-linked immunoassay (ELISA).
2. Cattle Diseases	Increase knowledge and methods for the prevention, diagnosis, control or eradication of diseases of cattle.	Demonstrate feasibility of maintaining closed herds free of infectious bovine rhinotracheitis.
		Demonstrate feasibility of eradicating bovine viral diarrhea.
		Select strains of bacteria causing foot-rot for vaccine production.
		Prepare and test purified antigenic reagents for sensitivity and specificity in ELISA test for Johne's disease.
		Employ monoclonal antibodies in a refined test for brucellosis.
		Develop and test vaccine for Pasteurella haemolytica in bovine pneumonia.
		Determine role of hypothermia in neonatal mortality.
		Determine effects on fertility of microbial contaminants of semen.
		Develop a vaccine for salmonellosis in calves.
		Develop methods for automated on-farm disease reporting.
3. Poultry Diseases	Increase knowledge of poultry diseases to maintain productivity and facilitate exports.	Determine efficacy of Marek's disease vaccine, delivered as an aerosol.
		Determine effects of leukosis on poultry health and production.
4. Swine Diseases	Facilitate production and exports by improving control of swine diseases.	Determine relationship of umbilical cord strength to asphyxia at birth.
		Develop ELISA test for diagnosis and export certification of transmissible gastroenteritis.
5. Sheep Diseases	Increase knowledge of diseases of sheep in Canada, including the means of treatment and control.	Characterize the causative agent of scrapie.
		Develop methods to reduce economic loss to the sheep industry through respiratory disease.
6. Horses and Other Species	Improve information on diseases and disease control strategies.	Develop an oral vaccine for rabies in wild animals.
		Develop a strategy for eradicating brucellosis from manageable wildlife (eg: in National Parks)
7. Meat Safety	To develop tests for biological and chemical contaminants to ensure the safety of meat and meat products for domestic use and export.	Develop tests to distinguish sheep and goat meat.
		Develop tests for the identification of organic and inorganic arsenic residues in meat.

Laboratory Diagnostic Services: In 1985-86, $35 million and 252 person-years will be required for laboratory diagnostic services. The resources required to provide laboratory testing for disease control programs are determined by the level of foreign trade, livestock population and distribution, level of surveillance required and the requirements of provincial laboratories and private practitioners for tests. Resources required for meat safety testing are determined by the size of meat sampling programs under the National Inspection Service. Figure 12 provides the numbers of various tests conducted and the associated person year consumption.

In 1983-84, laboratory services were generally delivered as planned, with deviations (positive and negative) due primarily to unforeseeable events. For example, the requirement for nearly 32,000 tests in connection with an outbreak of anaplasmosis necessitated the allocation of technicians from other programs.

Figure 12: Tests Conducted by Laboratory Diagnostic Services

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	P-Y	**No. of Tests**	P-Y	No. of Tests	P-Y	No. of Tests
Foreign Animal Diseases	**20**	**79,500**	25	36,600	27	34,663
Brucellosis	**52**	**1,861,900**	52	1,650,000	53	1,605,183
Tuberculosis	**3**	**1,500**	3	1,400	5	1,342
Meat Safety	**52**	**23,300**	52	16,800	48	13,980
Reportable and Other Diseases of National Concern	**27**	**126,800**	24	130,000	23	128,324
Export	**43**	**257,000**	40	230,000	36	216,293
Import	**8**	**27,700**	7	20,000	7	14,565
Artificial Insemination	**8**	**69,700**	12	65,000	13	74,544
Support Services	**30**	**82,900**	23	50,000	22	47,325
Biologics Production (Test Doses)	**9**	**3,070,500**	11	3,300,000	10	3,291,004
Total	**252**		249		244	

Health and Management: In 1985-86, approximately 27 person-years and $2 million in operating and capital funds will be required to carry out hatchery inspections and to operate the Central Poultry Test Station.

Canadian hatcheries annually produce 375 million birds, valued at approximately $160 million. Samples of debris are taken every six weeks from each hatchery and subjected to laboratory testing. Production statistics are verified, and provide an essential part of the supply management system used by both hatchery managements and the marketing boards.

Poultry performance testing is conducted at the Central Poultry Test Station to provide producers with an unbiased measurement of the economic characteristics of egg stocks, broiler stocks and roaster stocks sold on the Canadian market. These test results have been published to allow the poultry industry to select superior breeding stock, thereby improving production efficiency and the quality of poultry sold to producers.

Each hatchery is inspected for compliance with well-defined and stringent standards, and is assigned a rating (A, B, C, D or F) which indicates overall sanitation. Hatcheries not meeting minimum standards are visited more frequently and given advice or guidance on how to bring the hatchery up to standard. The effectiveness of the hatchery inspection program can be measured by the number of hatcheries receiving an A (excellent), B (good) or C (fair) rating. In 1983-84, 80% of hatcheries in Canada had a rating of A, B or C based on the hatchery sanitation level; 92% of chicks and poults produced were from hatcheries scoring A, B or C.

B. Inspection and Protection of Crops, Livestock and Farm Input Supplies

Objective

To ensure the protection of the animals and plants necessary for food and agricultural production, and to ensure the availability and quality of basic inputs (feed, seed, fertilizers, pesticides) for this production.

Resource Summary

The Inspection and Protection of Crops, Livestock and Farm Input Supplies Activity accounts for approximately 27% of total 1985-86 Agri-Food Regulation and Inspection Program expenditures and 29% of total person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Disease Control	34,709	591	31,503	591	31,933	596
Plant Protection	9,599	233	8,237	168	7,506	170
Input Assurance and Scientific Analysis	22,640	411	19,161	381	16,447	365
	66,948	1,235	58,901	1,140	55,886	1,131
Revenue	9,248		1,595		1,673	

Approximately 90% of the resources are required to support personnel and other operating costs of the Activity. Revenue is generated from services provided to producers and credited directly to the Consolidated Revenue Fund. It is not available for use by the Program.

Past Financial Performance

Figure 14 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Disease Control	31,933	35,918	(3,985)
Plant Protection	7,506	6,653	853
Input Assurance and Scientific Analysis	16,447	14,693	1,754
	55,886	57,264	(1,378)
Revenue	1,673	1,604	69

Explanation of Change: Changes in the cash flow for Major Construction Projects created a lapse of approximately $1.5 million as follows:

- Calgary Laboratory $.6 million
- Windsor, Port of Entry $.3 million
- Queenston, Port of Entry $.6 million

Description

This Activity ensures a reliable supply of farm inputs, including animals, plants, feed, seed, fertilizers and pesticides, and has three elements.

Disease Control: The objective of this element is to maintain a healthy Canadian livestock and poultry population to permit and enhance domestic and international trade in livestock, poultry, meat and other animal products. This is accomplished by detecting, diagnosing and eradicating outbreaks of foreign animal diseases such as foot and mouth, and indigenous diseases such as brucellosis and tuberculosis. It also diagnoses and controls other diseases which endanger human health, such as rabies and salmonellosis, and controls the importation and domestic use of semen, embryos and biologics to ensure livestock diseases are not transmitted through their use. Extensive controls are maintained over the importation of animals and animal products to prevent the entry of serious diseases, by inspecting animals at ports of entry, by quarantining animals at six federally maintained quarantine stations (or suitable private premises), by controlling the disposal of garbage of foreign origin and, in conjunction with Customs and Excise Canada, by inspecting baggage and questioning persons at port of entry. There is also a responsiblity for the humane treatment of animals during their transportation.

Plant Protection: The objective of this element is to protect and improve the health of our agricultural and forestry heritage for the benefit of man and the environment. This is accomplished through international cooperation and domestic action to prevent the introduction of exotic pests (diseases, insects, weeds and other dangerous items associated with plants), to control or eradicate exotic diseases, to provide phytosanitary certification for exports, and to control the domestic movement of plant materials and products which might carry disease or pests. Scientific support functions include pest identification, pest surveys and post-entry quarantines.

Input Assurance and Scientific Analysis: This element ensures the availability of an adequate supply of accurately represented quality seed, by inspecting pedigree seed, testing samples, and grading, tagging and sealing seed lots. It also ensures that pest control products sold in Canada are effective and safe, with clear and complete information on product uses, by regulating, inspecting and testing products to ensure that they comply with composition and quality regulations, and are adequately packaged and labeled. In addition, it ensures that livestock feeds are effective, free from substances harmful to livestock and humans and truthfully represented as to nutritional content, by inspecting and testing livestock feeds for composition, quality and contaminants. Finally, it ensures that fertilizers sold or imported into Canada are efficacious, free from substances harmful to livestock, crops or humans, accurately labeled and represented with respect to nutrient content, by regulating, inspecting and testing fertilizers for composition and quality. All of these activities require extensive laboratory support in the scientific analysis of samples.

Performance Information/Resource Justification

Disease Control: In 1985-86, 591 person-years and $25 million will be required to maintain and improve the disease control program.

Disease control activities are conducted across the country from 117 Veterinary Inspection district offices, 112 ports of entry, and approximately 400 livestock markets and abattoirs, and include a variable mix of surveillance, prevention, eradication, control and certification functions.

All operational objectives were met in 1983-84, including the following notable achievements:

- Through simulation exercises, regional alert teams assured their preparedness to handle disease outbreaks quickly and efficiently.

- Brucellosis, tuberculosis and pullorum-typhoid were kept under control. The first two diseases are on schedule for eradication by 1986-87 and 1985-86, respectively, and commercial poultry flocks remain free of pullorum-typhoid.

- The import program has ensured that no major foreign disease entered Canada in 1983-84 via imports, thus protecting the country's favoured status in international trade.

Plant Protection: In 1985-86, the plant protection activity will require 233 person-years and $10 million for domestic, import, export, and quarantine activities.

In 1985-86 work will continue on a four-year "Protection of Marketability" project, the purpose of which is to ensure access of Canadian plants and plant products to foreign markets by resolving foreign regulatory problems through negotiation. A major component is the development of a reference system of international import regulations, and data on plant product exports.

In 1983-84, the planned program activities were successfully conducted. There were 1,485 interceptions of significant pest organisms.

From 1981-82 to 1983-84, several trends became evident and are expected to continue. The number of export certificates issued has increased over the period at an average rate of 11% per year, while the number of import inspections has been increasing at an average of 5% per year. Not only is there a tendency for the volume of work to increase, but also the complexity is increasing.

Input Assurance and Scientific Analysis: In 1985-86, the Input Assurance and Scientific Analysis Activity will require 438 person-years and $24 million. These resources will support program management, field operations and laboratory support for Seed, Pesticide, Feed and Fertilizer activities.

The 1985-86 resource needs for the seed activity will be 222 person-years and $12 million. This program is highly demand-driven, and the exact needs for resources is often difficult to predict. For example, in 1983-84 the record pedigree seed crop yield caused an unusually high demand for grading, tagging and sealing services, which had to be met partly by reducing monitoring functions from planned levels.

A total of 123 person-years and $8 million will be devoted to delivery of pesticides activities. These person-years are to be used for evaluating and registering new pesticide products and uses, for the provision of advice and information on pest control products (over 100,000 information requests each year), and for field and laboratory work to regulate 5,400 products marketed by 550 companies. The Management of Toxic Chemicals Program will include the development and implementation of modern analytical and registration standards and test methodologies, re-evaluation of older existing pesticides and the implementation of improved information processing systems and communications with the public. An Information Secretariat (to collect and widely disseminate information on pesticides) and a Pest Management Advisory Board (to recommend on policy and special issues) will be implemented.

Approximately 44 person-years and $2 million will be used in 1985-86 for feed activities, at feed mills and on the farm. Approximately 7,450 mixed, specialty or single-ingredient feeds will be evaluated and registered. As well, feed samples will be obtained for contaminant monitoring in response to greater concern about feed contamination involving drug residues, pesticides, and biological contaminants such as salmonella and mycotoxins. More samples will be obtained to monitor adherance to compositional and labeling standards (Studies have indicated a 30% rate of noncompliance to regulatory standards). Veterinary prescriptions are also monitored to obtain indications for potential feed and/or livestock product contamination.

A total of 22 person-years and $1 million will be required for fertilizer activities. Because of the high rate of noncompliance with standards (25%), inspection emphasis is on product quality. Some 60-70% of manufacturing establishments will be inspected and samples taken for analysis of product quality and adherance to label guarantees. Additional samples will be analyzed for contamination (e.g., pesticides). There will be a continuing trend for growth in the number of inspection points requiring attention because of increasing fertilizer usage.

Figure 15 relates the volume of laboratory testing which will be required in support of the Input Assurance activities, plus the associated PY's (included in the 438 PY total).

Figure 15: 1985-86 Laboratory Testing Services Required - Scientific Analysis

Program	Required Person-Years	Number of Samples (Estimate)
Seed	28	5000
Feed	41	9300
Pesticide	25	1000
Fertilizer	8	3700
Total	102	19000

It is important to note that the number of separate test procedures per sample varies considerably, from three per sample for feed samples to as many as 12 for some pesticide samples. The complexity of the individual tests also varies greatly.

C. Market Maintenance

Objective

To assist in the maintenance of existing national and international markets for Canadian agricultural products.

Resource Summary

Expenditures of the Market Maintenance Activity account for approximately 18% of total 1985-86 Agri-Food Regulation and Inspection Program expenditures and 22% of total person-years.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Export Testing and Export Meat Products	13,139	303	12,186	295	11,615	281
Quality Assurance	4,488	97	4,040	97	3,649	88
Monitoring of Grade Standards	19,646	438	19,227	438	17,431	456
Grading	6,745	146	6,075	146	5,695	149
	44,018	984	41,528	976	38,390	974
Revenue	8,359		554		740	

Approximately 97% of the resources are required to support personnel costs and other operating costs of the activity.

Past Financial Performance

Figure 17 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 17: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Export Testing and Export Meat Products	11,615	11,165	450
Quality Assurance	3,649	4,578	(929)
Monitoring of Grade Standards	17,431	16,100	1,331
Grading	5,695	6,019	(324)
	38,390	37,862	528
Revenue	740	619	121

Description

The Market Maintenance Activity supports the maintenance of existing national and international markets. The activity has five elements:

Export Testing: This element maintains and enhances the status of Canadian livestock on the international market by ensuring that qualified animals are exported, consistent with the standards of disease freedom required by the importing country.

Export Meat Products: This element inspects, tests and certifies meat and meat products, animals and animal by-products for export. Negotiations are also carried out with foreign governments to ensure that their import requirements do not represent non-tariff trade barriers.

Quality Assurance: This element inspects seed potatoes to ensure a high quality product for domestic and export markets, with the support of two potato laboratories and field testing programs. Diagnostic tests identify any disease present, while indexing tests identify the extent of the disease. Liaison is maintained with the provinces and industry regarding the multiplication and storage of seed potatoes.

Monitoring of Grade Standards: This element ensures compliance with grade and composition standards for domestic and imported agricultural products; that foods are safe and accurately labeled; that exported agricultural food products comply with foreign country regulations; that laboratory support for the regulatory programs is accurate, authoritative and timely; that the dairy, poultry, and processed and fresh fruit and vegetable industries follow fair and orderly trading practices; and that quality produce enters the market.

Grading: This element ensures that the national grading system maintains a uniform national standard and constitutes a satisfactory basis for the marketing of livestock carcasses. The grade assigned to hog and beef carcasses serves as a producer settlement mechanism for all hog carcasses and 45% of beef carcasses. Livestock market information is collected at stockyards and meat packing establishments for publication.

Performance Information/Resource Justification

Export Testing: In 1985-86, 88 person-years and $3 million in operating and capital costs will be needed to provide export testing services. Inspection, testing and certification procedures for all animals and animal products being exported reflect importing country requirements, which vary for each country and animal species.

Export Meat Products: The export meat products function is an integral part of National Inspection Services and has been included in that activity. Approximately $10 million and 215 person-years will be needed in 1985 for Export Meat Products Services.

Quality Assurance: Approximately $4 million and 97 person-years will be required to inspect, grade and test seed potatoes in 1985-86. Up to 40,000 hectares of crop requires inspection each year, and inspections may require up to three visits. Post-harvest and post-cleaning reinspections are also required prior to the grading, tagging and sealing of individual seed bags.

Monitoring of Grade Standards: In 1985-86, $20 million and 438 person-years will be engaged in testing, inspection and certification of agricultural food products. Figure 18 shows the estimated annual volumes of some types of produce, and the person-years required for their inspection.

Figure 18: Inspection Volumes for Grade Standards Monitoring

Commodity		1985-86 Estimated Volumes	Person-Years
Eggs	- import/export	20.0 million dozen	88
	- domestic	420.0 million dozen	
Poultry	- import/export	8.5 million kilograms	
	- domestic	165.0 million head	
Processed eggs	- import/export	3.1 million kilograms	
	- domestic	32.0 million kilograms	
Fruit and vegetables - fresh (dom.)		4.0 billion kilograms	215
Fruit and vegetables - processed (dom.)		1.5 billion kilograms	40
Dairy products (domestic)		120.0 million kilograms	83
Evaporated milk (domestic)		140.0 million litres	

The effectiveness of grade standards monitoring is measured by the rate of compliance with standards. Higher compliance levels will result in a lesser intensity of monitoring, and (to a degree) less resource needs. Target compliance rate is 95%. In 1983-84, the compliance rate for Canada Grade A chicken improved from 81% in the first quarter to approximately 89% in the last two quarters. The compliance rate for turkeys improved from 92% to 93%, with most defects now limited to packaging problems.

Grading: $7 million in operating and capital costs and 146 person-years will be required to respond to industry demands for grading. The number of packing plants in operation, their size and distance from one another, speed of the slaughtering operation and the total annual slaughter combine to dictate the resources required. Figure 19 shows projected grading volumes, the primary factor in calculating resource requirements.

Figure 19: Grading Volumes by Species (Thousands of Carcasses)

	1985-86 Estimate	1984-85 Forecast	1983-84 Actual
Beef	3,300	3,000	3,240
Hogs	13,000	12,500	12,700
Veal	75	50	25
Lamb and Mutton	20	20	20

The industry's extensive use of the voluntary grading service is an indication of its success in meeting their needs. Almost 100% of hogs slaughtered in Canada are now sold on the basis of federal grading, and all beef carcasses are federally graded except those destined for processing. The linkage of the grading system to the marketing process has increased the proportion of leaner, more desirable carcasses.

Effectiveness is determined by monitoring the accuracy of grade application by the graders. In 1983-84, the national accuracy ratings were 97% for beef, 96% for hogs, 92% for veal, and 95% for lamb and mutton. Beef and hogs, in particular, were above target levels of grade application by graders.

D. Inspection and Control of Facilities and Food Products

Objective

To ensure the safety, quality and nutritive value of edible agricultural products.

Resource Summary

Expenditures for the Inspection and Control of Facilities and Food Products Activity account for approximately 26% of total 1985-86 Agri-Food Regulation and Inspection Program expenditures and 32% of total person-years.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
National Inspection Services	58,765	1,312	55,936	1,285	53,648	1,298
Plant Registration and Inspection	2,727	37	2,438	37	2,033	48
Scientific Analysis	1,414	49	1,270	49	1,349	34
	62,906	1,398	59,644	1,371	57,030	1,380
Revenue	13,920		4,157		3,770	

Approximately 99% of the resources is required to support personnel costs and other operating costs of the activity.

Revenue is derived from the provision of meat inspection overtime services to meat packing establishments, and inspection services to provincially licensed meat packers. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 21 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 21: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
National Inspection Services	53,648	55,292	(1,644)
Plant Registration and Inspection	2,033	2,212	(179)
Scientific Analysis	1,349	1,709	(360)
	57,030	59,213	(2,183)
Revenue	3,770	4,661	(891)

Explanation of Change: The lapse of $2.2 million is due to a reduction in overtime charges created by the introduction of staggered work shifts in meat slaughter plants and the introduction of a statistical sampling plan in meat processing plants.

Description

The Inspection and Control of Facilities and Food Products Activity has three elements.

National Inspection Services: This element includes the National (Meat) Inspection Service, as well as Import, Foreign and Federal/Provincial Inspection Programs. All animals are inspected before and after slaughter, while site inspection and monitoring ensures that the environment in which meat products are produced, stored and transported meets legislated requirements in regard to construction, sanitation, operation and hygiene. These programs are essential to maintain our export markets, ensure adequate supplies of safe, unadulterated meat products, and provide service to the industry, without limiting its ability to produce and compete in the agricultural marketplace. A meat inspection service is provided on a cost recovery basis to some provinces, under federal/provincial agreement, in meat plants which would not otherwise fall under federal inspection (i.e., where meat and meat products do not move into intraprovincial trade). Meat inspection systems of countries exporting meat products to Canada are evaluated to ensure that Canadian standards are met.

Plant Registration and Inspection: This element ensures compliance with regulations governing operations, sanitation and hygiene standards in food processing plants. Physical inspections are conducted on domestic dairy, poultry, egg, honey, maple, and processed fruit and vegetable plants registered with the Department.

Scientific Analysis: This element provides timely and reliable composition, chemical and microbiological testing services in support of food product inspections (including meat, dairy, fruit, vegetable and poultry product samples) to ensure that the products comply with federal standards for safety, quality and composition for domestic and export markets.

Performance Information/Resource Justification

National Inspection Services: Some 1,312 person-years and $ 59 million will be required in 1985-86 to deliver national inspection services. In slaughter plants, person-year requirements are determined on the basis of the number of defined inspection stations: post-mortem stations require 100% inspectional presence. A system has also been developed for calculating the resource needs in processing plants which takes into account the type of operation (simple, complex or critical), compliance record (excellent, good, average, or poor), plant size and volume of throughput.

In 1983-84, the National Meat Inspection Program provided service to 824 registered establishments and 24 approved rendering plants, as planned.

The program, by ensuring the high quality of Canadian meat is maintained, assisted industry to export a record 306 million kilograms of meat products valued at over a billion dollars in 1983-84.

A measure of effectiveness for the National Meat Inspection Program is the rating assigned to registered establishments. All establishments receiving meat inspection services are rated A, B, C, D or F according to comprehensive national audit criteria. At the beginning of 1983, 86% of establishments had satisfactory ratings of A, B, or C; at year end, 93% had A, B, or C ratings.

Another indicator of effectiveness is the number of establishment "delistings" by U.S. inspectors. At least once each two years, and as often as every three months, establishments shipping meat to the U.S. are inspected by the U.S.D.A; those not meeting U.S. standards are delisted (barred from exporting to the U.S.) until standards are met. Agriculture Canada similarly audits U.S. plants shipping to Canada. In calendar 1983, eight (1.5%) of 533 Canadian establishments were delisted but were relisted by year-end. During the same period, 22% of U.S. establishments audited by Canada were delisted.

Higher operating speeds and new technologies require the continuous review and modification of inspection procedures to maintain an acceptable level of service without jeopardizing industrial production. Every effort is being made to improve efficiency by encouraging plant managements to institute industry-operated quality controls for better compliance to regulations, always under close monitoring by departmental staff.

Plant Registration and Inspection: Some 37 person-years and $3 million will be required in 1985-86 for plant registration and inspection.

Plants are rated (A, B, C, D, F) to establish their degree of compliance with regulations, and to help maximize the use of program resources through appropriate allocations to priority plants. A FOIL (Frequency of Inspection Level) system is used to determine the frequency of inspection for the various types of food processing plants.

Program effectiveness is indicated by the proportion of plants which have a satisfactory A, B, or C rating. Some examples are shown in Figure 22.

Figure 22: Effectiveness of Plant Registration and Inspection

Type of Plant	Number of Plants	% Rated A,B, or C
Processed egg	13	40%*
Shell egg	246	82%
Processed fruit & vegetable		
- low acid	59	76%
- other	339	96%
Dairy	378	89%
Poultry	42	79%

*A large proportion of plants are in the process of major renovations to meet regulations.

Scientific Analysis: A total of $1 million and 49 person-years will be required for scientific analysis in 1985-86. Approximately 87% of resources are devoted to providing timely and accurate analytical results, and to support research to improve effectiveness and efficiency. The remaining 13% is required for administrative support, training and development and quality control activities. The 1985-86 workload estimates and associated person-year requirements are charted in Figure 23.

Person-year needs are dictated by inspection program requirements for analyses, based in turn on industry production and import-export volumes. The number and complexity of tests for each sample must be taken into consideration. The trend has been to shift from simple testing for labeling requirements (compositions) to complex and time-consuming testing for drug and pesticide residues or other contaminants that impact on safety and health. Some of the simpler testing is being diverted to accredited laboratories, leaving a higher proportion of the more complex testing to in-house laboratory services. The capability now exists to perform approximately 450 different tests, which can vary in complexity from a one-day to a 60-day turn-around time.

Figure 23: Testing Services Required-Inspection of Food Products

Client Division	P-Y Allocation	Estimated No. of Samples 1985-86	Average No. Tests per Sample 1983-84	Estimated No. Tests 1985-86
Livestock and poultry	11	7,000	7	49,000
Meat hygiene	8	3,500	6	21,000
Dairy	11	11,000	12	132,000
Fruit and vegetable	6	4,000	5	20,000
Total	36	25,500		222,000

E. Management and Administration

Objective

To provide managerial, personnel and administrative services as required for the efficient management of the Program.

Resource Summary

Expenditures for the Management and Administration Activity account for approximately 10% of total Agri-Food Regulation and Inspection Program expenditures and 7% of total person-years.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive and General Management	22,250	294	20,007	294	15,599	349
Administrative Services	1,034	16	648	16	579	10
Education and Development	777	12	486	12	1,365	13
Plant Maintenance and Equipment	258	-	167	-	265	-
	24,319	322	21,308	322	17,808	372

Approximately 67% of the resources are used for personnel and other operating costs and the balance for contributions & capital expenditures.

Past Financial Performance

Figure 25 summarizes the changes in financial requirements that occurred in 1983-84.

Figure 25: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Executive and General Management	15,599	13,344	2,255
Administrative Services	579	724	(145)
Education and Development	1,365	1,638	(273)
Plant Maintenance and Equipment	265	47	218
	17,808	15,753	2,055

Explanation of Change: The changes were a result of internal person-year shifts from other Planning Elements creating a 12 person-year over-utilization and a corresponding $1.7 million deficit for salaries and operating funds. Additional contributions were also expended as follows:

- Atlantic Veterinary College $.2 million
- Special Initiative Employment Program $.1 million
- Aid to Universities, Guelph, Ontario $.1 million

Description

The Management and Administration Activity ensures that the staff of the Agri-Food Regulation and Inspection Program possess the required knowledge, abilities and skills, including proficiency in both official languages. It also manages acts and regulations that contribute to the continued growth of the agri-food sector; plans, organizes, directs and controls resources in the most effective and efficient manner; and provides an effective communications network. The Activity consists of four elements: Executive and General Management, Administrative Services, Education and Development, and Plant Maintenance and Equipment.

Performance Information/Resource Justification

In 1985-86, 322 person-years and $24 million will be required by the Management and Administration Activity. Of this, 31% will be for contributions to professional associations ($47 thousand) and to the new veterinary teaching facility at Charlottetown, P.E.I. ($7.4 million, part of the 50% federal contribution to the capital costs).

Management and Administration resourcing in 1983-84, after removal of the cost of contributions, represented 7% of person-years and 7% of dollars spent for the Agri-Food Regulation and Inspection Program.

F. Race Track Supervision

Objective

To protect the wagering public at race tracks and to ensure a viable race track industry.

Resource Summary

The Race Track Division operates on a revolving fund basis and is intended to be self-sustaining. Revenue is raised from a levy which may vary from 0.5% to 1% of all monies wagered. For 1985-86, this levy is currently set at a rate of 0.8%.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Pari-Mutuel Supervision	3,530	74	2,773	63	2,409	63
Race Surveillance	7,770	-	7,861	-	7,915	-
Surveillance Research	899	8	511	6	449	6
Administration	1,007	21	962	21	1,248	21
Total Expenditures	13,206	103	12,107	90	12,021	90
Revenue	13,206		12,690		13,198	
(Profit) or Loss	0		(583)		(1,177)	

Figure 27: Statement of Net Modified Cash Requirements ($000)

	Estimates 1985-86		Forecast 1984-85	
		P-Y		P-Y
Expenses	12,963		12,147	
Revenue	13,206		12,690	
(Surplus) Deficit	(243)	103	(543)	90
Less: Depreciation	100		95	
Employee Termination Benefits	9		-	
	(352)		(638)	
Add: Capital Requirements	352		55	
Net Modified Cash Requirements	0		(583)	

Figure 28: Net Change ($000)

	Estimates 1985-86		Forecast 1984-85		Change	
	$	PY	$	PY	$	PY
Administration	(12,199)	21	(11,728)	21	(471)	-
Pari-Mutuel Supervision	3,530	74	2,773	63	757	11
Race Surveillance	7,770	-	7,861	-	(91)	-
Surveillance Research	899	8	511	6	388	2
Total Activity	0	103	(583)	90	583	13

Past Financial Performance

Figure 29 summarizes the changes in financial requirements that occurred in 1983-84.

Figure 29: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Pari-Mutuel Supervision	2,409	2,986	(577)
Race Surveillance	7,915	8,403	(488)
Surveillance Research	449	627	(178)
Administration	1,248	1,067	181
	12,021	13,083	(1,062)
Revenue	13,198	13,972	(744)

Explanation of Change: The year end surplus of $1.1 million is due to a number of factors including: delays in staffing, a lower number of racing days than originally estimated, lower volume of betting than anticipated and on under-utilization of person-years planned to implement new betting policies.

Description

Through the provision and supervision of services at race tracks, the Department endeavours to ensure that the betting public is protected. Regulations are made and enforced concerning the operation of pari-mutuel systems, the method of calculating the amount payable in respect to each dollar bet, the conduct of race meetings in relation to photo finish, race patrol and drug control, and the provision and maintenance of facilities for the operation of pari-mutuel systems. The program consists of the following four elements.

Pari-Mutuel Supervision: The establishment of minimum standards for totalizator (pari-mutuel betting) equipment, combined with testing, inspection and day-to-day supervision, ensures that pari-mutuel betting of approximately $1.7 billion annually, at about 120 tracks operating for approximately 4,600 racing days a year, is operated honestly and in accordance with regulations. All of the approximately 170,000 betting pools operated are audited for accuracy and compliance with regulations and provincial tax acts. Supervision includes investigation of regulation violations and public complaints, inspection of track facilities, and the compilation and publication of national and provincial statistics.

Race Surveillance: This element contributes to the public protection objective through the provision and supervision of contracted services including the Race Patrol Service (video coverage of the running of each race), the Photo Finish Service (photo of the finish of each race)

provided for use by race officials as well as the betting public, and the Drug Control Service which involves the collection and analysis of approximately 85,000 official samples of blood and urine from competing horses.

Surveillance Research: Research is conducted on race surveillance services, pari-mutuel betting systems and supervisory services, and on drugs with respect to their analytical detectability, excretion rates and effects on horse performance.

Administration: This element provides policy, guidelines and program direction, and supports and evaluates program delivery.

Performance Information/Resource Justification

The resources required to fulfill the objectives of the division efficiently and effectively are split between variable and fixed costs. The variable costs (approximately 65% of total resources) include race patrol, photo finish and drug control services. The Race Track Division is billed for actual racing days serviced, instead of paying a fixed cost for the year.

The race patrol and photo finish services are provided under contract. The costs are governed by the size and class of track and are negotiated through the Department of Supply and Services. The drug control service is provided by the Department through a financial reimbursement scheme to racing associations who employ department-approved test inspectors, chemists and veterinarians. The number of test inspectors on collection detail varies depending on the number of urine and blood samples scheduled to be collected. The schedule of samples is based on the size and class of track.

The fixed costs (approximately 35% of the total resources) include the salaries of 103 person-years (27%), drug research contracts (3%) and other operating costs (5%), including the operation of a small research centre at Jerseyville, Ontario.

Departmental personnel supervise approximately 4,600 races annually where pari-mutuel betting is carried out. The number of officers in attendance varies according to the class of track. Twenty-four of the 74 person-years assigned to race supervision duty are seasonal and are utilized as needed.

In 1983-84, the level of satisfactory service days (i.e., race patrol, photo finish and drug control) was maintained at 95%, and the accuracy of pari-mutuel payments to the public at a level of 99%.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Agri-Food Regulation and Inspection Program expenditures by object are presented in Figure 30.

Figure 30: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	**150,827**	141,394	133,437
Contributions to employee benefit plans	**21,116**	18,453	19,639
Other personnel	**804**	586	937
	172,747	160,433	154,013
Goods and services			
Transportation and communications	**10,717**	10,583	9,298
Information	**341**	370	304
Professional and special services	**6,155**	6,096	4,896
Rentals	**813**	799	635
Purchased repair and upkeep	**1,388**	1,364	1,121
Utilities, materials and supplies	**8,870**	8,713	8,126
All other expenditures	**45**	40	31
	28,329	27,965	24,411
Total operating expenditures	**201,076**	188,398	178,424
Capital			
Professional and special services	**160**	-	-
Construction and acquisition of land, buildings and works	**28,290**	8,689	3,140
Construction and acquisition of machinery and equipment	**7,045**	5,020	4,441
Total capital	**35,495**	13,709	7,581
Transfer Payments			
Grants			
Contributions	**8,162**	5,952	3,898
Total expenditures	**244,733**	208,059	189,903
Less Revenue Credited to Vote, Race Track Revolving Fund	**0**	583	1,177
Net	**244,733**	207,476	188,726

2. Personnel Expenditures

The Program's personnel costs of $173 million account for about 86% of total operating expenditures and about 71% of total program expenditures. This includes the statutory contributions to employee benefit plans. Figure 31 provides a breakdown of personnel by activity and Figure 32 shows the person-years and average annual salary by category.

Figure 31: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Research and Advisory Services	**399**	397	395
Inspection and Protection of Crops, Livestock and Farm Input Supplies	**1,235**	1,140	1,131
Market Maintenance	**984**	976	974
Inspection and Control of Facilities and Food Products	**1,398**	1,371	1,379
Management and Administration	**322**	322	372
Racetrack Supervision	**103**	90	90
	4,441	4,296	4,341

Figure 32: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Management	36	36	16	50,350 - 96,300	64,007
Scientific and Professional					
Agriculture	329	265	281	15,972 - 68,070	42,521
Biological Sciences	81	68	72	16,161 - 68,070	42,746
Chemistry	26	22	22	15,724 - 68,070	40,595
Scientific Research	39	38	38	28,176 - 67,720	55,995
Veterinary Science	614	601	616	31,992 - 68,070	46,542
Other	5	5	5		42,095
Administrative and Foreign Services					
Administrative Services	61	60	62	13,912 - 57,987	36,574
Financial Administration	2	5	6	13,853 - 57,980	35,519
Program Administration	12	12	13	13,912 - 57,987	40,650
Other	2	1	2		41,546
Technical					
Engineering and Scientific Support	298	291	319	14,041 - 50,866	26,639
General Technical	6	5	6	12,635 - 55,682	30,868
Primary Products Inspection	2,077	2,047	2,028	18,971 - 48,380	29,360
Other	4	2	1		30,559
Administrative Support					
Data Processing	5	5	9	13,352 - 37,130	22,750
Clerical and Regulatory	431	436	479	12,932 - 31,743	21,224
Secretarial, Stenographic and Typing	154	144	131	12,636 - 31,946	21,949
Operational					
General Labour and Trades	119	119	121	14,776 - 40,676	23,955
General Service	34	34	32	13,253 - 39,988	22,183
Other	3	2	2		30,245

Note: The person-year columns display the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 33 presents a summary by major category of the Agri-Food Regulation and Inspection Program's capital expenditures. Figure 34 provides details of major capital projects which are those having expenditures of $250,000 or more. Major capital expenditures will be made for a wide range of projects. The major user in 1985-86 is the laboratory construction component as outlined under the Research and Advisory Services Activity.

Figure 33: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Major construction	**28,327**	7,739	2,629
Minor construction	**123**	950	511
Equipment acquisition	**7,045**	5,020	4,441
	35,495	13,709	7,581

Figure 34: Details of Major Capital Projects ($000)

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast expend. Mar.31 1985	Estimates 1985-86	Future Years Requirements
Research and Advisory Services					
New Brunswick					
Laboratory renovations and additions, Sackville	3,323	4,326	233	1,067	3,026
Quebec					
Laboratory, St-Hyacinthe	14,625	16,985	2,171	10,680	4,134
Ontario					
Laboratory renovations and additions, Guelph	3,731	4,932	1,070	1,565	2,297
Alberta					
Laboratory and isolation barn, Lethbridge	23,000	22,363	2,619	12,235	7,509
Inspection and Protection of Crops, Livestock and Farm Input Supplies					
Ontario					
Plant Health Diagnostic laboratory	13,000	13,000	50	-	12,950
Alberta					
Laboratory, Calgary	16,148	16,784	990	2,780	13,014

4. Transfer Payments

Figure 35 presents a summary of all transfer payments in the Program. These form less than 4% of total program expenditures.

Figure 35: Details of Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Research and Advisory Services			
Item not required for 1985-86			
New Employment Expansion and Development (NEED) Program Federal Project	-	-	26
Inspection and Protection of Crops, Livestock and Farm Input Supplies			
Compensation for Animals Slaughtered	525	800	2,853
Contribution to Provinces-Rabies	140	140	89
Compensation to Animal Owners-Anthrax	10	10	-
Compensation under the Pesticide Residue Compensation Act	10	10	-
Items not required for 1985-86			
Compensation to growers affected by a ban on production of hosts of the golden nematode on land that is infected or suspected of being infested by that organism, in the municipality of Central Saanich, B.C.	-	-	117
Contribution to Fourth International Symposium on Neonatal Diarrhea	-	-	10
New Employment Expansion and Development (NEED) Program Federal Project	-	-	202
Summer Canada - Student Employment Program	-	-	209
	685	960	3,480
Management and Administration			
Office international des épizooties	42	42	34
Canadian Veterinary Medical Association	5	5	4
Veterinary Science Teaching Facility Charlottetown, P.E.I.	7,430	4,945	197
Item not required for 1985-86			
Special Employment Initiatives Program in South Western Ontario	-	-	57
Contribution to University of Guelph, Ontario, Veterinary College	-	-	100
	7,477	4,992	392
Total Contributions	8,162	5,952	3,898

5. Revenue Analysis

Figure 36 provides a listing of revenue generated by the Program. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Figure 36: Revenue by Class ($000)

	1985-86	1984-85	1983-84
Research and Advisory Services			
Blood typing services	520	500	455
Sale of cattle, sheep and swine	39	39	188
Sale of eggs/poultry	220	220	183
Rental of houses	30	23	27
Refund of previous year's expenditures	7	7	0
Total Revenue for Research and Advisory Services	816	789	853
Inspection and Protection of Crops, Livestock and Farm Input Supplies			
Import inspection services	262	252	152
Field crop inspection	23	23	115
Registration	52	50	7
Seed testing	179	172	230
Seed inspection	72	71	67
Tags and seals	56	56	46
Quarantine charges	61	61	43
Other plants and plant products	410	405	448
Sale cattle, sheep and swine	39	39	188
Ship inspection at anchor	256	246	230
Refund of previous year's expenditures	70	70	25
Miscellaneous	150	150	122
Government Announced Cost Recovery Initiative	7,618	-	-
Total Revenue for Inspection and Protection of Crops, Livestock and Farm Input Supplies	9,248	1,595	1,673
Market Maintenance			
Export inspection services	220	212	229
Licences	55	53	49
Fruit and vegetable inspection	268	258	462
Refund of previous year's expenditures	31	31	-
Government Announced Cost Recovery Initiative	7,785	-	-
Total Revenue for Market Maintenance	8,359	554	740
Inspection and Control of Facilities and Food Products			
Revenue from meat packers for overtime inspection services	3,416	3,285	2,932
Revenue from domestic meat inspection services	898	863	838
Refund of previous year's expenditures	9	9	-
Government Announced Cost Recovery Initiative	9,597	-	-
Total Revenue for Inspection and Control of Facilities and Food Products	13,920	4,157	3,770
Agri-Food Regulation and Inspection Revenue	32,343	7,095	7,036

B. Cost Analysis

Net Program Cost

The Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items, as well as revenue, must also be included when considering the actual costs to operate the Program.

Figure 37: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	**1985-86 Net Cost**	1984-85 Forecast
Research and Advisory Services	46,542	1,253	47,795	816	**46,979**	27,195
Inspection and Protection of Crops, Livestock and Farm Input Supplies	66,948	4,035	70,983	9,248	**61,735**	61,057
Market Maintenance	44,018	3,230	47,248	8,359	**38,889**	44,184
Inspection and Control of Facilities and Food Products	62,906	4,537	67,443	13,920	**53,523**	59,996
Management and Administration	24,319	1,050	25,369	-	**25,369**	22,367
	244,733	14,105	258,838	32,343	**226,495**	214,799

The adjustments made to the estimated expenditures to arrive at a total net cost include $14.1 million for accommodation provided without charge to this Department by Public Works ($10 million), DSS common services ($.2 million), Treasury Board employer's share of insurance premiums and costs ($3 million), Department of Labour employers portion of compensation payments ($.7 million) and Transport Canada accomodation at International Airports ($.2 million).

C. Additional Information

1. Acts and Regulations Administered

As well as the Acts and Regulations identified under the Legal Mandate on page 4-11, the following are administered in whole or in part by the Program:

- Animal Disease and Protection Act 1974-75, c.86
  - Animal Disease and Protection Regulations (s.3) CRC, Vol. III, c.296
  - Brucellosis Free Regions Order (British Columbia and Peace River Region of Alberta) SI/79-120
  - Brucellosis Low Incidence Regions Order (Ontario) SI/80-124
  - Brucellosis Low Incidence Regions Order (Québec) SI/78-106
  - Psittacine and Songbird Importation Prohibition Order SOR/80-772 (in process of repeal)
  - Reportable Diseases Order (Contagious Equine Metritis) SI/78-68
  - Reportable Diseases Order (Pseudorabies) CRC, Vol. III, c.297

- Appropriation Acts
  - Rabies Indemnification Regulations CRC, Vol. III, c.340

- Canada Agricultural Products Standards Act RSC 1970, c.A-8
  - Agricultural Standards Inspectors Regulations SOR/78-264
  - Beef Carcass Grading Regulations SOR/78-563
  - Hog Carcass Grading Regulations SOR/78-313
  - Lamb and Mutton Carcasses Grading Regulations SOR/78-861
  - Veal Carcass Grading Regulations SOR/78-564
  - Wool Grading Regulations CRC, Vol. III, c.294
  - Egg Regulations CRC, Vol. II, c.284
  - Processed Egg Regulations (s.3,5&8) CRC, Vol. II, c.290
  - Processed Poultry Regulations SOR/78-169
  - Dairy Products Regulations SOR/79-840
  - Fresh Fruit and Vegetable Regulations (s.3) CRC, Vol. II, c.285
  - Produce Licensing Regulations CRC, Vol. III, c.292
  - Honey Regulations (s.3,5&8) CRC, Vol. II, c.287
  - Maple Products Regulations CRC, Vol. II, c.289
  - Processed Products Regulations (s.3,5&8) CRC, Vol. III, c.291

- Criminal Code RSC 1970, c.C-34
  - Pari-mutuel Payments Order SI/81-1
  - Race Track Supervision Regulations (s.188) CRC, Vol. V, c.441

- Feeds Act RSC 1970, c.F-7
  - Feeds Regulations CRC, Vol. VI, c.665

- Fertilizers Act RSC 1970, c.F-9
  - Fertilizers Regulations CRC, Vol. VI, c.666

- Financial Administration Act RSC 1970, c.F-10
  - Destructive Pests Inspection Fees CRC, Vol. VI, c.696
  - Quarantine and Inspection Service Fees CRC, Vol. VIII, c.725

- Fruit, Vegetables and Honey Act RSC 1970, c.F-31
  - Fruit, Vegetables and Honey Regulations CRC, Vol. IX, c.875

- Hay and Straw Inspection Act RSC 1970, c.H-2
  - Hay and Straw Inspection Regulations CRC, Vol. IX, c.920

- Humane Slaughter of Food Animals Act RSC 1970, c.H-10 (subject to repeal)
  - Humane Slaughter Regulations CRC, Vol. IX, c.937

- Livestock and Livestock Products Act RSC 1970, c.L-8
  - Hatchery Regulations CRC, Vol. XI, c.1023
  - Wool Grading Regulations SOR/79-297

- Meat and Canned Foods Act RSC 1970, c.M-6 (subject to repeal)

- Meat Inspection Act RSC 1970, c.M-7 (subject to repeal)
  - Meat Inspection Regulations SOR/79-579

- Meat Inspection Act (Proposed)

- Pest Control Products Act RSC 1970, c.P-10
  - Pest Control Products Regulations (s.5&9) CRC, Vol. XIII, c.1253

- Pesticide Residue Compensation Act RSC 1970, c.P-11
  - Pesticide Residue Compensation Regulations (s.4) CRC, Vol. XIII, c.1254

- Plant Quarantine Act RSC 1970, c.P-13
  - Eggplants and Tomatoes Production (Central Saanich, B.C.) Restriction Regulations SOR/82-488
  - Emergency Plant Infestation Regulations SOR/79-642
  - Golden Nematode Order SOR/80-260
  - Plant Quarantine Regulations (S. 4 & 9) CRC, Vol. XIV, c.1273
  - Potato Production and Sale (Central Saanich) Restriction Regulations SOR/82-186

- Seeds Act RSC 1970, c.S-7
  - Seeds Regulations (s.4&7) CRC, Vol. XV, c.1400
  - Seeds Variety Order (s.4) CRC, Vol. XV, c.1401
  - Weed Seeds Order CRC, Vol. XV, c.1402

2. Establishments By Region

Figure 38 provides a listing of establishments by region.

Figure 38: Establishments by Region

Province	Regional Offices	Laboratories
Newfoundland	St. John's, AID	
New Brunswick	Moncton, VID Moncton, AID	Sackville, APL
Quebec	Montreal, VID Montreal, AID	Grosse-Ile Experimental Stn. St-Hyacinthe, APL
Ontario	Willowdale, VID Willowdale, AID	Nepean, ADRI Guelph, APL
Manitoba	Winnipeg, VID Winnipeg, AID	Winnipeg, APL
Saskatchewan	Regina, VID Regina, AID	Saskatoon, APL
Alberta	Calgary, VID Edmonton, AID	Lethbridge, ADRI
British Columbia	Vancouver, VID New Westminister, AID	Vancouver, APL

Abbreviations:
AID - Agricultural Inspection Directorate
VID - Veterinary Inspection Directorate
APL - Animal Pathology Laboratory
ADRI - Animal Disease Research Institute

Canadian Forestry Service
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $168,683,500 in support of the 1985-86 Canadian Forestry Service Program. The remaining expenditures, estimated at $6,784,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Forestry Services Program		
35	Operating Expenditures	73,590	61,461
40	Capital Expenditures	31,236	31,102
45	Grants & Contributions	63,858	47,168
(S)	Contributions to Employee Benefit Plan	6,784	5,392
	Total Program	175,468	145,123

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Canadian Forestry Service Program	
35	Canadian Forestry Service - Operating Expenditures and authority to spend revenue received during the year	73,590,000
40	Canadian Forestry Service - Capital expenditures and authority to make payments to provinces or municipalities as contributions towards construction done by those bodies and authority to make recoverable advances not exceeding the amount of the shares of provincial and outside agencies of the cost of joint projects including expenditures on other than federal property	31,236,000
45	Canadian Forestry Service - The grants listed in the Estimates and contributions	63,857,500

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)		1985-86 Main Estimates						
		Budgetary						
	Authorized Person-Years	Operating	Capital	Transfer Payments	Sub-total	Less Revenues credited to the vote	Total	1984-85 Main Estimates
Forestry Development	176	14,402	3,769	54,344	72,515		72,515	49,398
Forest Research & Technical Services	1,013	59,545	27,448	8,914	95,907	505	95,402	90,176
Management & Administration	97	6,917	34	600	7,551		7,551	5,549
Total Program	1,286	80,864	31,251	63,858	175,973	505	175,468	145,123

*The Forestry Services Program was included in the 1984-85 Main Estimates for Environment.

Section I
Program Overview

A. Highlights

Recent organizational changes have resulted in the movement of the Canadian Forestry Service from Environment Canada to Agriculture Canada under the new Minister of State (Forestry). This movement reflects the increased emphasis being placed on the forest resource within the Canadian economy. Other highlights for the Program for 1985-86 are as follows:

Forestry Development

- Continue negotiations for, and where appropriate, to implement new federal/provincial cost shared forestry development agreements with the provinces of British Columbia, Quebec, and Newfoundland (see page 5-15);

- Facilitate the construction of the Maritime Forest Ranger School through contributions of $10.5 million, of which $6.7 million will be required for 1985-86 (see page 5-16);

- Implement the 1985-86 Federal-Provincial forestry agreements in the provinces of New Brunswick, Nova Scotia, Prince Edward Island, Ontario, Manitoba, Saskatchewan and Alberta with expenditures in 1985-86 of $53 million (see page 5-15);

- Implement the 1985-86 forestry portion of the "plan de développement économique pour la région du Bas Saint Laurent/Gaspesie" with expenditures in 1985-86 of $4.5 million (see page 5-16);

- Develop and implement a comprehensive forest management program for federal lands belonging to the National Defence, other federal agencies, or Indian Bands (see page 5-15).

Forest Research and Technical Services

- Emphasize the use of high technology in forest management research to increase the existing knowledge base and improve production, protection and management techniques (see page 5-20).

- Upgrade regional forestry research facilities at an estimated capital cost of $72 million for four facilities. Expenditures in 1985-86 are estimated at $25.7 million (see page 5-21).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Forestry Development	72,515	106,214	(33,699)	5-14
Forest Research and Technical Services	95,907	95,763	144	5-17
Management and Administration	7,551	5,640	1,911	5-22
Total expenditures	175,973	207,617	(31,644)	
Less revenue credited to the Vote	(505)	(459)	(46)	
Total appropriations	175,468	207,158	(31,690)	
Authorized person-years	1,286	1,141	145	

Explanation of Change: The financial requirements for 1985-86 are $175,468 or $32 million less than the 1984-85 forecast expenditures. This decrease is primarily due to:

- decrease in salary, other operating costs and contributions related to the Environment 2000 Program ($24 million)
- decrease in contribution funds related to the Forestry Development Agreements ($22 million)
- increase in salaries due to inflation $4 million
- increase in contribution funds related to the Maritime Forest Ranger School $6 million
- additional funds for the contribution to the University of Moncton and construction and operation of the Forestry Satelite Research Centre. $2 million
- Increase in contribution to the Employee Benefit Plan $1 million
- Increase in grants to universities $1 million

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $62 million or 43% higher than the 1984-85 Main Estimates of $145 million (Extracts from Part II of the Estimates, page 5-4). The difference of $62 million reflects the following major offsetting items:

- Environment 2000 Program $24 million
- Forestry Development Agreement $34 million
- Contribution to FORINTEK $ 4 million

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

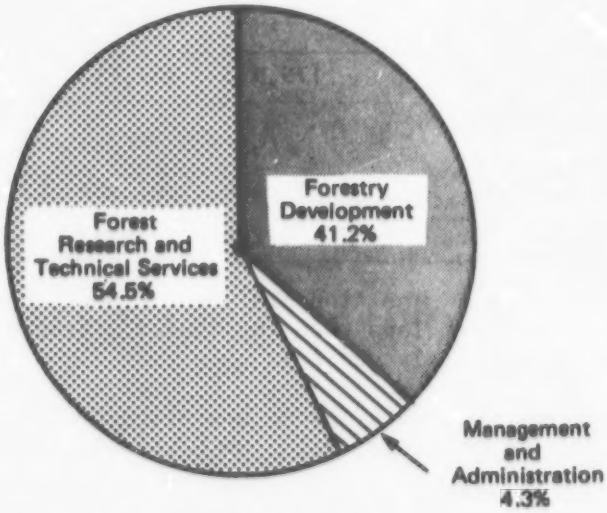
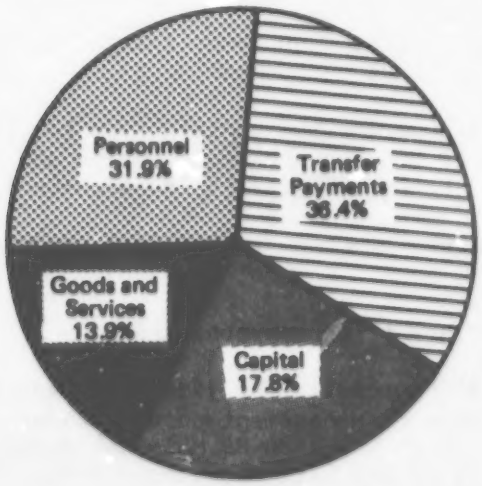


Figure 3: Gross Expeditures by Object (Percentage Distribution) 1985-86



C. Background

1. Introduction

The Canadian Forestry Service (CFS) fulfills the federal government's responsibility for the protection, management, and utilization of Canada's forest resource. The Program is carried out in close cooperation with a variety of jurisdictions within the federal government, with other levels of government, and with the forest industry. In addition, other federal departments such as Regional and Industrial Expansion and Indian Affairs and Northern Development carry on forestry-related work.

The long-established forestry research role of CFS concentrates on developing cost effective protection and silvicultural methods such as biological pest control, tree genetics and micropropagation to improve forest growth and yields, and forest ecosystem research. The transfer of technology developed through government-funded research is stressed in order to maximize the impact of this technology on the resource base and the forest industry.

Federal-provincial forestry agreements are designed to stimulate increased levels of forest management by the provinces and industry with the ultimate aim of a self-sustaining and growing forest sector in Canada. The immediate focus is on the rehabilitation of unsatisfactorily restocked forest land and on timber stand improvement in an effort to increase the quality and quantity of productive forest land while creating employment opportunities.

2. Legal Mandate

The principal act governing the responsibilities of the Canadian Forestry Service is the Forestry Development and Research Act, 1966-67. This act provides legislative authority for: the conduct of research relating to the protection, management, and utilization of the forest resource; entering into agreements for forest protection, management and utilization; the conduct of economic studies and analyses of the forest sector; implementation of forest management programs on federal lands; and the establishment of Forest Experimental Areas.

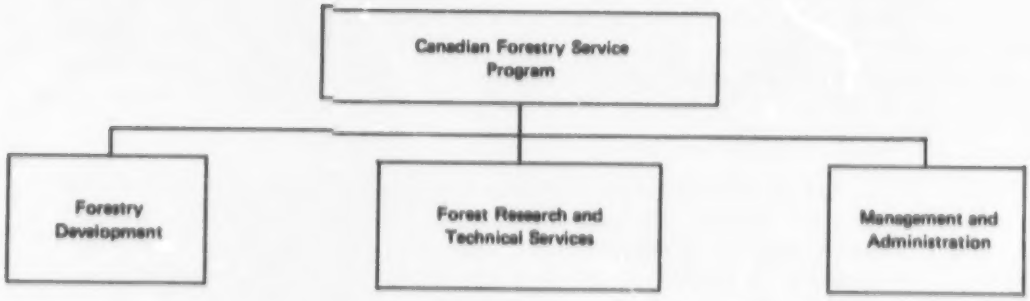
3. Program Objective

The objective of the Canadian Forestry Service is to promote and enhance the sustained economic utilization of Canada's forest resource through environmentally sound forest management.

4. Program Organization for Delivery

Activity Structure: The Canadian Forestry Service is divided into three activities which reflect the focus of the Program and its efforts in meeting its stated objective. Each activity is further subdivided to refine the objective and operation of Program. Figure 4 illustrates the activities of the Program.

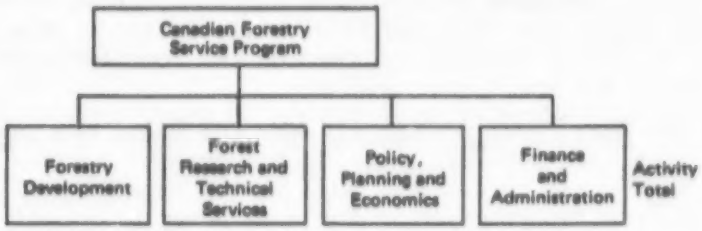
Figure 4: Activity Structure



Organization Structure: The activities of the Canadian Forestry Service Program are admininistered through four directorates plus two groups reporting directly to the Assistant Deputy Minister. The operations of the Program are delivered through central headquarters in Ottawa, regional research establishments and regional development offices across the country.

The relationship between the program organization and activity structure as well as the breakdown of 1985-86 resources is shown in Figure 5 on page 5-11.

Figure 5: **Resources by Organization and Activity ($000)**



Forestry Development	72,516				72,516
Forest Research and Technical Services		96,402			96,402
Management and Administration			2,353	5,198	7,551
	72,516	96,402	2,353	5,198	176,468
Person-years	176	1,013	30	67	1,286

D. Planning Perspective

1. Environment

Forestry is one of Canada's key renewable resource sectors. If properly managed, it will continue to provide significant benefits to the Canadian economy. The forest sector contribution to Canada's economy is currently valued at $25.9 billion annually. The forest industry directly employs 310,000 workers in the logging, wood, pulp, paper and allied industries. Analysis of forest-based communities has shown that each job in the woods and mills is associated with one additional job locally and a second one elsewhere in the national economy. Thus, the forest sector accounts for approximately one million jobs in total or nearly one in 10 Canadian jobs.

In addition to satisfying most domestic needs, forest products comprise Canada's leading export sector accounting for one quarter of the total world trade in manufactured forest products. At present, sales to foreign markets generate an annual net trade surplus of $11 billion. The most significant characteristic of Canada's external markets is their vulnerability, that is, in the concentration of a few products in a few market areas. Difficulties which arise in retaining or increasing Canada's share of the international market include tariff barriers and foreign protectionist pressures which could jeopardize the current reliance on single markets for the majority (90%) of Canada's forest products.

Forest Management: The lack of systematic forest management in the past has resulted in a depletion of the forest resource. The reduction in available wood supply, particularly softwoods, has been caused by poor forest management techniques and damage from a variety of uncontrolled pests, diseases and fire. Alleviation of the current supply crisis will only be realized through the commitment of all levels of government and the forest industry.

Pesticide Use: Public concerns over the short and long-term effects of pesticides have required a cautious approach to their development and use. The forest industry as well as the general public look to government sources for research on the environmental impact and fate of these substances, funding for development of pesticides and application techniques, and regulation of these valuable tools.

Resolution of these difficulties is necessary for the long-term health of the forest sector, and is of particular concern in the Program's efforts to maintain and expand Canada's foreign markets.

2. Initiatives

In response to the above-mentioned issues, the following initiatives will be addressed by CFS during 1985-86:

Forestry Development

- Forest management is increasingly being pursued through cost-shared federal/provincial forestry development agreements. In accordance with agreements currently in effect, contributions toward this initiative will be approximately $43 million in 1985-86 (see page 5-15). In addition, CFS will contribute $3 million to implement the forestry component of "le Plan de développement économique de la région du Bas Saint Laurent/Gaspésie" (see page 5-16).

- Forest management programs for federal lands are being developed to increase the value of these lands while providing an efficient means to create local employment (see page 5-15).

Forest Research and Technical Services

- Emphasis is being placed on research efforts in biotechnology, for example, nitrogen fixation and micropropagation to improve the growth and yield of forest trees (see page 5-20). Specific examples of initiatives in this area are:

  - techniques to isolate and cultivate Frankia for experimental use with other tree species; Frankia is a nitrogen fixing organism that may have the potential to colonize other tree species and supply nitrogen for improved growth.

  - the use of embryo cultures of larch will be extended to a precommercial stage of development; this technique will allow rapid production of tree seedlings and reduce the time required for genetic improvement of larch.

- Research efforts in other areas are directed to ensuring the economic utilization of Canada's forest resource through improvement in methods of protecting the resource base and the environment and efficient use of forest products.

3. Program Effectiveness

The objective of the Canadian Forestry Service Program is to promote and enhance the sustained economic utilization of Canada's forest resource through environmentally sound forest management. The Program is carried out in close cooperation with a variety of jurisdictions within the federal government, with other levels of government, and with the forest industry. Thus, it must be recognized that the measures of achievement cannot be solely attributed to the performance of the Program but are the sum of a variety of contributions. Nonetheless, the Program is a major contributor to the success of the forest sector.

The achievement of this objective to date has been attained through a number of avenues:

- Forestry development agreements negotiated with provincial governments have increased the level of intensive forest management techniques.

- Funding to private organizations for biotechnological research on microbial enzymes for wood digestion is providing new techniques for recycling and utilizing forest biomass.

- Support for private sector research into mechanization of forest renewal equipment is resulting in the development of improved machinery and methods of forest management.

- Forest product utilization research, supported by the federal government has, over the last five years, provided technology to the forest industry which industry projects will result in annual savings of $25 million.

- Remote digital sensing research has resulted in the development by private industry of ARIES III, an integrated remote sensing analysis system. The system is used as a tool for forest appraisal to provide information on current forest composition, forest health and rates of depletion and renewal. Conventional inventory methods that rely on aerial photography and ground samples are expensive, out-dated and of unsatisfactory resolution.

- A forest fire control system has also been developed and put into action in western Quebec and the technology is being transferred to Ontario and the Prairie provinces in the next two years.

Section II
Analysis by Activity

A. Forestry Development

Objective

To provide direct stimulation of regional development within the forest sector and contribute to the enhancement of the forest resource base by encouraging and supporting forest renewal, intensive forest management and increased forest productivity on a sustainable basis.

Resource Summary

Expenditures for the Forestry Development Activity account for approximately 41% of total 1985-86 Canadian Forestry Service Program expenditures and 14% of total person-years.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Forestry Development	72,515	176	106,214	177	108,899	100

Approximately 10% of the expenditures in this Activity are for personnel costs. Transfer payments, in the form of grants and contributions, are set out in Figure 17 on page 5-27, and account for $54 million or 75%, with the balance used for other operating costs and capital.

Description

This Activity provides direct stimulation of regional development within the forest sector and the enhancement of the forest resource base. It encourages and supports forest renewal, intensive forest management and increased productivity. Federal-provincial cost-shared agreements provide support to private industry and private woodlot owners for forest renewal and intensive forest management. This support takes the form of funding, technical advice and expertise to improve forest management techniques. These agreements are designed to guide the short, medium and long-term development of the forest sector. The initiatives undertaken are designed to encourage intensive forest

management while contributing to income opportunities and human resource development. These efforts are developed in close consultation with the provinces.

In addition, forest management plans are developed for federal lands in conjunction with native people and Indian and Northern Affairs Canada. These plans provide seed money for startup, technical expertise, advice and training and are directed to providing native people with a self-supporting and sustainable forest resource. Forest management endeavors on other federal lands create local employment, provide wood for conversion plants and demonstrate intensive forest management.

Performance Information/Resource Justification

Federal-provincial cost-shared development agreements provide a stimulus to the forest industry and contain various targets with respect to enhancement of the forest resource. The agreements are intended, by means of financial leverage and direct delivery programs, to move the provinces and industry from a period of 'mining the forest resource base' to one of management for improved productivity. Currently, a substantial part of the forest renewal program is delivered through these agreements.

The negotiation of new forest development agreements and the implementation and administration of existing agreements will require 176 person-years in 1985-86. Agreements presently being administered and the estimated 1985-86 expenditures are shown in Figure 7. Of the total $53 million, $43 million is in contributions and $10 million in operating and capital.

Figure 7: 1985-86 Forestry Development Agreements ($000)

Province	Period Covered	$000
Newfoundland	1981-1985	5,282
Newfoundland (new agreement)	Under negotiation	
New Bunswick	1984-1989	8,257
Nova Scotia (old agreement)	1982-1988	7,048
Nova Scotia (new agreement)	1984-1988	4,116
Prince Edward Island	1983-1988	2,967
Quebec	Under negotiation	
Ontario (old agreement payout)	1978-1984	4,895
Ontario (new agreement)	1984-1989	11,830
Manitoba	1983-1989	2,375
Saskatchewan	1984-1989	4,306
Alberta	1984-1989	1,989
British Columbia	Under negotiation	
Total		53,065

The new Maritime Forest Ranger School located in Fredericton, N.B., will be an integral part of a Maritime Forestry Complex, consolidating in one area all forest-related educational, research, and management facilities for the Maritimes. It will serve all four Atlantic provinces and will continue to contribute substantially towards upgrading technical skills and furthering resource management techniques in the forest sector. The 1985-86 CFS Program expenditures for this will be $6.7 million.

In addition, in 1985-86, CFS will expend a total of $4.5 million, which includes $3 million in contributions, to implement the forestry component of "le Plan de développement économique pour la région du Bas Saint-Laurent/Gaspésie". This plan covers a federal direct delivery program which began in 1984 with a total budget of $19 million over five years. Federal contributions over the five years cover forest management, popularization and technology transfer, technical and/or economic studies, and administration and operations. The program involves three unions representing wood producers with an estimated 12,000 woodlot owners.

B. Forest Research and Technical Services

Objective

To enhance the forest resource base through discovery, development, demonstration, implementation and transfer of innovations to solve problems and increase the efficiency and effectiveness of forest mangement.

Resource Summary

Expenditures for the Forest Research and Technical Services Activity account for approximately 54% of total 1985-86 Canadian Forestry Service Program expenditures and 79% of total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Forest Environment Research	3,796	79	3,824	78	4,200	77
Forest Products Research	8,055	192	8,114	190	8,914	187
Forest Protection Research	10,331	215	10,407	213	11,431	210
Forest Utilization Research	9,269	3	9,337	3	10,256	3
Forestry Services	11,216	179	11,298	177	12,410	174
Management and Administration	53,240	345	52,783	340	34,410	335
	95,907	1,013	95,763	1,001	81,621	986
Less Revenue credited to the Vote	(505)	-	(459)	-	(420)	-
Total	95,402	1,013	95,304	1,001	81,201	986
Revenue	300	-	167	-	288	-

Approximately 46% of the expenditures in this Activity are for personnel costs. Transfer payments, in the form of grants and contributions, are set out in Figure 17 on page 5-27, and account for approximately $9 million or 9% with the balance used for other operating costs and capital.

Revenue of approximately $300,000 is generated through the sale of timber permits, forest products, rental of rooms and houses and miscellaneous recoveries. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Revenue of approximately $505,000 is generated through miscellaneous recoveries for research and technical services and is credited back to the vote for use within the program.

Description

This Activity contributes to the forest resource base through discovery, development, demonstration, implementation and transfer of innovations to solve problems and increase the efficiency and effectiveness of forest management. Research is conducted in the areas of forest environment, production, utilization, and forest protection from fire, insects, and disease, the results of which are published. Technical advice and scientific information is provided to federal departments and agencies, the provinces, industry, academic institutions and other countries.

This Activity also administers special cooperative research programs and provides financial support for forestry research to universities and other eligible organizations. In addition, specialized services are provided to federal departments and agencies, provinces and the forest industry.

This Activity consists of the following six sub-activities:

Forest Environment Research: Research is carried out to assess the impact of forestry practices on the environment, the impact of environmental problems on the forest resource and to further the knowledge of forest ecosystems. Of particular concern is the impact of acid deposition on the long-term productivity of forest ecosystems, and conversely, the degree to which these systems modify the toxic composition of the acid deposits.

Forest Products Research: Research is conducted to develop improvements in the genetic quality of major tree species, improved methods of reforestation, tree and stand growth and forest management systems.

Forest Protection Research: Research is directed toward increasing of knowledge on forest biology, the management of forest insects, disease and weeds, improved methods of prediction, detection, prevention and control of forest fires, and pest control including biological and chemical agents. In addition, research is conducted on the most urgent forest pest problems in order to quickly develop methods that will reduce damage from particular insects and diseases with minimal adverse effects on the environment.

Forest Utilization Research: Research is directed toward the utilization of forest resources and the development of new products (ie., composite wood products such as wafer board) and codes and standards which are required to retain foreign markets. Cooperative agreements with the private sector support research in wood products and harvesting. Research on the use of forest resources as an energy source is administered through the Energy From the Forest program (ENFOR) in cooperation with Energy, Mines and Resources and the National Research Council.

Forestry Services: This sub-activity implements and maintains a surveillance program that detects, monitors and reports on the distribution and impact of insects and diseases on the forest. It is also responsible for the compilation and maintenance of a computerized inventory of the forest resource base. Technical advice, forest resource data, technology transfer and publication of scientific information provide forest managers, industry and the general public with information necessary for sound management. In addition, transfer payments in the form of grants and contributions are provided to universities and other eligible organizations for the conduct of forestry research.

Management and Administration: The Management and Administration sub-activity provides program management, direction and coordination to the Forest Research and Technical services activity, including physical plant maintenance and the upgrade of major research facilities.

Performance Information/Resource Justification

The Canadian Forestry Service undertakes a large number of research projects each year involving approximately 300 scientists at eight research establishments across the country. An important aspect of this work is technology transfer, which allows the forest industry to apply technological advances developed through research.

Figure 9 on page 5-20 is a summary by sub-activity of specific initiatives for 1985-86. Additional details are as follows:

Forest Environment Research: Research in this area will concentrate on expanding the basic understanding of ecosystem processes and their reactions to impacts such as forestry practices, pesticides and acid deposition in order to develop techniques to minimize stress on the environment.

Forest Production Research: The emphasis in this area will be on micropropagation and genetic engineering in an effort to produce genetically superior stock in a much shortened time-frame.

Forest Protection Research: The focus of this research continues to be the development of pest management alternatives and improved fire management techniques.

Forest Utilization Research: Resources will be used for the development of codes and standards, new products, and improved processing procedures.

Figure 9: Research on Forestry Resources

Research Area	Results	$	P-Y	Specific Issues
Forest Environment Research	Assessment of the impact of forestry practices on the environment, the impact of environmental problems on the forest resource and further the knowledge of forest ecosystems.	3,796	79	- effects of acid rain on forest and site productivity - impacts of forestry practices - establishment of an Acid Rain Early Warning System (first report) - impact of forest management harvesting systems on the stability of the environment of the Queen Charlotte Island (Report)
Forest Products Research	Improvements in tree stands and the genetic quality of major tree species, and improved methods of reforestation, tree and stand growth and forest management systems.	8,055	192	- production and utilization of the forest biomass - use of biotechnology in nitrogen fixing capabilities of selected forest species - effects of various harvesting methods of black spruce to optimize regeneration - Forest Weeds program to develop weed suppression practices designed to release inhibited young conifer stands - transfer of clonal propagation technology for larch to the New Brunswick forest industry
Forest Protection Research	Development of knowledge of forest biology, management of forest insects, disease and weeds, improved methods of prevention and control of forest fires and pest control including biological and chemical agents.	10,331	215	- losses from mountain pine beetle and spruce budworm - impact of pesticides and biological control - impact of fire management systems/reduction of losses from forest fires - transfer and implementation of forest fire management system to the Prairie provinces
Forest Utilization Research	Development of improved methods of producing energy from forest resources; wood products technology, and codes and standards.	9,269	3	- mechanization of silviculture - codes and standards for light frame structures - improved product quality and new uses for forest products

Forest Services: Expenditures on forestry services in 1985-86 are estimated at $11.2 million and 179 person-years. These resources will be expended to: provide forest management services for federal lands; survey, monitor and report on a variety of insect and disease conditions throughout the country; collect a variety of data on forest resources; provide a program for transferring research knowledge and technology to the provinces and client users; and support forestry education and research.

Management and Administration: In 1985-86, 345 person-years and $53 million will be required to direct, coordinate and provide program management to the Research and Technical Services Activity. Approximately 50% of the person-years and $14 million relate to the management and administration of the physical plant of the research establishments.

Figure 10 details the upgrade of regional research facilities.

Figure 10: Research Facilities Upgrade, 1985-86 ($ million)

Facility	Location	$	
Maritime Forest Research Centre	Fredericton, N.B.	11.4	New research centre
Laurentian Forest Research Centre	Ste. Foy, Quebec	5	Expansion and upgrading of facilities
Great Lakes Forest Research Centre	Sault Ste. Marie,	6.9	Addition to the research centre
Pacific Forest Research Centre	Victoria, B.C.	2.4	Expansion of the research centre

C. Management and Administration

Objective

To provide economic analyses of Canada's forest sector; develop policies; maintain relations with other levels of government and organizations concerned with the forest sector on the domestic and international levels; provide management, direction, planning, coordination, communication, personnel, financial and administrative services to the program.

Resource Summary

Expenditures for the Management and Administration Activity account for approximately 4% of total 1985-86 Canadian Forestry Service Program expenditures and 8% of total person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Management and Administration	5,198	67	3,371	57	4,079	46
Policy, Planning and Economics	2,353	30	2,269	26	1,238	26
	7,551	97	5,640	83	5,317	72

Approximately 56% of the expenditures in this Activity are for personnel costs. Transfer payments, in the form of grants and contributions, are set out in Figure 17 on page 5-27, and account for $600,000 or 8%, with the balance used for other operating costs and capital.

Description/Resource Justification

This Activity is responsible for the general management of the Canadian Forestry Service Program and is made up of the following two elements:

Management and Administration: The Management and Administration element provides program management, direction and coordination, including the office of the Assistant Deputy Minister (Forestry), as well as communication, personnel, financial and administrative services in support of program activities.

Policy, Planning and Economics: This sub-activity develops economic forecasts of supply and demand for Canada's forest products, plans for the management of the program and policies for forest renewal and related research and development. In addition, it maintains international relations and domestic relations with provincial governments, universities, and private sector organizations concerned with forestry.

In 1985-86, 97 person-years and $7.5 million will be required by the Management and Administration activity. The primary requirement is to cover salaries and other related personel costs. A contribution of $100,000 will be made to the Canadian Inter-Agency Forest Fire Centre and $500,000 to the University of British Columbia for economic studies.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Canadian Forestry Service's expenditures by object are presented in Figure 12.

Figure 12: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	48,460	45,821	40,451
Contributions to employee benefit plans	6,784	5,392	5,874
Other personnel costs	726	234	351
	55,970	51,447	46,676
Goods and services			
Transportation and communications	4,868	4,802	4,771
Information	1,429	584	1,530
Professional and Special Services	11,974	12,113	13,311
Rentals	663	825	669
Utilities, materials and supplies	5,906	6,264	6,116
All other expenditures	54	100	57
	24,894	24,688	26,454
Vote Netted Revenue	(490)	(444)	(419)
Total operating expenditures	80,374	75,691	72,711
Capital			
Salaries & wages	48	-	-
Transportation & communications	-	-	25
Professional & special Services	-	-	1,709
Rentals	-	-	6
Purchased repair & upkeep	-	-	117
Utilities, Materials & Supplies	-	-	90
Construction and acquisition of land, buildings and works	25,909	25,300	3,177
Construction and acquisition of machinery and equipment	5,294	5,789	7,342
All other expenditures	-	-	5
Vote Netted Revenue	(15)	(15)	(1)
Total capital	31,236	31,074	12,470
Transfer payments	63,858	100,393	110,236
Total expenditures	175,468	207,158	195,417

2. Personnel Expenditures

The Canadian Forestry Service's personnel costs of $55.6 million (net) account for 69% of the total operating expenditures and 32% of the total expenditures of the Program. Information on person-years is provided in Figures 13 and 14.

Figure 13: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Forestry Development	176	177	100
Forest Research and Technical Services	1,013	1,001	986
Management and Administration	97	83	72
	1,286	1,261	1,158

Figure 14: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive Management	48	42	29	50,350-96,300	62,175
Scientific and Professional					
Biological Sciences	21	22	22	16,161-68,070	41,924
Chemistry	6	4	4	15,724-68,070	37,613
Economics, Sociology and Statistics	29	25	39	14,570-65,080	48,337
Forestry	146	105	101	16,161-68,070	41,786
Library Sciences	5	3	5	19,782-50,712	30,715
Physical Sciences	7	8	6	15,304-68,070	45,383
Scientific Research	205	198	211	28,176-67,720	54,503
Other	3	1	1		-
Administrative and Foreign Services					
Administrative Services	26	11	12	13,912 - 57,987	35,564
Commerce	10	4	5	15,635 - 60,465	50,105
Computer Systems Administration	28	27	33	18,766 - 61,433	35,564
Financial Administration	24	22	18	13,853 - 57,980	35,696
Information Services	31	17	22	13,579 - 57,980	38,714
Program Administration	6	4	4	13,912 - 57,987	42,475
Purchasing and Supply	4	1	1	12,766 - 57,980	32,777
Personnel Administration	1	-	-	13,330 - 63,870	39,944

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Technical					
Drafting and Illustrating	6	4	4	15,557 - 40,310	30,322
Electronics	2	2	2	16,619 - 51,950	38,228
Engineering and Scientific Support	340	343	343	14,041 - 50,866	30,502
General Technical	14	13	11	12,635 - 55,682	31,955
Social Science Support	18	14	11	12,635 - 57,764	31,988
Photography	4	4	4	17,285 - 30,844	27,589
Administrative Support					
Data Processing	6	6	5	13,352 - 37,130	25,509
Clerical and Regulatory	111	86	74	12,932 - 31,743	21,931
Secretarial, Stenographic and Typing	70	62	56	12,636 - 31,946	21,668
Office Equipment Operation	7	5	5	12,665 - 25,271	19,807
Operational					
General Labour and Trades	76	77	65	14,776 - 40,676	23,425
General Services	14	13	19	13,253 - 39,988	24,012
Heating, Power and Stationary Plant Operations	18	18	21	18,242 - 35,598	25,433

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 15 presents a summary by major category of the Canadian Forestry Service's capital expenditures. Figure 16 provides details on major capital projects which are those having expenditures of $250,000 or more.

Figure 15: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Major construction	25,667	25,010	2,887
Minor construction (Fac. Main.)	290	290	290
Equipment acquisition	5,279	5,774	9,293
	31,236	31,074	12,470

Figure 16: Details of Major Capital Projects ($000)

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years' Requirements
Pacific Forest Research Centre, Victoria, B.C.	14,000	14,000	11,597	2,403	-
Great Lakes Forest Research Centre, Sault Ste. Marie, Ont.	13,000	17,430	10,560	6,870	-
Laurentian Forest Research Centre, Ste. Foy Quebec	10,500	18,100	5,200	5,000	7,900
Maritime Forest Research Centre, Fredericton, N.B.	22,500	22,500	9,913	11,394	9,193

4. Transfer Payments

Figure 17 presents a summary of all Transfer Payments in the Program. These form 36% of total Program expenditures and are entirely in the form of grants and contributions.

Figure 17: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	See page
Grants				
Forest Research and Technical Services				
Canadian Forestry Association	50	50	50	
Commonwealth Forestry Institute	11	10	11	
Festival of Forestry	5	5	5	
Grants to universities for specific forestry research projects	2,289	1,789	1,289	
Canadian Scholarship Program	580	390	210	
Grant to FORINTEK	-	-	1,400	
Total grants	2,935	2,244	2,965	
Contributions				
Forestry Development				
Contributions to provincial agencies and to persons for development initiatives undertaken under the general development agreement and subsidiary agreements for the purpose of economic and socio-economic adjustment	46,234	68,104	83,842	
Contribution for the Maritime Forest Ranger School	6,675	850	115	
Contribution to the New Employment Expansion and Development (NEED) program	-	23	1,957	
Environment 2000 Program	-	22,755	-	
Contribution to provincial governments and other eligible organizations for the provision of forestry job creation projects	-	-	17,244	
Contribution to the Univ. of Moncton	1,435		-	
	54,344	91,732	103,158	

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	See page
Contributions (cont.)				
Forest Research & Technical Services				
Forest Engineering Research Institute of Canada	**1,400**	1,400	1,325	
Contribution to the Council of Forest Industries of British Columbia	-	50	50	
Contribution to the National Swedish Board for Energy Source Development	-	-	50	
Contribution to the International Energy Agency/Forest Energy Agreement	**172**	172	-	
Contribution to the Poplar Council of Canada	**7**	-	-	
Contribution to FORINTEK Canada Corporation	**4,400**	4,200	2,300	
Contribution to the Maritime Forestry Complex Corp.	-	50	82	
Summer Canada - student employment program	-	-	273	
	5,979	5,872	4,080	
Management and Administration				
Contributions to the Canadian Interagency Forest Fire Centre	**100**	45	33	
Contribution to the University of British Columbia	**500**	500	-	
	600	545	33	
Total contributions	**60,923**	98,149	107,271	
Total transfer payments	**63,858**	100,393	110,236	

5. Revenue Analysis

Figure 18 provides a listing of revenue generated by the Program. Revenue credited to the Consolidated Revenue Fund is not available for use by the Program. Revenues credited to the Vote are used in the Forest Research and Technical Services Activity.

Figure 18: Revenue Sources by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue credited to the Vote			
Forest Research and Technical Services			
Miscellaneous recoveries for research and technical services	505	459	420
Total revenue credited to the Vote	505	459	420
Revenue credited to the Consolidated Revenue Fund (CRF)			
Forest Research and Technical Services			
Proceeds from sales	80	75	100
Rental of rooms and houses	118	92	96
Meals	75	-	60
Miscellaneous	27	-	32
Total revenue credited to CRF	300	167	288
Total revenue	805	626	708

B. Cost Analysis

Net Program Cost

The Forestry Program's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Program on a full cost basis. Also to be taken into account are any revenues generated by the Program that are credited directly to the Consolidated Revenue Fund.

Figure 19: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	1984-85 Forecast
Forestry Development	72,515	1,585	74,100	-	74,100	107,340
Forest Research and Technical Services	95,907	8,941	104,848	(805)	104,043	104,704
Management and Administration	7,551	792	8,343	-	8,343	6,432
	175,973	11,318	187,291	(805)	186,486	218,476

The adjustments made to the estimated expenditures to arrive at a total net cost include accommodation provided without charge by Public Works to the Department ($10,224,000), other services provided without charge by Supply and Services ($135,000), employees share of insurance premiums ($854,000), employees compensation payments ($105,000) and inclusion of all revenues generated by the Program as set out in Figure 18 on page 5-29.

C. Additional Information

1. Establishments by Region

Figure 20 provides a listing of establishments by region.

Figure 20: Establishments by Region

Province	City	Establishment	Development Sub-Office
Newfoundland	St. John's	Newfoundland Forest Research Centre	
New Brunswick Nova Scotia Prince Edward Island	Fredericton Truro Charlottetown	Maritime Forest Research Centre	Truro Charlottetown
Quebec	Ste. Foy Rimouski	Laurentian Forest Research Centre	Rimouski
Ontario	Sault Ste. Marie	Great Lakes Forest Research Centre	
	Sault Ste. Marie	Forest Pest Management Institute	
	Chalk River	Petawawa National Forestry Institute	
Manitoba	Winnipeg		Winnipeg
Saskatchewan	Prince Albert		Prince Albert
Alberta	Edmonton	Northern Forest Research Centre	
British Columbia	Victoria	Pacific Forest Research Centre	

Canadian Grain Commission Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $42,256,000 in support of the Canadian Grain Commission in 1985-86. The remaining expenditures, estimated at $4,446,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Grain Commission		
50	Program expenditures	42,256	37,625
(S)	Contributions to employee benefit plans	4,446	3,961
	Total Program	46,702	41,586

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Grain Commission	
50	Canadian Grain Commission - Program expenditures and contribution	42,256,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)		1985-86 Main Estimates				
		Budgetary				
	Authorized Person-Years	Operating	Capital	Transfer Payments	Total	1984-85 Main Estimates
Grain Inspection	435	20,415	989	-	21,404	19,473
Grain Weighing	245	10,808	430	-	11,238	10,311
Grain Testing and Research	103	5,256	1,408	4	6,668	5,178
Economics and Statistics	102	4,131	147	-	4,278	4,094
Administration	45	2,912	202	-	3,114	2,530
	930	43,522	3,176	4	46,702	41,586

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 30 - Program expenditures	35,423,700	34,423,700	32,790,552
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	3,720,000	4,141,000	4,141,000
Salaries of the Commissioners	172,200	189,797	189,797
Salary of the Supervisor over the Winnipeg Commodity Exchange (Grains Futures Act.)	55,100	60,746	60,746
Refunds of amounts credited to income in previous years		46	46
	3,947,300	4,391,589	4,391,589
	39,371,000	38,815,289	37,182,141

A. Plans for 1985-86

1. Highlights

For 1985-86, the Canadian Grain Commission Program has established the following highlights:

- to improve operating efficiencies, by:
  - increasing grain inspections per person-hour by a minimum of 2% from the previous year (see page 6-20); and
  - achieving 99.2% grain grading accuracy for original visual inspections (see page 6-20).
- to improve effectiveness through major equipment installations;
  - installing eight automated grain sample delivery systems (see page 6-20);
  - installing fourteen near-infrared spectroscopy whole grain analysers in the grain inspection operation (see page 6-20); and
  - installing gas chromatograph mass spectrometer equipment in the grain research laboratory (see page 6-24).
- to assess and report on the feasibility of electronic transmission current grain statistical publications to major licensees and other users (See page 6-28).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86		Forecast 1984-85		Change		For details see page
	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	
Grain Inspection	21,404	21,320	18,589	18,406	2,815	2,914	6-18
Grain Weighing	11,238	13,000	9,078	12,500	2,160	500	6-21
Grain Testing and Research	6,668	1	5,170	1	1,498	-	6-23
Economics and Statistics	4,278	2,953	3,966	3,214	312	(261)	6-26
Administration	3,114	5	2,467	5	647	-	6-29
	46,702	37,279	39,270	34,126	7,432	3,153	
Authorized Person-Years	930		910		20		

The 1985-86 expenditure plan of $46.7 million represents an increase of approximately $7.4 million over the 1984-85 forecast. Major items contributing to this increase are:

- price increases for personnel costs: $1.5 million
- if grain production and exports follow traditional and expected volumes, 5.4 million additional funds will be required to provide Inspection and Weighing services. The adverse crop effects from 1984 will substantially reduce the incremental funding needed in 1985-86.
- increased funds for public relations and relocation of Thunder Bay office: $0.5 million

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

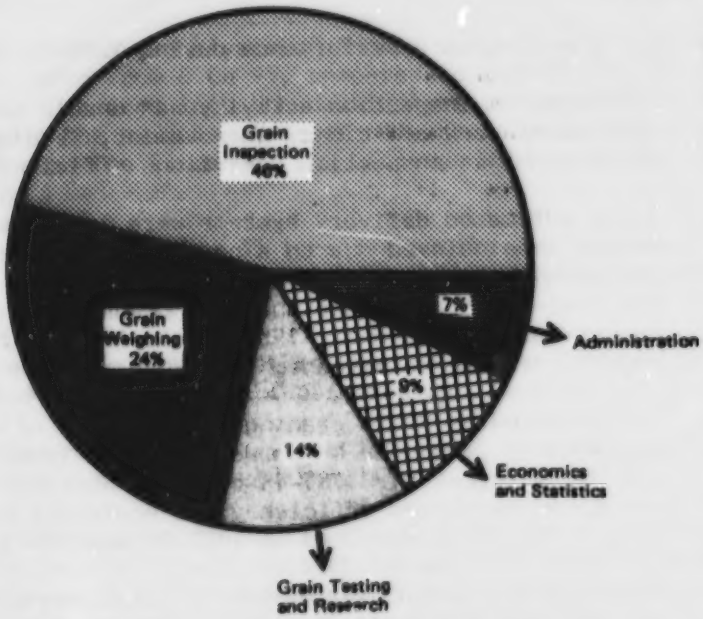
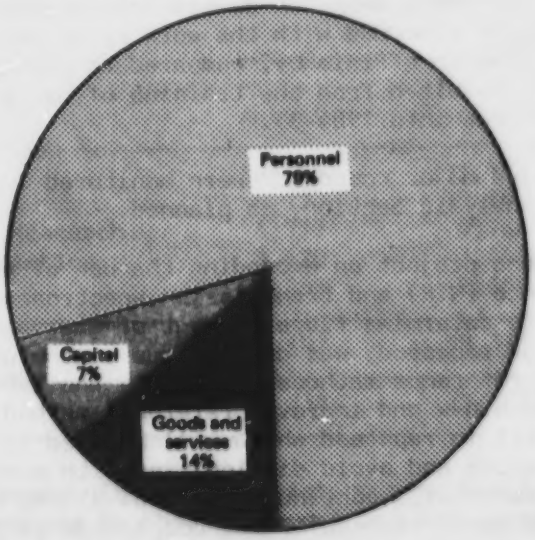


Figure 3: Gross Expenditures by Object (Percentage Distribution) 1985-86



B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are:

- Although the inspection activity was unable to achieve its goal of 4% work efficiency improvement, it did manage a 2.5% improvement in inspection operations efficiency.

- Three automated delivery systems were installed and three others were delayed due to a costing dispute. Increased research testing and analysis was achieved as planned, but the near-infrared reflectance and transmission spectroscopy report was delayed until 1985 due to the unsuitability of existing reference methods.

- The anticipated 99.5% grading accuracy for original visual inspections proved to be unrealistic. A level higher than the 99.2% target for 1985-86 could be attained but would result in decreased efficiency and would not be cost effective. The level attained in 1983-84 was 99.1%.

- The weighing operation handled 77.5 million tonnes of grain and utilized 221 person-years in 1983-84, an average 3.5 person-years per million tonnes. This resulted in a 20.2% improvement in operational efficiency from the previous year.

- In 1983-84, there were 904 scales inspected and 9,304 person-hours expended with the work ratio declining to 0.10. The 17% drop in efficiency, compared to the planned 2% increase, resulted from the training of new personnel, which will continue into 1984-85.

- Twenty-five major compounds were monitored in the Pesticide Residue Analysis Section, as planned.

- The planned project on expanding the use of new-infrared reflectance (NIR) and transmission spectroscopy using whole kernels to determine fibre content of grain and chlorophyll content of rapeseed, was delayed due to the unsuitability of existing reference methods. Recently the laboratory has developed a new and improved reference method for determining chlorophyll in rapeseed which will be used to calibrate the NIR procedure and avoid difficulties with seed coat colour. This research will continue into 1984-85 and the research paper has been rescheduled for completion by January, 1985 from the original target date of December 31, 1983.

- The planned increase in oilseed analysis from 1000 to 1300 samples in 1983-84 was achieved with 1378 analyses being performed.

- The comprehensive analysis of canola varieties of rapeseed was increased from 6 to 15, compared to the 19 planned for 1983-84. Research into the development of methods for performing the additional four analyses is progressing and, depending on the findings, the analyses will continue in 1984-85.

- The goal of performing 35 licensee audits was surpassed by 8 due to the hiring of a liability auditor rather than contracting audit services.

- The five economic analyses in support of the Commission's regulatory activities were prepared as planned.

- Documentation support services increased by 2.2%, without additional resources being required.

- A study was planned to assess the feasibility of implementing magnetic tape or direct data exchanges with grain companies and/or users of grain statistical data. This study was completed and the results implemented as planned.

2. Review of Financial Performance

Figure 4: Review of Financial Performance ($000)

	1983-84		
	Actual	Main Estimate	Change
Grain Inspection	18,055	18,198	(143)
Grain Weighing	9,135	10,280	(1,145)
Grain Testing and Research	4,717	4,786	(69)
Economics and Statistics	3,420	3,448	(28)
Administration	1,855	2,659	(804)
Total Expenditure	37,182	39,371	(2,189)
Revenue	36,734	29,782	6,952

Explanation of Change: The major deviation resulted from a reduced winter shipping program to the east coast and the increased use of automated equipment to provide regulatory services to the grain trade. The favourable revenue position reflects high export volumes for 1983-84.

C. Background

1. Introduction

The Canadian Grain Commission, an agency of the Government of Canada, administers the Canada Grain Act. The Commission works closely with grain producers and the grain industry to develop and implement policies to meet the objectives of the Canada Grain Act and needs of the Canadian grain industry. It establishes and maintains quality standards for Canadian grains to assist the marketing practices of the Canadian Wheat Board and other industry participants.

The Commission provides regulatory services of grain inspection and weighing at grain export locations in Canada. The Commission's computer documentation services assist various functions in the grain trade, e.g., grain unload documentation, stabilization, transportation statistics. The Grain Research Laboratory conducts basic and applied research on cereal grains and oilseeds, surveys grain quality and performs varietal studies. Revenue is generated from service fees for inspection, weighing and documentary services and is credited directly to the Consolidated Revenue Fund.

2. Legal Mandate

The legal authorities of the Canadian Grain Commission are contained in the Canada Grain Act and the Grain Futures Act. Other authorities include the Western Grain Stabilization Act, the Weights and Measures Act and the Inland Water Freightways Act.

3. Program Objective

To provide quality assurance of Canadian grain for the domestic and export markets in the interest of Canadian agriculture.

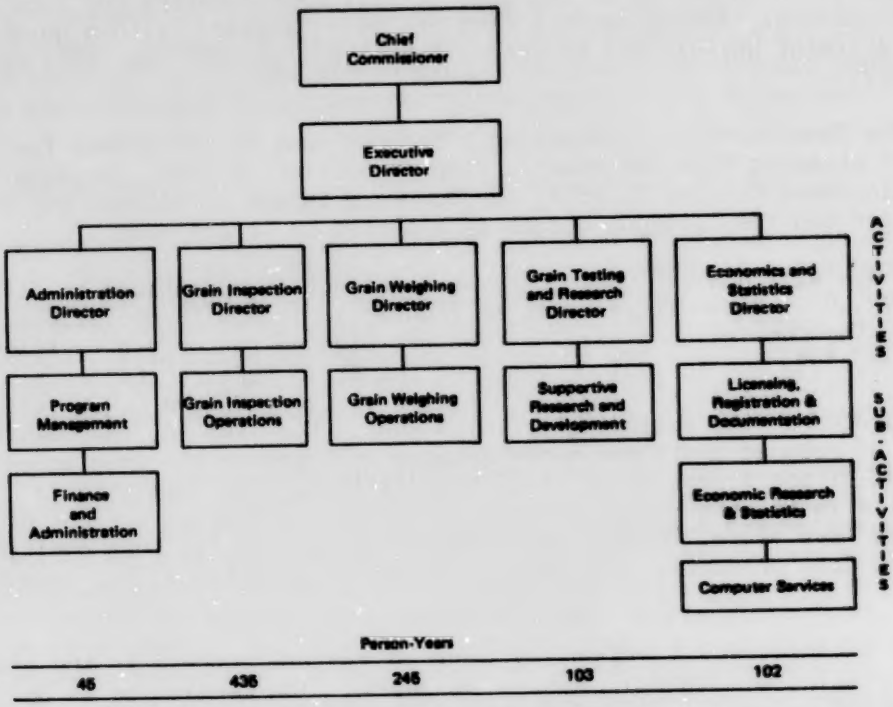
Sub-objectives:

- To promote maximum marketability of Canadian grain in the interest of the producer;
- To maximize the quality, nutrition and yield of Canadian grain; and
- To achieve cost recovery for services provided.

4. Program Organization for Delivery

The Commission is responsible to the Minister of Agriculture in reporting its activities to the Parliament of Canada. The Program is divided into four operational activities, the administrative function and eight sub-activities which parallel the activity structure. A director manages each operational activity under the overall direction of the Executive Director and the Chief Commissioner.

Figure 5: Program Activity Structure



D. Planning Perspective and Performance Review

1. Environment

The overall functions of the Canadian Grain Commission do not substantially change year to year. However, within any particular year, major grain trade situations often occur which affect Commission operations. This requires appropriate operational changes to provide service and to minimize adverse impact on budgetary resources.

Canadian grain exports have been steadily increasing over time, but some years do not coincide with the long-range trend. In 1983-84, 29.4 million tonnes of grain were exported compared to 29.0 million tonnes in 1982-83. In 1984 adverse prairie weather conditions, affected the 1984 crop decreasing grain production and quality by approximately 13%

and limiting exports to a forecasted 24 million tonnes. At the time of identifying resource needs for 1985-86, there was no expectation of a below-normal crop volume. But this now being the case; resource needs for 1985-86 will be noticeably less than budgeted. Long range forecasts of Canadian grain and oilseed exports continue to be 36 million tonnes by 1990.

The Commission is actively monitoring its deployment of resources and the cost of its services to the grain trade as part of effective management. Recent high volumes of grain exports have greatly assisted the Commission in moving to its goal of full cost recovery for regulatory functions. Annual service fees are being amended (within government restraint guidelines) to attain an average year-to-year full cost recovery.

The Commission is forecasting a reduced cost of operations for 1984-85 stemming from the adverse crop production of 1984. Because of a fee increase October 1, 1984, the downward impact on revenue has been minimized and the original budget is expected to be achieved.

There will however, be a carry-over effect on operations to fiscal year 1985-86. Expenditures will be reduced in line with operational needs. The Commission's service fees are planned for upward revision August 1, 1985 and to include costs of the Grain Research Laboratory (G.R.L.) (for the first time). Full cost recovery of the G.R.L. will be completed in the following or third year. For 1985-86, the combined effect of reduced costs and added revenue will reduce the Commission's net cost of operations by at least $2.0 million. The Commission's objective is to attain full program cost recovery over an average of three to five years. Fiscal year 1988-89 is planned for this position, assuming crop production and exports return to traditional and expected levels.

An administrative and policy issue of current concern is the grain transportation and handling system in Canada. The Commission is upgrading and expanding its information system to facilitate the implementation of the Western Grain Transportation Act. The Commission's role of surveillance and of recommending elevator tariffs and fees will become increasingly complex with the introduction of revised grain handling techniques.

In grain inspection operations, a major problem has arisen related to the proliferation of unlicensed red spring wheat varieties. This is of utmost concern to the Commission because of the high possibility of overall reduced grade levels of Canadian grain when variety mixing occurs. Grain testing and research functions are now actively underway to improve the Commission methods of non-visual inspection processes. These will permit the use of equipment for the early detection of substandard grades.

The introduction of automated grain handling equipment in the inspection and weighing process has helped the Commission meet increased service demands within current budget levels. The introduction of image analysis equipment to the grain grading system is being promoted because of the advantageous economic benefits starting from the grain inspection process and extending to include baking features and end use quality determination.

Activity in licensing and bonding of grain processors and dealers continues to require up-to-date monitoring of their financial status. The Commission has to maintain a highly active financial surveillance of grain dealers to protect producer interests. As such, regulatory services associated with licensing and bonding continue to be sensitive to the maintenance of adequate bonding under changing economic conditions, marketing trends and inventory changes (both of volume and type).

2. Initiatives

The Commission, in conjunction with the Canadian Wheat Board and pedigree seed growers, is participating in the development of a new type of wheat which will have a different end-product suitability. The new line HY320 is expected to yield approximately 30% more volume in some areas than current hard spring wheat varieties and should prove more economical to many farmers and the Canadian economy in general. Target buying countries include Brazil, China, Indonesia, Egypt and Mexico.

The Commission is substantially increasing its use of computers in its Grain Research, Inspection and Weighing operations. This will maximize use of scientific time on research projects and minimize time expended on related calculations, etc.. Similarly, micro- and mini-computers are being introduced for protein analysis, automated weight recordings and the monitoring of grain movement in elevators from receipt to shipment. In line with advanced regulatory techniques, the Commission is advancing the development of new skills and on site training of staff to facilitate the maximum effective use of both human and mechanical resources.

The construction of a new elevator at Prince Rupert, B.C. is presenting a major opportunity to the Commission in cooperatively working with the grain trade for the introduction of various models of computer equipment. Examples include computer scale recordings, communication of grain rail car particulars and grade data to a computer bank and for automatic transmission to a central C.G.C. office in Vancouver. The automation of a major terminal elevator at Vancouver has enabled the cooperative development of computer-based monitoring and data collection systems for the Commission. These developments are expected to increase the efficiency of monitoring elevator operations and support the documentation activity of the Commission. Furthermore, these projects are providing an opportunity to consider general changes

in computer applications and telecommunications at other major grain elevators across Canada serviced by the Commission. The Commission must not only keep abreast, but also be a leader in this venture as all grain handling data of terminal elevators is co-ordinated through the Commission's computer network.

3. Update on Previously Reported Initiatives

The installation of automated equipment in the grain inspection and weighing operations continues to be implemented and is providing resource savings in those areas where installations have been made. Because these projects involve financial input from the individual grain companies, current economic conditions are playing a significant role in the overall progress. Automation has helped the Commission provide essential services at an increased level within current budgeting levels.

The deployment of human resources to meet inspection regulatory services for specialty grain crops, continues to place pressure on the Commission in meeting the service demands, while endeavouring to identify more practical methods to satisfy the industry needs. The situation is requiring extensive travel of Commission staff to the various shipping locations particularly in Southern Ontario. Western Canada has also a noticeable increase of such speciality crops and thus required more of the inspection regulatory service.

Domestic and overseas markets are increasing their demand that grain be free of harmful levels of mycotoxin contamination, herbicides, pesticide residues, and other specified chemicals. The Commission's Research Division is actively developing procedures to meet export and domestic requirements and buyer demands by improving its analysis techniques and increasing the scope of compounds to be monitored. The division has increased its compound residue analysis by 25% for a total of 25 compounds.

4. Program Effectiveness

The Commission contributes to the Canadian economy through the services provided to the grain industry. The effectiveness of the Commission is measured by its value to the domestic and export trade and by the confidence of buyers in the quality of Canadian grain, the reliability of grade and weight certification, industry use of statistical publications and documents, and international acknowledgement of the excellence of our grain research activity and ultimately by the increased competitiveness of Canadian grain.

The Commission considered reducing its level of service to the trade in an effort to conserve resources and reduce service fees. The unwillingness of producers and grain dealers to accept this proposal clearly indicated strong industry support for continuation of Commission services. The service fees are structured to progress to full

cost recovery in line with government direction on inflationary controls. Other measures include the Commission's annual review and recommendation to the Governor in Council pertaining to grain elevator tariffs, related to the fees that licensees may charge for their grain handling function. Public tariff hearings are held and structured to provide for industry input.

The surety bonding requirements of licensees, which safeguard the interests of producers dealing with these licensees, are reviewed annually. Here a system of computerized evaluation of financial statements and standardized audits of licensee liability reports have provided improved licensee assessment and control.

The Commission's Grain Testing and Research is internationally recognized as a leading authority on cereal grains and oilseeds quality. Commission research scientists contribute to effectiveness through publication of their experimental findings in international scientific journals, plus visits to foreign grain research laboratories to exchange knowledge, become better acquainted with foreign grain requirements and to promote Canadian grain in filling such requirements. The success of these contacts is measured by the international recognition and acceptance of Canadian grain, as well as the numerous requests for our grain research personnel to attend and participate in sessions sponsored by the Canadian International Grain Institute and by marketing organizations such as the Canadian Wheat Board and from within the private trade as well as by specialized grain organizations such as the Canada Council and the Canadian Natural Millers Association. During the year, 101 special visitors from Canada and 20 other nations visited the Commission's facilities to discuss aspects of the Canadian certificate system and the quality of Canadian grain. As well, 80 organized groups numbering 1,100 people from 20 different countries toured our research facilities.

In addition, the Grain Research Laboratory activities have provided the intended impacts in a number of areas: maintaining buyer's confidence in the quality of Canadian grain, providing research expertise to assist the development of new markets, assisting the development of new markets and assessing new grain and oilseed varieties relative to Canadian standards.

Section II
Analysis by Activity

A. Grain Inspection

Objective

To regulate, control and certify grain quality at licensed grain elevators.

Resource Summary

Expenditures for the Grain Inspection Activity account for approximately 46% of total 1985-86 Grain Commission program expenditures and 47% of total person-years.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Grain Inspection Operations	21,404	435	18,589	417	18,055	419
Revenue	21,320	-	18,406	-	21,466	-

Revenue is generated from inspection and sampling services provided to the industry. Revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 7 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 7: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Grain Inspection Operations	18,055	18,198	(143)
Revenue	21,466	16,384	5,082

Explanation of Change: Automated inspection systems and the reduced winter rail movement of grain to the east coast resulted in a minor person-year surplus. The favourable revenue picture reflects higher grain volumes handled for export.

Description

Grain Inspection Operations: This Activity provides inspection services for all domestic and export grains. It establishes quality standards for all grains entering or leaving licensed terminals, periodically at transfer elevators and on request at domestic process elevators. It includes the regulation, control and quality certification of grain and the application of grain quality standards at licensed terminal elevators in the interest of producers and domestic and export markets. Major ongoing services are entomological inspection and services, guaranteed levels of protein content for marketing, grain documentation services and management of grain inspection policies and resources.

Performance Information/Resource Justification

Crop year productions 1983-84 amounted to 51.7 million tonnes. With inventories, 55.2 million tonnes were delivered within the system. Grain Inspection activity was 25% more efficient in relation to 1982-83 in its utilization of 422.4 person-years to provide inspection and grading services on shipments of: 30.3 million tonnes to vessels, 472.5 thousand railcars and 84.7 thousand tonnes of truck lot/container lot shipments. It also provided 582.4 thousand protein analyses and 125 thousand insect infestation analyses. There were 22 grain elevator audits and 70,000 unofficial grain sample inspections. The operation inspected 769,493 samples which when weighted by a work load factor, represents 923.4 thousand work units.

The 1984-85 crop year production is forecast at 47.0 million tonnes and estimated deliveries will be 50.5 million tonnes. Sample inspections will remain constant at 83-84 level and 417 person-years will be utilized. Grain shipments to vessels are forecast at 24.8 million tonnes an 18% decrease over 1983-84. The inspection work unit will decrease 8% to 850 thousand units. A 2% improvement in the ratio of work units to hours is the annual goal. Protein and Insect infestation analyses will increase 2.5% to 724.4 thousand analyses. There are 26 grain elevators to be audited and 64,000 unofficial grain sample inspections. 440 thousand railcars and 77.9 thousand tonnes of truck/container lot shipments will be inspected in the fiscal year.

The 1985-86 crop year production is forecast at 52.0 million tonnes with estimated deliveries ranging from 52.9 million tonnes to as high as 55.9 million tonnes. Sample inspections are forecast at 1% higher than 1983-84 or 932 thousand work units. 420 person-years will be utilized to provide all services. Grain exports to vessels are forecast at 30 million tonnes. The inspection work units will increase

proportionately to grain volume and will provide efficiency levels comparable to 1983-84. Protein and insect infestation analyses will remain constant at 1984-85 levels. 26 grain elevators will be audited and 80 thousand unofficial grain sample tests will be performed. 480 thousand railcar and 85 thousand tonnes of truck/container lot shipments will be inspected.

Specific goals and initiatives by 1985-86 are as follows:

- Increase the grain inspection work ratio efficiencies by 2% from the 1984-85 level. This is dependent upon the installation and use of electronic scales, additional mechanical samplers and whole grain analyzers.

- Provide grading accuracy for original visual inspections to 99.2%.

- Automate the inspection process as follows:

  (a) install eight automated sample delivery systems;

  (b) install 14 near-infrared spectroscopy whole grain analyzers in Vancouver.

B. Grain Weighing

Objective

To provide official monitoring of scale weights at licensed terminals and transfer elevators and within the grain trade in general; to perform weighover inventory audits of grain at terminal and transfer elevators; to inspect elevator facilities and elevator scales.

Resource Summary

Expenditures for the Grain Weighing Activity account for approximately 24% of total 1985-86 Canadian Grain Commission expenditures and 26% of total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Grain Weighing Operations	11,238	245	9,078	218	9,135	221
Revenue	13,000		12,500		11,817	

Revenue generated from weighing services provided to the industry is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 9 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 9: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Grain Weighing Operations	9,135	10,280	(1,145)
Revenue	11,817	10,277	1,540

Explanation of Change: The deferred introduction of full weighing services into eastern Canada coupled with the automation of weighing equipment and systems has resulted in a person-year and dollar surplus. The favourable revenue picture reflects higher grain volumes handled for export.

Description

Grain Weighing Operations: This Activity monitors the weights of all grain entering or leaving licensed terminals, periodically at transfer elevators and on request at domestic process elevators, other than that shipped for direct manufacture or processing into another product. It provides the following operational services: surveillence and certification of grain weights, monitoring of railcars for leaks and seals and defective storage equipment, investigation of all grain weight discrepancies; monitoring of all weighscales for accuracy and acceptance, and grain inventory audits at terminal and transfer elevators.

Performance Information/Resource Justification

Despite the historical increase in grain handling, the weighing activity efficiency has continuously improved, but is now expected to level off, provided grain volumes and throughputs remain consistent and major automated weigh equipment system installations proceed. The work comprises the weighing of grain into and out of terminal and transfer elevators, monitoring the accuracy of the scales used for this purpose and auditing grain stocks held in these elevators in accordance with regulatory services. In 1983-84 77.5 million tonnes were handled utilizing 221 person-years which is an average utilization of 3.5 person-years per million tonnes.

Expectations for 1984-85 are to handle 80 million tonnes of grain utilizing 218 operational person-years. Included in this figure are 11 person-years for management and administration and 9 person-years for special weighing activities in Eastern Canada. This would result in a predicted 3.6 person-year utilization per million tonnes of grain weighed and reflects a small improvement (2.8%) in efficiency from the previous year's level.

In 1984-85, 1,175 scale tests are planned using six person-years with an unchanged efficiency in person-year consumption per scale inspection over last year and grain inventory audits at terminal and transfer elevators will be maintained at 1983-84 levels.

The 1985-86 forecast is that 84.5 million tonnes of grain will be handled by 225 person-years for the total weighing operations. The efficiencies of monitoring weighing systems equipment to maintain the required high precision of bulk grain weighing and the provision of grain inventory audits at terminal and transfer elevators are predicted to remain constant during 1985-86.

C. Grain Testing and Research

Objective

To provide technical advice on the end-use quality of Canadian grains and oilseeds in support of quality control and marketing of Canadian grain responsibilities.

Resource Summary

Expenditures for the Grain Testing and Research Activity account for approximately 14% of total 1985-86 Canadian Grain Commission program expenditures and 11% of total person-years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Supportive Research and Development	6,668	103	5,170	97	4,717	95
Revenue	1		1		2	

Past Financial Performance

Figure 11 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 11: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Supportive Research and Development	4,717	4,786	(69)
Revenue	2	1	1

Explanation of Change: Travel associated with HY320 wheat market development was postponed and coupled with supply requirements being less than anticipated accounted for the change.

Description

The Grain Testing and Research Activity provides developmental research, scientific support and survey information. The laboratory's work consists of the following: at harvest time, it surveys the quality of the new crop of Canadian grains; during each crop year it continuously monitors the quality of Canadian grains moving from the farm to the domestic and export markets; it conducts tests annually to evaluate the quality of plant breeders' varieties of red spring and amber durum wheat, malting barley and canola/rapeseed as part of a broad Canadian program to develop new and better grains and oilseed for Canadian agriculture; finally, it conducts basic and applied research on the quality of grains and oilseeds and their end-products. This Activity has a single sub-activity, Supportive Research and Development.

Supportive Research and Development: The sub-activity provides expert knowledge, information and advice on the end-use quality of cereal grains and oilseeds. Research objectives are aimed at acquiring a better understanding of the "quality" of cereal grain and oilseeds, with particular reference to differences between varieties, effects of degrading factors, and relations to end-use processing technology and requirements. Modifications to existing analytical methods or development of new methods are undertaken to determine more meaningful or more efficient measurement, or quantification of particular end-use quality factors in cereal grains and oilseeds.

Performance Information/Resource Justification

The impact of the various end products of the Laboratory's work is related to such factors as: the validity of technical and scientific advice provided to the Commission and the Canadian Wheat Board; the accuracy of predictions of the quality characteristics of new crops; the comprehensiveness and usefulness of cargo monitoring and screening programs; the correct evaluation of the deleterious effects of different types of weather-affected seeds and subsequent setting of acceptable (visual) grade tolerance levels for different types of damage. Such factors are judged indirectly by such performance indicators as the frequency and seriousness of customer complaints (or conversely the absence of or compliments about) Canadian grain and oilseed quality and consistency, and instances of complaints or serious consequences related to unsound scientific advice or recommendations. Quality of basic research is judged by such indirect and often intangible indicators as peer evaluation, review and subsequent acceptance or rejection of papers by scientific journals, literature awards and honours bestowed on G.R.L. scientists.

In 1984-85, the feasibility study to upgrade the laboratory computer capabilities will be completed. Plans have been developed to commence purchasing micro-computers and accessories starting in 1984/85 with $92,000 and continuing over a 3-year period at an approximate cost of $542,000. In addition, a high-pressure liquid chromatograph (HPLC) has been ordered for the Oilseeds Laboratory to permit the laboratory

to upgrade its analytical capabilities in monitoring glucosinolate constituents in rapeseed/canola. End use studies on the new Canadian wheat class HY 320 are taking place with Mexico, Brazil, Egypt and Malaysia. India, Sri Lanka, Taiwan and Indonesia are also expected to participate in this research which will continue into 1985-86.

The Commission's current objective is to attain full program cost recovery which includes the Grain Research operating costs. This net position improvement is planned in stages over the next three years with full recovery being accomplished in 1988-89, assuming crop production and exports to traditional and expected levels.

In 1985-86, grain testing and research will continue to provide a laboratory varietal identification service to the Inspection Division and will resume research studies on varietal identification by electrophoresis. The purchase of new research equipment is planned and approved for 1985-86. A gas chromatograph mass spectrometer will be purchased and will provide the capability of immediately identifying the presence of harmful mycotoxin contamination in grain.

D. Economics and Statistics

Objective

To collect, compile and publish grain statistics, supervise the bonding of licensees, provide grain documentation services for grain handled through terminal elevators, register warehouse receipts; control tariffs at licensed elevators, and to fulfill producer car requests.

Resource Summary

Expenditures for the Economics and Statistics Activity account for approximately 9% of total 1985-86 Canadian Grain Commission expenditures and 11% of total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Licensing, Registration and Documentation	2,571	72	2,380	72	2,331	61
Economic Research and Statistics	767	17	674	16	526	15
Computer Services	940	13	912	12	563	14
	4,278	102	3,966	100	3,420	90
Revenue	2,953		3,214		3,431	

Revenue is generated from licensing, documentation and registration services provided to the industry. It is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Past Financial Performance

Figure 13 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 13: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Licensing, Registration and Documentation	2,331	2,142	189
Economic Research and Statistics	526	685	(159)
Computer Services	563	621	(58)
Total Expenditure	3,420	3,448	(28)
Revenue	3,431	3,115	316

Explanation of Change: Increased audit travel and publication costs were higher than budgeted but were offset by savings from external contracting being handled by Commission personnel resulting in an overall minor surplus.

Description

The Economics and Statistics Activity is responsible for support functions to the regulatory and information responsibilities of the Commission. The Activity consists of the following three elements.

Licensing, Registration and Documentation: This element provides the following services: issues licences and monitors the performance of licensees to ensure their compliance with the provisions of the Canada Grain Act and regulations; registers and cancels negotiable elevator warehouse receipts for grain received and shipped at licensed terminal and transfer elevators; provides documentation on certified grades and weights and inward grain accounting service to the industry; and allocates railway cars to producers for self-loading.

Economic Research and Statistics: This element provides market information to the grain industry, and economic grain research expertise to the Commission in the area of policy formulation and regulatory controls.

Computer Services: This element provides computer services and expertise to the Commission, licensed terminal elevators, the Western Grain Stabilization Board and the Research Branch of Agriculture Canada.

Performance Information/Resource Justification

Licensing, Registration and Documentation: In 1983/84 the hiring of a Liability Auditor took place. This allowed the Division to upgrade the expected level of monitoring and analysis from 35 on-site financial audits to 43 licensee audits. The expectation for the number of audits in 1984/85 and 1985/86 is expected to remain the same, however larger companies are scheduled to be audited in 1984/85. In 1983/84, operational support services had a net increase of 2.2% over the previous fiscal year without any increase in operational resources. A microcomputer on line to the main frame computer in the Producer Cars area, operational since February 1984, has reduced the manual workload by 50%. This will continue to be a valuable tool especially with the 50% increased demand for producer cars (8,000 - 10,000 applications) in 1984/85.

To improve efficiency, the licensing activity will be automating various operations through the purchase of a computer terminal that interfaces with the Commission's main frame computer.

Economic Research and Statistics: In 1984/85 this sub-activity will prepare 9 weekly, 18 monthly and 91 annual publications. It receives 112 weekly reports from primary, process and transfer elevators which

it uses in the preparation of the "Grain Statistics Weekly". In 1985/86 some additions may be expected to the publication although the number of publications is not expected to increase. The Division prepared five economic analysis in support of the Commission's regulatory activities. In 1984/85 this section is expected to prepare 7 economic analysis - an increase of 60% over last year. This will be accomplished in part through the hiring of an additional economist. As the expertise of staff increases, an additional analysis is forecasted in 1985/86 for a total of 8.

In 1985-86 this section will assess the economics and feasibility of direct transmission of current publications to major licensees and other users.

Computer Services: There will be increasing demands for "custom" computer analysis within the Commission by 1985-86. Reviews of hardware/software configurations and client requirements in the division elements will be made to ensure adequate EDP to meet the needs of the future. There will be a purchase of equipment to interface with the main frame computer and micro-computers being installed in the licensing, registration and statistics areas. Productivity gains will be reflected in reduced time lags and increased program flexibility, while maintaining current or reduced operational costs and providing more information to clients. Increased computer training will be required in 1984-85 and 1985-86 to provide continued awareness and knowledge in micro-computer useage and technology.

E. Administration

Objective

To provide executive management, policy direction and administrative support services to all activities of the Commission.

Resource Summary

Expenditures for the Administration Activity account for approximately 7% of total 1985-86 Canadian Grain Commission program expenditures and 5% of total person-years.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Finance and Administration	1,245	20	987	19	768	20
Program Management	1,869	25	1,480	24	1,087	24
	3,114	45	2,467	43	1,855	44
Revenue	5		5		18	

Past Financial Performance

Figure 15 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 15: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Finance and Administration	768	1,216	(448)
Program Management	1,087	1,443	(356)
Total Expenditure	1,855	2,659	(804)
Revenue	18	5	13

Explanation of Change: Reduced administrative travel for market development and trade requirements coupled with reduced material and supply purchases.

Description

The Administration Activity has the following two elements.

Program Management: This element provides direction, control and planning of policy and resources, taking into account the requirements of the Canada Grain Act and the objectives of the Department. It is administered through program headquarters in Winnipeg. In addition, there are six assistant commissioners who liaise with the industry and investigate complaints concerning transactions between producers and licensed primary elevator operators.

Finance and Administration: This element coordinates and provides expert advice to the Commission on corporate planning, management of revenues and expenditures, accounting and accommodation administration. It also coordinates and provides central services.

Performance Information/Resource Justification

This Activity represents a fixed percentage of total expenditures.

Figure 16: Percentage of Total Expenditures Representative of Program Management and Finance and Administration Sub-Activities

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total expenditures ($000)	**46,702**	39,270	37,182
Program Management percentage of total expenditures	**4%**	4%	4%
Finance and Administration percentage of total expenditures	**3%**	3%	3%

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Canadian Grain Commission Program expenditures by object are presented in Figure 17. For the fiscal year 1985-86, expenditures are estimated to be $46.7 million. This represents an increase of 19% over 1984-85 forecast.

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	32,255	28,154	26,989
Contribution to employee benefit plans	4,446	3,961	4,141
Other personnel costs	339	320	221
	37,040	32,435	31,351
Goods and services			
Transportation and communications	2,402	2,059	1,601
Information	165	207	153
Professional and special services	258	269	149
Rentals	2,440	2,059	1,827
Materials and supplies	1,214	1,031	783
All other expenditures	3	3	1
	6,482	5,628	4,514
Total operating costs	43,522	38,063	35,865
Capital			
Construction and acquisition of land, buildings, and works	67	-	322
Construction and acquisition of machinery and equipment	3,109	1,098	919
Total capital	3,176	1,098	1,241
Transfer payments	4	109	76
Total expenditures	46,702	39,270	37,182

2. Personnel Expenditures

Canadian Grain Commission personnel costs account for 79% of program expenditures. This includes statutory contribution to employee benefit plans of $4.4 million.

Figure 18: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grain Inspection	435	417	419
Grain Weighing	245	218	221
Grain Testing and Research	103	97	95
Economics and Statistics	102	100	90
Administration	45	43	44
	930	875	869

Figure 19: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Management	16	11	6	50,350 - 96,300	54,898
Other	-	6	6		
Scientific and Professional					
Biological Sciences	3	3	2	16,161 - 68,070	38,125
Chemistry	10	10	6	15,724 - 68,070	36,733
Economics and Statistics	6	6	6	14,570 - 65,080	39,872
Scientific Research	10	10	11	28,176 - 67,720	57,386
Other	1	1	-	27,934 - 68,070	37,008
Administrative and Foreign Service					
Administrative Services	12	10	11	13,912 - 57,987	33,779
Computer Systems	8	5	4	18,766 - 61,433	35,516
Financial Administration	5	4	4	13,853 - 57,980	40,683
Program Administration	11	11	14	13,912 - 57,987	36,852
Other	2	1	1		37,389
Technical					
Drafting	2	2	2	15,557 - 40,310	25,881
Engineering Support	84	71	75	14,041 - 50,866	26,398
Primary Product Inspectors	362	342	337	18,971 - 48,380	30,564
Social Science Support	2	2	2	12,635 - 57,764	24,799
Technical Inspection	6	6	6	12,635 - 57,691	31,176
Administrative Support					
Communications	2	2	2	15,364 - 31,824	21,649
Data Processing	17	16	18	13,352 - 37,130	22,635
Clerical and Regulatory	95	94	93	12,932 - 31,743	21,238
Secretarial, Stenographic and Typing	24	26	25	12,636 - 31,946	22,129
Operational					
General Labour and Trades	252	271	274	14,776 - 40,676	27,919

Note: The person-year columns display the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

The Program is directing most of its capital funds $3.2 million for 1985-86 to the automation of inspection and weighing processes, primarily for grain inspection equipment, weighscale recorders, computerized information and analysis systems and research equipment to identify mycotoxin contamination.

4. Transfer Payments

The Grain Research Activity is involved with grain quality surveys, varietal studies and performs basic and applied research to identify and better understand what "quality" is and to develop more efficient and meaningful methods of quality measurement. The Commission shares this research through the International Association of Cereal Chemists.

Figure 20: Summary of Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Membership fee in the International Association for Cereal Chemistry	4	4	3
Items not required for 1985-86			
Computerization of elevator weighing system	-	105	73

5. Revenue Analysis

The Commission endeavours to recover all operating costs with the exception of grain research, through service fees. Figure 21 provides a listing of revenue generated by the Canadian Grain Commission. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Figure 21: Revenue by Class ($000)

	1985-86	1984-85	1983-84
Grain Inspection:			
Inspection fees	20,724	17,854	20,696
Inspection overtime	550	497	688
Samples sold	46	55	82
	21,320	18,406	21,466
Grain Weighing:			
Weighing fees	12,500	12,100	11,403
Weighing overtime	500	400	414
	13,000	12,500	11,817
Grain Testing and Research:			
Miscellaneous	1	1	2
	1	1	2
Economics and Statistics:			
Registration and cancellation fees	2,868	3,109	3,336
License fees	85	105	95
	2,953	3,214	3,431
Administration:			
Miscellaneous	5	5	18
	5	5	18
Total Canadian Grain Commission Revenue	37,279	34,126	36,734

B. Cost Analysis

Net Program Cost

The 1985-86 Estimates include only those expenditures which are charged to the Department's voted appropriations and statutory payments. Other cost items as well as revenue must also be included when considering the actual costs to operate the Program.

Figure 22: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	1984-85 Forecast
Grain Inspection	21,404	347	21,751	21,320	431	18,589
Grain Weighing	11,238	196	11,434	13,000	(1,566)	9,078
Grain Testing and Research	6,668	82	6,750	1	6,749	5,170
Economics and Statistics	4,278	81	4,359	2,953	1,406	3,966
Administration	3,114	36	3,150	5	3,145	2,467
	46,702	742	47,444	37,279	10,165	39,270

The adjustments made to the budgetary expenditures to arrive at total net cost include services provided without charge by other departments, and revenues generated by the Program that are credited directly to the Consolidated Revenue Fund.

Other Costs

Other costs are services provided without charge by other Departments as follows: Supply and Services ($19K), Treasury Board ($625K) and Labour ($98K).

C. Additional Information

Figure 23: Person-Years by Activity and Geographical Location

Administration (Statutory included)		Grain Inspection		Grain Weighing		Grain Testing and Research		Economics and Statistics		Total Person-Years By City
City	P-Y	City	P-Y	City	P-Y	City	P-Y	City	P-Y	
Winnipeg	37	Winnipeg	74	Winnipeg	15	Winnipeg	103	Winnipeg	49	278
				Churchill	4					4
		Montreal	21	Montreal	38			Montreal	13	72
		Chatham	23							23
		Toronto	2							2
		Thunder Bay	175	Thunder Bay	110			Thunder Bay	23	308
Saskatoon	2	Saskatoon	7	Saskatoon	4					13
		Moose Jaw	4	Moose Jaw	4					8
		Lethbridge	5							5
Calgary	2	Calgary	5							7
		Vancouver	94	Vancouver	62			Vancouver	17	173
		Pr. Rupert	11	Pr. Rupert	8					19
		Baie Comeau	3							3
		Port Cartier	3							3
		Three Rivers	1							1
		Sorel	3							3
		Quebec	4							4
Regina	2									2
Harrow	1									1
Brompton-ville	1									1
	45		435		245		103		102	930

Atomic Energy Control Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Atomic Energy Control Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts. It is provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section, and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $21,817,000 to carry out the planned activities of the Atomic Energy Control Board in 1985-86. Additional expenditures of $1,844,000 are forecast under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	**1985-86 Main Estimates**	1984-85 Main Estimates
	Atomic Energy Control Board		
50	Program expenditures	**21,817**	18,584
(S)	Contributions to employee benefit plans	**1,844**	1,583
	Total Program	**23,661**	20,167

Votes - Wording and amounts

Vote No.	Department or Agency (dollars)	**1985-86 Main Estimates**
	Atomic Energy Control Board	
50	Atomic Energy Control Board - Program expenditures, the grants listed in the Estimates and contributions.	**21,817,000**

Extracts from Part II of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer Payments		
Administration of Atomic Energy Control Regulations and Participation in Measures for International Control of Atomic Energy	285	22,879	291	491	**23,661**	20,167
	285	22,879	291	491	**23,661**	20,167

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	**Actual Use**
Budgetary	$	$	**$**
Vote 45 Program expenditures and the grants as listed in the Estimates.	18,342,000	18,717,000	**17,149,605**
Statutory--Contributions to Employee Benefit Plans..	1,354,000	1,475,305	**1,475,305**
Total Program	19,696,000	20,192,305	**18,624,910**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The AECB will continue its program to regulate atomic energy with no significant change in the level of resources for nuclear facility and materials licensing actions, there being no changes anticipated in the nuclear industry. (see page 7)

- It is expected that three nuclear reactors in Ontario will be ready for start-up and will require licensing. (see page 20)

- The safety of the reactors under construction at Darlington is being examined in more detail than for previous reactors. (see page 14)

- Work will continue towards improving the regulations under which regulatory control is maintained. Two major improvements expected are the completion of regulations specific to the uranium mining industry, and extensive amendments to the existing regulations. (see page 13)

- After experiencing a growth during the past three years, expenditures on regulatory research will level off but with more emphasis on the areas of nuclear reactor safety and radiation health physics. (see page 25)

- The scope of support for international safeguards will be expanded under the terms of a recently approved Safeguards Support Program. (see page 25)

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Administration of Atomic Energy Control Regulations and Participation in Measures for International Control of Atomic Energy*	**23,661**	22,655	1,006	18
Authorized person-years	**285**	285	-	

* In previous years the AECB had two activities, Administration of Atomic Energy Control Regulations, and Special Safeguards Development. This latter activity is now called the Safeguards Support Program and has been absorbed as a sub-activity within the one activity.

Explanation of Change: The financial requirements for 1985-86 are 4.4%, or $1,006 thousand, higher than the 1984-85 expenditure forecast. This increase is primarily due to:

	($000)
• a reduction in professional and special services for the Safeguards Support Program	(554)
• a reduction in financial resource requirements for contributions (post-graduate scholarships)	(12)
• an increase in salaries and purchases due to inflation	1,159
• an increase in professional and special services for the mission-oriented research program	345
• an increase of $17 thousand in other operating costs and $51 thousand for EDP capital purchases	68

Explanation of 1984-85 Forecast: The 1984-85 forecast is $2,488,500, or 12.3% higher than the 1984-85 Main Estimates of $20,167,000. The difference is an approved Supplementary Estimate to continue the funding of the Safeguards Support Program. (See page 25)

B. Recent Performance

1. Highlights

- During 1983-84 the AECB continued to carry out its ongoing functions necessary to maintain regulatory control over nuclear facilities and materials.

- Planned increases in inspection capability were achieved in two areas through the establishment of a regional compliance office at Laval, Québec, and an increase of three person years allocated to uranium mine inspection.

- Construction of three nuclear power reactors, at Pickering and Bruce, Ontario, was completed, and the AECB monitored commissioning and issued operating licences.

- Unplanned events that required the attention of the AECB's reactor licensing and assessment staff included the rupture of a pressure tube in the Pickering A unit 2 reactor, and the decision by Maritime Nuclear to study the feasibility of building a second reactor at Point Lepreau. The former occurrence, in 1983, which led to a decision by Ontario Hydro to replace all pressure tubes in units 1 and 2 at Pickering, necessitated action by the AECB to review the implications of the failure and the proposed procedures for the complex task of replacing the tubes. In the case of Maritime Nuclear's decision, AECB staff are spending considerable effort on clarifying the safety requirements and licensing procedures.

- Expenditures on regulatory research were approximately 75% of the planned amount. The engagement of only one of the planned three extra persons, changes in emphasis of the research program, and the need for more discussion and negotiation prior to letting contracts contributed to this shortfall.

- Work to strengthen regulatory control by making regulations more precise and relevant was continued. Regulations for transport packaging were promulgated, as were amendments to the regulations to deal with radiography. Considerable discussion was undertaken with labour and industry concerning amendments proposed by the AECB to provisions in the Regulations dealing with radiation protection.

- With the hiring of a Human Factors Specialist, the AECB is now giving more consideration to this area as it relates to safety of nuclear power reactors. (see page 14)

2. Review of Financial Performance

Figure 2: Review of Financial Performance 1983-84 ($000)

Sub-Activity	1983-84 Actual	1983-84 Main Estimates	1983-84 Change
Regulation of Reactors and Accelerators	3,832	4,186	354
Regulation of Fuel Facilities and Materials	5,632	5,293	(339)
Regulatory Research	2,769	3,585	816
Safeguards Support Program	2,544	2,590	46
President's Office and Secretariat	948	1,156	208
Planning and Administration	2,900	2,886	(14)
Total	18,625	19,696	1,071
Person-Years	271	271	

Explanation of Change

1. The differences between the Main Estimates and Actual expenditures for Reactors and Accelerators ($354,000) and Fuel Facilities and Materials ($339,000) are due to a change in the cost allocation structure introduced in 1983-84. The Estimates are based on organizational units and the Actual expenditures are based on cost-allocation by Sub-activity. (see page 11)

2. The difference of $816,000 for Regulatory Research is mainly due to underexpenditure on contracted research. (see page 8)

3. The difference of $208,000 for the President's Office is mainly due to less than anticipated support to the advisory committees, and unspent funds for legal services.

C. Background

1. Introduction

The AECB, through its Atomic Energy Control Program, provides for the regulatory control of the development, application and use of atomic energy in Canada, and participates on behalf of Canada in international measures of control. The AECB achieves its control through a comprehensive licensing system that covers all aspects of nuclear facilities, prescribed substances and equipment, to assure that such facilities, substances, and equipment are utilized with proper consideration of health and safety, and security. The licensing system is administered with the co-operation of departments in such areas as health, the environment, transport and labour. This enables the concerns and responsibilities of these departments to be taken into account before licences are issued by the AECB, providing that there is no conflict with the provisions of the AEC Act and Regulations.

This control also extends to the import and export of prescribed substances and equipment, and it involves Canadian participation in the activities of the International Atomic Energy Agency (IAEA), and compliance with the requirements of the Treaty on the Non-Proliferation of Nuclear Weapons. It covers both the domestic and international security of nuclear materials and technology.

The AECB reports to Parliament through a designated Minister, currently the Minister of Energy, Mines and Resources.

2. Legal Mandate

The AECB was established in 1946 by the Atomic Energy Control Act (AEC Act). It is a departmental corporation (Schedule B) within the meaning and purpose of the Financial Administration Act. The AEC Act gives the AECB broad powers of regulation without specific definition of their application to the various activities subject to the Act.

The AECB also has the responsibility for the administration of the Nuclear Liability Act, as amended (RSC 1970 C10 2nd Supp), including the designation of nuclear installations and the prescription of basic insurance to be carried by the operators of such nuclear installations.

3. Program Objective

The program objective is to control atomic energy in the interests of health and safety and national security. See Section II, page 17, for detailed sub-objectives.

4. Program Organization for Delivery

Activity Structure: The AECB's Program has only one activity - Administration of Atomic Energy Control Regulations and Participation in Measures for International Control of Atomic Energy. For management, planning, and resource control this is broken down into six sub-activities as shown in Figure 3.

Organization Structure: The AECB staff is organized into five main organizational units each of which is accountable for one of the sub-activities, with the exception of the Regulatory Research Branch which is also responsible for the Safeguards Support Program. These organizational units might be required to contribute to sub-activities other than the one for which each is accountable.

The resource requirements for the organizational units and the distribution of resources by sub-activity is shown in Figure 3.

Figure 3: 1985-86 Resources by Organization and Distribution by Sub-activity ($000)

PRESIDENT

Sub-Activity \ Organizational Unit	Directorate of Reactor Regulation		Directorate of Fuel Cycle & Materials Regulation		Regulatory Research Branch		President's Office and Secretariat		Planning and Administration Branch		Total	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Regulation of Reactors and Accelerators (78 P-Y)	4,836	76	–	–	104	2	–	–	–	–	4,940	78
Regulation of Fuel Facilities & Materials (112 P-Y)	317	8	6,283	99	389	7	–	–	–	–	6,989	112
Regulatory Research (28 P-Y)	228	4	138	2	4,680	22	–	–	–	–	5,043	28
Safeguards Support Program (2 P-Y)	–	–	–	–	1,952	2	–	–	–	–	1,952	2
President's Office and Secretariat (15 P-Y)	–	–	–	–	71	1	1,218	14	–	–	1,289	15
Planning and Administration (50 P-Y)	–	–	–	–	–	–	49	1	3,399	49	3,448	50
TOTAL (285 P-Y)	5,379	88	6,421	101	7,196	34	1,267	15	3,399	49	23,661	285

D. Planning Perspective and Performance Review

1. Environment

A number of factors beyond the control of the AECB have a significant effect on the nature and extent of the AECB program content:

Size and Performance of the Nuclear Industry: Since the primary role of the AECB is to regulate nuclear activities and ensure that they are carried out safely, the size of the nuclear industry is a key factor that determines the AECB's activities and resource needs. The AECB must respond promptly to requests by applicants for licences, and its resource needs are therefore related to the number of nuclear facilities and users of nuclear materials. The AECB must also plan for demands due to anticipated changes in the nuclear industry.

The performance of licensees also affects the AECB resource needs; any major deviation from normal performance (e.g. a serious accident) would necessitate intensified activity by the AECB.

International Involvement: Since nuclear energy is an international technology, involvement in international affairs must be considered in the AECB's planning. It is necessary to participate closely in activities of international agencies, in particular the International Atomic Energy Agency (IAEA), the Nuclear Energy Agency of the OECD, the International Commission on Radiological Protection (ICRP), and other such bodies that are concerned with the peaceful use of nuclear energy, the development of appropriate standards for health and safety, international safeguards, and the physical protection of materials and nuclear facilities. Because of Canada's long-standing support of the IAEA and of the importance attached to its safeguards activities, the AECB alternates with Atomic Energy of Canada Ltd. in providing a special Nuclear Science Counsellor who is seconded to the Canadian Embassy in Vienna, Austria. The AECB must also maintain liaison through External Affairs with countries having bilateral arrangements with Canada, as well as with regulatory agencies in other countries concerning matters of mutual concern. The AECB also provides technical advice to External Affairs.

Intragovernmental and Intergovernmental Arrangements: An important factor bearing on AECB operations lies in the field of intragovernmental and intergovernmental cooperation within Canada. Certain federal departments, particularly Environment, Health and Welfare, Transport and Labour have interests in areas closely related to those of the AECB. On the intergovernmental side, the relation between federal and provincial legislation, plus the need to keep responsibilities clearly defined and to avoid duplication of effort, necessitate continuous discussion on many aspects related to control of the nuclear fuel cycle.

Public Concerns: There is widespread public concern about several issues such as the impact of the nuclear fuel cycle on the natural environment, the capability to manage radioactive wastes, the adequacy of safety precautions and engineering at nuclear facilities, and the possibility of serious accidents. These concerns, which are often discussed in a confrontational atmosphere, involve public utilities and other agencies as well as the AECB. The AECB must respond to these concerns by making information available, and by meeting with individuals and groups. Such dialogue is encouraged informally but also formally under a published policy relating to appearances before and representations to the Board.

Availability of Expertise: Nuclear energy is a sophisticated, complex, and relatively new technology. To regulate the nuclear industry effectively the AECB needs technical experts in many specialized scientific and technical fields. During its period of expansion to meet the demands of the expanding nuclear industry, the AECB had to take steps to ensure that it could hire or train persons with required expertise who were not readily available from the conventional human resource supply pool. With the growth of the nuclear industry levelling off, it now becomes necessary for the AECB to anticipate the longer term expertise needs so that it can respond to any future changes or new directions of the industry, and ensure that it has the appropriate resource skills at the right time.

Regulatory Reform: As a federal regulatory agency, the AECB must respond to government initiatives and directives relating to legislative reform. It must continue therefore to publish its proposed regulatory initiatives to allow for public consultation in its regulatory process, and it must keep the public fully informed as to its regulatory actions and decisions. New regulations or revisions to regulations concerning health and safety must be subjected to the Socio-Economic Impact Analysis process described in Chapter 490 of the Treasury Board administrative policy manual.

2. Initiatives

There are no new major initiatives planned for 1985-86.

3. Update on Previously Reported Initiatives

The following actions have been carried out to pursue initiatives planned for 1983-84.

New or Revised Regulations: Regulations and amendments have been promulgated concerning packaging for transportation, and sections of the Regulations dealing with radiography. Regulations concerning physical security went into effect. Proposed amendments to the Regulations concerning radiation protection provisions, and regulations specific to uranium mining have been issued for public comment, and

this has resulted in considerable discussion and communication between the AECB and interested parties (labour, industry, other federal and provincial government departments and agencies, and the public). Work will continue in 1985-86 with a view to finalizing these and also to bring about general amendments to the AECB Regulations. The proposed radiation protection regulation amendments have been absorbed into these general amendments.

Compliance Inspection: Increased inspection capability has been achieved by the establishment of a regional compliance office at Laval, Québec, and by the assignment of three additional persons for uranium mine inspection, two of whom are located at the Elliot Lake, Ontario, site office. With the full benefit of regional offices, inspections of radioisotope licensees will increase in 1985-86 with no increase in staff.

Safety Evaluation: A specialist in Human Factors has been hired. Emphasis has been and will increasingly be put on special safety systems, emergency power systems, and reliability analysis of power reactors, with particular application to the reactors under construction at Darlington.

4. Program Effectiveness

The effectiveness of the AECB in meeting its objective can be partially gauged by results in several key areas. In all of these it is important to recognize that success in meeting regulatory requirements is not a measure of AECB action alone. The AECB produces regulations and guidelines for meeting them, and inspects to ensure compliance, but the success in protecting workers and the public, and in security, is also influenced by licensee's efforts, by provincial government and federal government actions, and by the cooperation extended by labour.

In its regulations the AECB specifies the maximum radiation exposure levels considered acceptably safe for workers and the public. However, in granting licences the AECB requires that the normal operation of nuclear facilities and activities shall result in radiation doses less than the maximum permissible, and that doses are "as low as reasonably achievable, social and economic factors being taken into account" (ALARA principle). The dose limit for workers is 50 millisieverts per year, and for the public one-tenth of this. Uranium mine and mill workers are also subject to an annual exposure limit for radon daughters of 4 working level months.

In the case of heavy water plants, the primary hazard is the hydrogen sulphide gas used in large quantities in these plants. The gas is highly toxic, and exposure of the worker and emissions from the plant are controlled to very low levels.

Protection of Workers: The AECB requires workers to be monitored individually for exposure to radiation, or the determination of exposures by monitoring the workplace. Thus the success in achieving protection of the workers can be partially measured by how few workers receive an exposure in excess of that permitted, and by total worker doses. Figure 4 shows data for nuclear facilities and material use, and Figure 5 shows specific data for uranium mines and mills.

Figure 4: Success in keeping worker exposure below statutory limits

Type of Nuclear Activity	Workers receiving more than 50 millisieverts (mSv) whole body dose		
	1981-82	1982-83	1983-84
Nuclear Reactors - Power	0	0	0
- Research	0	0	1
Accelerators	0	0	0
Fuel Plants & Refineries	0	0	0
Waste Management	0	0	0
Radioisotopes	19	5	6

Figure 5: Number of Ontario Uranium Mine/Mill Workers with Recorded Exposures above Guidelines (pre-1978) or Standard (post-Jan. 1978)(dosimetry year is calendar year)

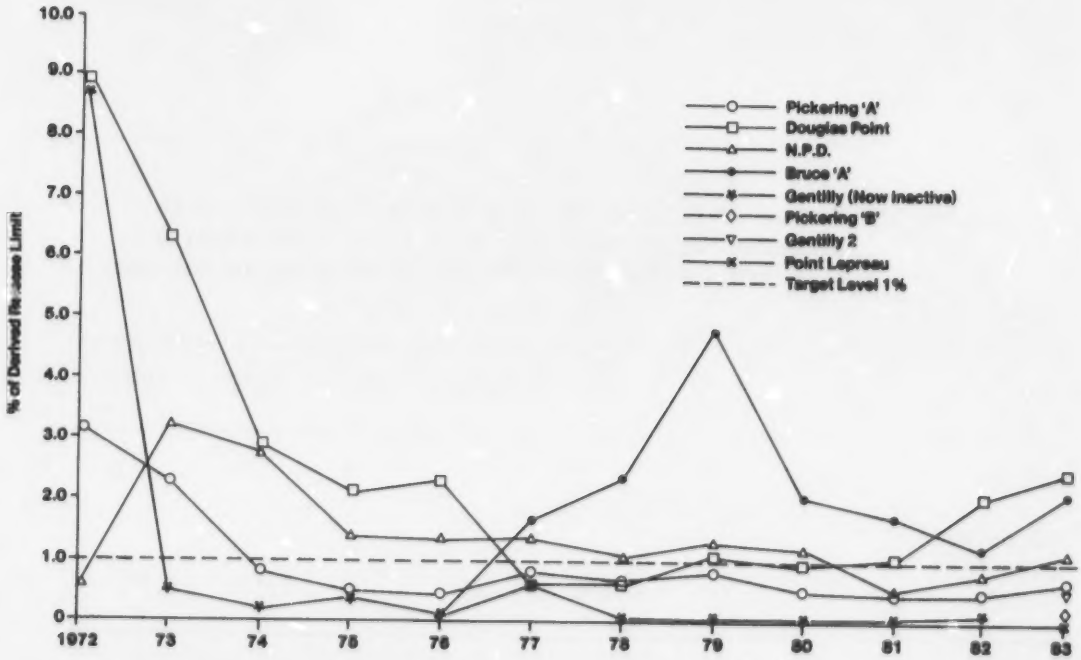
Year	1977	1978	1979	1980	1981	1982	1983
Number	61	7	0	0	2	0	0
Approximate number of miners	3,500	4,300	4,600	4,800	5,100	5,100	5,500

Protection of the Public: In the case of the public, for which the maximum permissible radiation dose is one-tenth that for a worker, the protection is achieved by the AECB requiring that the radioactive material or radiation resulting from the operation of a nuclear facility or use of radioactive substances be contained, and that any

emission directly or through the environment be sufficiently low that the public will not receive unnecessary or excessive radiation. In this case also the AECB requires that the ALARA principle be applied to keep any exposures as low as reasonably achievable.

In the case of power reactors, the AECB has established design and operating targets for nuclear generating stations with respect to the protection of the public from radioactive releases. The goal of these targets is to keep the releases from exceeding 1% of the derived release limit. (The derived release limit is the calculated quantity which, if emitted constantly from a nuclear facility, could result in an annual radiation dose equal to the regulatory dose limit for members of the public nearby.) It can be seen from figure 6 that, although the general trend has been downward to below the target, at certain stations the target was exceeded in 1982 and 1983. The AECB has instructed Ontario Hydro to take steps to correct the situation to keep the releases within target.

Figure 6: Radioactive releases from nuclear power reactors (expressed as percentage of the derived release limit)



During 1983-84, there were no failures at any nuclear reactor that resulted in a significant release of radioactive materiel to the environment.

Section II
Analysis by Activity

A. Administration of Atomic Energy Control Regulations and Participation in Measures for International Control of Atomic Energy

Objective

To control atomic energy in the interest of health and safety and national security.

From a planning and control aspect this activity is divided into six sub-activities, the objectives of which are the sub-objectives of the activity, as follows:

- To ensure that workers and the public are adequately protected against undue exposure to radiation from nuclear reactors and accelerators.

- To ensure that workers and the public are adequately protected against undue exposure to radiation and toxic substances resulting from production, use, possession, sale, and transportation of prescribed substances, and to participate in international measures of control of atomic energy.

- To provide, by contracted research, information needed by the AECB in support of its regulatory activities and its regulatory decisions; to ensure that the AECB has adequate information on which to base its radiation protection standards; and to ensure that the AECB's regulatory requirements are adequately documented, and that there is provision for public consultation prior to promulgating such requirements.

- To assist, influence, and improve the effectiveness of the International Atomic Energy Agency (IAEA) through the provision by Canada of technical assistance and other resources.

- To provide support services for the five member Atomic Energy Control Board and the Board's two Advisory Committees, and to ensure that the public and elected officials are adequately informed on matters relating to the AECB's regulatory activities.

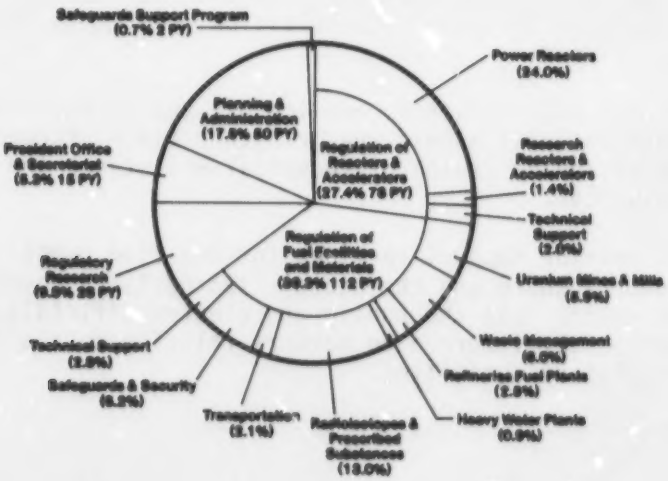
- To provide institutional services including corporate management, finance, personnel, planning and coordination, and information management; provide both organizational administration and direction concerning policy; and to act as a liaison channel between the AECB and other governments and agencies; and to administer certain provisions of the Nuclear Liability Act.

Resource Summary

Figure 7: Expenditures ($000) and Person Years

Sub-Activity	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Regulation of Reactors and Accelerators	4,940	78	5,425	76	3,832	73
Regulation of Fuel Facilities and Materials	6,989	112	7,805	110	5,632	104
Regulatory Research	5,043	28	1,916	27	2,769	26
Safeguards Support Program	1,952	2	2,488	2	2,544	1
President's Office and Secretariat	1,289	15	1,089	15	948	14
Planning and Administration	3,448	50	3,932	55	2,900	53
Total	23,661	285	22,655	285	18,625	271

Figure 8: Forecast Distribution of AECB Staff Time



Description

Regulation of Reactors and Accelerators: This sub-activity is responsible for all regulatory aspects necessary to protect workers and the public against undue exposure to radiation that is related to nuclear reactors, including both research and commercial operations, and particle accelerator facilities. Regulation involves the evaluation of applications for licences against safety standards and requirements set by the AECB, the issuance of licences, the surveillance of licensees' operations to ensure compliance with regulations, and the approval of the training of reactor operators.

Regulation of Fuel Facilities and Materials: This sub-activity is responsible for all regulatory aspects necessary to protect workers and the public against undue exposure to radiation in connection with uranium mining, milling and refining, fuel fabrication, heavy water production and radioactive waste management. This regulation involves similar actions to those listed for reactors above. The sub-activity is also responsible for all regulatory aspects relating to the possession, use and sale of nuclear materials, i.e. uranium, thorium, heavy water, and radioisotopes, and their safe packaging for transportation, to protect the worker and the public against undue hazards from these materials.

In addition to its regulatory component, this sub-activity is also charged with ensuring compliance with international safeguards and physical security requirements, and for cooperative arrangements with the International Atomic Energy Agency in accordance with Canada's safeguards agreement with the Agency.

Regulatory Research: This sub-activity is responsible for ensuring that information needed by the AECB for its regulatory actions, and not available in-house, is obtained by contracted research in subject areas related to the regulatory process. These subject areas fall into groupings which relate to the various types of nuclear facilities and the use and transportation of nuclear materials; radioactive waste management; health physics; the regulatory process and regulations; and security. This sub-activity is also responsible for the assessment of radiological hazards of licensable operations and of radiation protection devices developed to protect against these hazards, for setting radiation protection standards, and for the development of an improved regulatory document system.

Safeguards Support Program: This sub-activity provides for the AECB's contribution, jointly with Atomic Energy of Canada Ltd. (AECL), to a Canadian program to support international safeguards. The support program initially approved in 1977 was renewed in 1984 with the objective of providing support to the IAEA by providing cost free experts; completing the development, provision and installation of equipment in CANDU reactors as mandated in the 1977 program; providing

services and material to the IAEA; developing safeguards systems for existing and future CANDU reactors not included in the 1977 program, as well as bulk handling nuclear facilities; and providing general assistance.

President's Office and Secretariat: This sub-activity includes overall responsibility for the implementation of AECB policies and activities, secretariat services for the five-member Atomic Energy Control Board, parliamentary liaison, public information, and administrative support for independent advisory committees.

Planning and Administration: In addition to the normal administration functions, and international and intergovernmental coordination, this sub-activity is responsible for administration of the Nuclear Liability Act, including designation of "Nuclear Installations" and prescribing appropriate insurance coverage.

Performance Information/Resource Justification

Regulation of Reactors and Accelerators: Control over reactors and accelerators is maintained through the issue of licences, and through subsequent inspection carried out to ensure compliance with regulations and with licence terms and conditions. The steps involved in the licencing process for reactors and accelerators are summarized in Section III, page 30. The resources for this sub-activity are highly dependent on the performance and size of the Canadian industry. It is expected that in 1985-86 three more power reactor units will be ready for start-up, and construction could be underway on a second reactor at Point Lepreau. In addition, construction of four reactors at Darlington will be continuing.

Figure 9 gives a breakdown of the number of units presently in operation, under construction, or planned, and the licences for them.

Figure 9: Reactor and Accelerator Units and Licenses

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	No. of Units	No. of Licences*	No. of Units	No. of Licences*	No. of Units	No. of Licences*
Power Reactors						
Operational	16	7	14	9	12	7
Non-operational	4	2	4	2	3	1
Under construction	6	3	8	4	10	3
Pre-construction	0	0	0	0	1	0
Research Reactors	16	12	15	12	15	12
Accelerators	68	56	65	53	63	51

* Some licences cover more than one reactor unit or accelerator.

In 1985-86, in order to maintain regulatory control over reactors and accelerators, 78 person years will be required, no increase from 1984-85. The estimated number of licensing actions and compliance activities that will be carried out is given in figures 10 and 11.

Figure 10: Number of Licensing Actions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Power Reactors				
Site Approvals	0	0	0	0
Construction Authorizations	0	1	0	0
New Operating Licences*	3	2	1	1
Operating Licence Renewals	7	5	1	3
Possession licences issued or renewed	1	2	0	0
Research Reactors, Particle Accelerators and Other Facilities				
New licences	9	11	7	8
Licence renewals	35	27	19	24

* includes licence actions to permit additional unit(s) to operate under existing licence

Figure 11: Compliance Activities

	No. of inspection visits		
	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Power Reactors	25*	25*	25*
Research Reactors	16	19	8
Particle Accelerators	23	32	25
Other (AECL) Facilities	4	4	3

* In addition to these inspection visits by AECB off-site staff, there are 19 staff located at reactor sites and design offices whose role is to monitor design, construction and operation of the reactors on a day-to-day basis.

Regulation of Fuel Facilities and Materials: Control over uranium mines and mills, refineries, fuel fabrication plants, heavy water plants, facilities for the management of radioactive waste, and the possession, use, and sale of nuclear materials is, as for reactors, maintained through the issue of licences and subsequent inspection actions to ensure compliance with the Regulations and with licence terms and conditions. The steps involved in the licensing process for the above facilities and for nuclear materials are summarized in Section III, page 31. As with reactors the resources required for this sub-activity are highly dependent on the nuclear industry in Canada, but another major influence is the extent of the uranium export business. Figures 12 and 13 give a breakdown of the number of nuclear facilities and material licences.

Figure 12: Number of Nuclear Facility Licences

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Uranium Mines/Mills			
Operating	9	8	8
Under development	3	4	5
Inoperative	2	2	2
Waste Management Facilities			
Operating	17	14	13*
Under construction	1	1	1
Refineries			
Operating	3	3	3
Under construction	0	1	2
Fuel Fabrication Plants			
Operating	5	5	5
Under construction	0	0	0
Heavy Water Plants			
Operating	3	3	3
Inoperative	1	1	1

* includes 3 decommissioning approvals

Figure 13: Nuclear Material Licences - Number of Licensees

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Prescribed Substances	38	36	41
Radioisotopes	4,800	4,767	4,796

In 1985-86, in order to maintain regulatory control over fuel cycle facilities and nuclear materials, 112 person years will be required, no increase from 1984-85. The estimated number of licensing actions and compliance activities that will be carried out is given in figures 14-16.

Figure 14: No. of Licensing Actions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Uranium Mines/Mills			
Ore Removal Permits issued	3	1	2
Underground Exploration Permits - issued	1	1	2
- renewed	3	0	3
Operating Licences - issued	1	1	3
- renewed	6	2	2
Waste Management Facilities			
Construction Approvals - issued	1	3	0
- renewed	0	0	0
Operating Licences - issued	3	1	3
- renewed	7	0	9
Refinery and Fuel Plants			
Construction Approvals - issued	0	0	0
- renewed	0	0	0
Operating Licences - issued	0	2	0
- renewed	8	3	7
Heavy Water Plants			
Operating Licences - renewed	1	2	1

Figure 15: Prescribed Substance and Radioisotope Licences Issued and Renewed

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Prescribed Substance Licences			
New licences issued	4	3	8
Licences renewed	16	11	14
Radioisotope Licences			
New licences issued	302	312	284
Licences renewed	2,019	2,167	1,798

Figure 16: Compliance Inspections

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Uranium Mines/Mills	405	390	350
Waste Management Facilities	89	69	56
Refineries & Fuel Plants	42	42	42
Heavy Water Plants	18	18	18
Prescribed Substances	19	18	20
Radioisotopes	3,000	2,600	2,400

Regulatory Research: The AECB's contract research is administered by specialist staff who identify projects, select contractors, follow the work as it develops, and interpret results for AECB use in licensing matters. The costs of research projects, almost all of which are contracted out through the Department of Supply and Services, are shown in Figure 17, grouped by mission.

Figure 17: Research Costs by Mission ($000)

Mission	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Nuclear reactors	1,050	955	505
Heavy water production plants	110	100	95
Uranium mines and mills	440	400	279
Other fuel cycle facilities	275	250	94
Waste management	505	460	415
Non fuel cycle applications	115	105	89
Transportation	65	60	100
Health physics	550	500	285
Regulations and regulatory process development	60	53	15
	3,170	2,883	1,877

The 1983-84 expenditure represented work on 54 research projects of which 30 were completed. There are 100 planned projects in 1984-85, and the number of projects expected in 1985-86 will remain about the same. During 1984-85, a trend towards relatively fewer, but larger cost, projects in spite of an increase in expenditure, started and is expected to continue, with more emphasis on nuclear reactor safety and radiation health physics. In addition to administering the mission-oriented research program, AECB staff also carry out specialized assessments in support of licensing. A total of 28 person years will be needed in 1985-86, no increase from 1984-85.

Safeguards Support Program: This sub-activity provides for the AECB's contribution, jointly with Atomic Energy of Canada Ltd., to a Canadian program to support IAEA safeguards. This is accomplished by jointly funding various tasks of research and development, the acquisition, installation and testing of equipment, and other tasks of a more general nature in support of IAEA safeguards.

With the renewal of the 1977 program in 1984, the scope of the program has been expanded to cover safeguards approaches and equipment development for existing and planned CANDU reactors not included in the 1977 program, and also for bulk handling facilities. In 1985-86 there will be two person years allocated to this program.

By 1984-85, the Safeguards Support Program was well advanced towards its original objective of developing, manufacturing and installing a fully-instrumented safeguards system for CANDU-type reactors. Full systems had been installed on behalf of the IAEA in four CANDU-600 reactors in Canada and abroad. Technical advice and some equipment had also been provided to the IAEA for one other CANDU reactor abroad.

Liaison and transfer of technology to the IAEA has been expedited by four experts who were provided to the IAEA on a no-cost basis.

Even though problems developed that necessitated some re-design of safeguards equipment, the equipment substantially improved the confidence in the ability of the IAEA to draw safeguards conclusions.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 18: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	13,189	12,280	10,156
Contributions to the Employee Benefit Plans	1,844	1,583	1,475
Other personnel costs	36	35	128
	15,069	13,898	11,759
Goods and Services			
Transportation and communication	1,551	1,613	1,283
Information	103	107	88
Professional and special services	4,318	3,983	2,265
Safeguards Support Program	1,298	1,863	2,470
Rentals	141	135	64
Purchased repair and upkeep	125	87	116
Utilities, materials and supplies	273	242	238
All other expenditures	1	2	2
	7,810	8,032	6,526
Total operating	22,879	21,930	18,285
Capital	291	245	318
Transfer payments	491	480	22
Total expenditures	23,661	22,655	18,625

2. Personnel Expenditures

Figure 19: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	25	25	22	57,111-83,520	65,784
Scientific, Technical and Professional	198	198	188	27,586-57,110	49,668
Administrative Support	62	62	61	12,845-27,585	21,738

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 20: Detail of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants to support non-profit organizations which are furthering the development of nuclear safety standards.	**10**	10	6
Contributions			
Contributions in the form of post-graduate scholarships to assist in recruiting persons for scientific posts	12	24	16
Contributions to the IAEA are to be used to maintain the Cost-Free Manpower Assistance Program, to procure related goods and services required to execute the Canadian Support Program for the IAEA.	**469**	446	--
Total	**491**	480	22

B. **Cost Analysis**

Figure 21: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Operating Expen-ditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Total 1984-85
Atomic Energy Control	23,661	1,814	25,475	--	25,475	21,670

"Other Costs" include services provided without charge by other departments such as accommodation charges for Public Works Canada ($1,596,000), services provided by Supply and Services Canada ($26,000) and the employer's share of insurance premiums and costs ($192,000) paid by the Treasury Board.

C. Additional Information

1. Description of AECB Comprehensive Licensing System

The AECB achieves its control through a comprehensive licensing system that covers all aspects of nuclear facilities, prescribed substances and equipment to assure that such facilities, substances, and equipment are utilized with proper consideration of health, safety and security. The licensing system is administered with the co-operation of departments in such areas as health, the environment, transport and labour. This enables the concerns and responsibilities of these departments to be taken into account before licences are issued by the AECB, providing that there is no conflict with the provisions of the AEC Act and Regulations.

This control also extends to the import and export of prescribed substances and equipment. It involves Canadian participation in the activities of the International Atomic Energy Agency (IAEA), and compliance with the requirements of the Treaty on the Non-Proliferation of Nuclear Weapons. It covers both domestic and international security of nuclear materials and technology.

There are two types of licences issued by the AECB, facility licences and nuclear material licences.

Nuclear Facility Licences: By definition in the AEC Regulations, nuclear reactors, sub-critical nuclear reactors, particle accelerators, uranium and thorium mines and mills, plants for the separation, processing, reprocessing or fabrication of fissionable substances, plants for the production of deuterium or deuterium compounds, and facilities for the disposal of prescribed substances, are nuclear facilities and as such can be operated only in accordance with a licence issued by the AECB.

Before the AECB issues a licence to operate a facility, the applicant must meet criteria established by the AECB for the siting, construction, and operating stages. The AECB evaluates information that is provided to it by the applicant in support of the application concerning the design, and the measures to be adopted to ensure that the facility will be constructed and operated in accordance with acceptable levels of health, safety and security.

Throughout the lifespan of the facility, the AECB monitors its operation to verify that the licensee complies at all times with the AEC Regulations and the conditions of the licence.

At the end of its useful lifespan, a facility must be decommissioned in a manner that is acceptable to the AECB and, if required, the facility site must be restored to unrestricted use, or managed until the site no longer presents a hazard to health, safety, or security.

Nuclear Material Licences: There are two types of licences for nuclear materials: Prescribed Substances Licences for uranium, thorium and heavy water; and Radioisotope Licences for radioisotopes that are widely used in medicine for diagnostic and therapeutic purposes, and in industry for radiography, gauging, static elimination, oil well logging and industrial irradiators. Licences are issued for the use or possession of these nuclear materials.

The use of nuclear materials, in particular radioisotopes, is widespread across Canada. In order to ensure that the materials are transported safely, it is the responsibility of the AECB to regulate the packaging of such materials for shipment. The regulation of the transportation itself is the responsibility of other government agencies.

All licences are issued for a limited period of time, normally 1 to 2 years, being renewed on evidence that operation or use continues to be satisfactory. After licences have been issued, the AECB carries out an extensive compliance inspection program to ensure compliance with the Regulations and licence conditions.

Although the AECB does not hold public hearings as part of its licensing process, the public and interested parties have an input into its regulatory requirements setting process through a public consultation process.

Auditor General of Canada

1985–86 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Auditor General
of Canada

Preface

This Expenditure Plan is designed to be used as a reference document and, as such, contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into two sections. Section I presents an overview of the program, including a description, background information, objectives and planning perspective, as well as information that forms the basis for the resources requested. Section II provides further information on costs and resources and special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $39,045,000 in support of the 1985-86 Auditor General. The remaining expenditures, estimated at $3,923,000 for contributions to employee benefit plans and the salary of the Auditor General will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates	Change $	Change %
Auditor General				
25 Program expenditures	39,045	37,132	1,913	5.2
(S) Salary of the Auditor General	103*	103	-	-
(S) Contributions to employee benefit plans	3,820	3,369	451	13.4
Total Program	42,968	40,604	2,364	5.8

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Auditor General	
25	Auditor General - Program expenditures, the grant listed in the Estimates and contribution	39,045,000

*To be increased effective April 1, 1985 subject to a prescribed formula not to exceed 7%.

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Budgetary			Total	
	Operating	Capital	Transfer Payments		
Legislative Auditing	42,108	450	410	42,968	40,604

Section I
Program Overview

A. Highlights

- During 1984-85, the Office was reorganized to consolidate all audit responsibility under one Branch (see page 12).
- As a result of audit responsibilities for Crown corporations conferred under amendments to the Financial Administration Act and coming into force in September 1984, the Office is requesting an additional $788,000 (see page 18).
- An additional $1,219,000 is required to expand the Office's EDP auditing capabilities (see pages 18 and 19).
- Planned person-years are increased by 19 to 659 in order to discharge new Crown corporation audit responsibilities and to expand the Office's EDP auditing capabilities (see pages 18, 19 and 23).
- During 1985-86, the Office plans to carry out 223 audits (1984-85: 204) at a total cost of $43 million (1984-85: $40.6 million) (see page 21).

B. Financial Summary

Figure 1: Financial Summary

	Estimates 1985-86	Forecast 1984-85	Change $	Change %
Legislative Auditing ($000)	42,968	40,245	2,723	6.8
Planned person-years	659	640	19	3.0

Explanation of change:

- The increase of $ 2.7 million in the 1985-86 requirements over the 1984-85 Forecast is due to the impact of inflation on salaries, employee benefits, goods, services and contribution, as well as additional work to be carried out in Crown corporations as a result of amendments to the Financial Administration Act, and, to increase EDP audit capability.

- The increase of 19 person-years is required to discharge new Crown corporation audit responsibilities and to expand the Office's EDP audit capability.

C. Background

1. Introduction

The Office has a unique position within the federal government structure. The fact that it is part of the legislative branch allows the Office to carry out its work independently of the Government of the day. The principal raison d'être of the Office is to serve the needs of the House of Commons. Accordingly, the products of the Office, its various opinions and reports, are produced for direct use by the House of Commons in its scrutiny of government programs and financial activities. The Office is directly accountable to the House of Commons, through the Public Accounts Committee, for providing audit information that is significant, timely and produced in a cost-effective manner. The Auditor General Act requires the Auditor General to report to the House of Commons anything that he thinks is significant and of a nature that should be brought to its attention. The Act also establishes his right to the information he needs to carry out his work and confirms his position as a servant of Parliament, to which he is answerable. In addition to these distinguishing characteristics, the Office is a separate employer under the Public Service Staff Relations Act. It is also exempt from allotment controls in respect of appropriations.

The responsibilities of the Office have changed a number of times during its history. One of the more recent changes occurred in 1977 with the enactment of the Auditor General Act. This change significantly broadened the scope of the work of the Office and introduced the requirement to report to Parliament on value-for-money considerations. Accordingly, the Office developed the concept and approach of "comprehensive auditing" to meet the requirements of the new Act. Comprehensive audits of departments and agencies are reported in the Auditor General's annual Report to the House of Commons.

A further change in responsibilities occurred in September 1984, when amendments to the Financial Administration Act, dealing with the control and accountability of Crown corporations, came into effect. In addition to providing opinions on the financial statements and on compliance with authorities in those Crown corporations of which he is the appointed auditor, the Auditor General will now also be required to:

- report, when required to do so, on the accuracy and consistency of quantitative performance information contained in Crown corporations' annual reports;
- attest to the accuracy of quarterly reports, submitted by Treasury Board to Parliament, concerning the timely tabling of annual reports and summaries of corporate plans and budgets;
- at least once every five years, conduct a special examination (a review of financial and management control and information systems and management practices) in as many as 33 Crown corporations; and
- consult with other auditors carrying out audits and special examinations of Crown corporations with respect to any matter which, in the opinion of such other auditors, should be brought to the attention of Parliament.

Furthermore, as a result of the amendments, the Auditor General will be the sole or joint auditor of an additional 10 corporations on and after January 1, 1989. It is likely that these appointments will be phased in over the next several years.

2. Legal Mandate

The Auditor General's mandate is set out in the Auditor General Act, 1977 and in Part XII of the new Financial Administration Act. The key provisions of these Acts are stated in Section II of this document. (See pages 28 to 30.)

3. Program Objective

The objective of the Auditor General is to provide appropriate audit information for use by the House of Commons in its scrutiny of government programs and financial activities.

4. Program Description

Legislative Auditing Activity: This activity includes the audit of the accounts of Canada, certain Crown corporations and other entities to meet legislative reporting requirements. This includes providing audit opinions on the summary financial statements of Canada and of certain Crown corporations and other entities and bringing to the attention of the House of Commons anything that the Auditor General considers to be significant.

The Legislative Auditing Activity consists of three sub-activities, described below.

Audits: This sub-activity includes all the audit work done by the Office. Each year, the Office conducts audits in departments and agencies. A major purpose of these audits is to enable the Auditor General to express an opinion on the summary financial statements of the Government of Canada. This annual work is carried out in accordance with generally accepted auditing standards. It includes various inquiries and tests of financial transactions, systems and controls and any other procedures considered necessary to enable the Auditor General to express his opinion on the government's summary financial statements.

Annual audits also assess departmental and agency compliance with legislative authority. Significant matters arising from the annual audit work are investigated and, as required by section 7(2) of the Auditor General Act, are reported to the House of Commons through audit notes in the Auditor General's annual Report.

The Auditor General also audits many Crown corporations and other entities. Annual audits support the Auditor General's opinion on the financial statements of these corporations.

Beginning in 1984-85, as a result of amendments to the Financial Administration Act, the Auditor General is required to report on quantitative information in Crown corporations' annual reports where he is the auditor. Another significant feature of these legislative changes requires the conduct of periodic special examinations in Crown corporations. Such special examinations are for the purposes of determining whether the systems and practices were maintained in such a manner as to provide reasonable assurance that the assets of the corporation and each wholly-owned subsidiary were safeguarded and controlled, the financial, human and physical resources of the corporation and each wholly-owned subsidiary were managed economically and efficiently, and the operations of the corporation and each subsidiary were carried out effectively.

The Auditor General reports the results of special examinations of those Crown corporations listed in Part I of Schedule C of the Financial Administration Act to the board of directors of the corporation, and, where he considers it appropriate, will report items of significance to the House of Commons.

Another part of the work carried out by the Office involves expressing annual audit opinions on the financial statements of the Yukon Territory and the Northwest Territories. The Auditor General is the auditor for these territories and conducts audit work for these governments and their related corporations.

Finally, on an annual basis, the Office carries out other audit work to provide audit opinions on financial statements or to issue other reports. For example, the Auditor General audits international organizations such as the International Civil Aviation Organization and the Northwest Atlantic Fisheries Organization.

In addition to carrying out the annual audits described above, the Auditor General conducts other audits in departments and agencies to fulfil the reporting requirements of section 7(2) of the Auditor General Act. An important focus of these audits is the consideration of value for money. Accordingly, cases are reported where departments or agencies have made expenditures without due regard to economy and efficiency, or where satisfactory procedures have not been established to measure and report the effectiveness of programs. The Office intends to carry out such audits in each major government entity and report the results at least once every five years. The Office also conducts audits on a government-wide basis when it is feasible and appropriate to examine issues common to a number of entities by means of a single audit project. Observations and recommendations resulting from these audits are reported in the Auditor General's annual Report.

Audit work is also conducted at the request of the Governor in Council on any matter relating to the financial affairs of Canada or to public property. As an example, the Auditor General audits the Oil Pricing and Compensation Programs.

Organizations audited receive management letters, when appropriate, that provide more detailed information to assist the entity in remedying deficiencies identified during the audit.

Professional and Methodology Development: This sub-activity is carried out in support of the Audits sub-activity and is intended to ensure the quality and consistency of audit work. Professional Development includes the training of staff and students in five broad areas -- accounting, EDP auditing, comprehensive auditing, management and communications, and orientation to the Office. Methodology Development includes developing and maintaining audit policies, managing the development of auditing methodology and conducting audit research.

Expenditures under the Professional and Methodology Development sub-activity also include the Office Library, which was previously reported under the Management Support sub-activity, and, the Office's annual contribution to the Canadian Comprehensive Auditing Foundation.

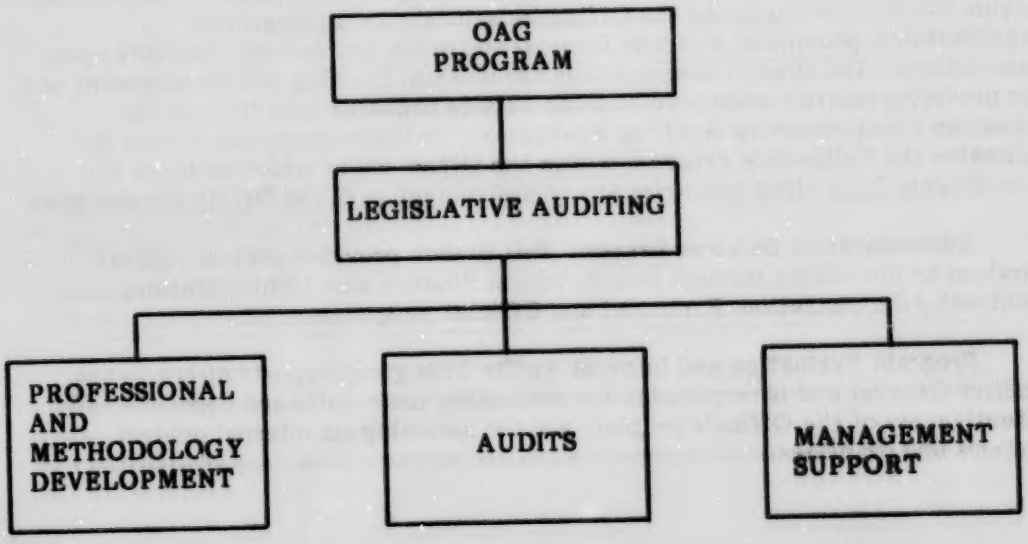
Management Support: This sub-activity includes the central support services in the areas of finance and administration, contract administration, personnel, and official languages. Also included under Management Support are the provision of direct support to the Auditor General; program evaluation and internal audit; writing, editing, and publishing information bulletins; and liaison with international and provincial Auditors General and other professional institutes and associations.

Expenditures under the Management Support sub-activity include the Office's annual grant to the International Organization of Supreme Audit Institutions. (See Section II, page 25, for details.)

5. Program Organization for Delivery

Activity Structure: The Legislative Auditing Activity consists of three sub-activities that best reflect how the Office of the Auditor General is working to meet its stated objective. An outline of the three sub-activities is presented in Figure 2.

Figure 2: Activity Structure



Organization Structure: During 1984, the Office was reorganized from four into three Branches as indicated in Figure 3. In addition to its Ottawa headquarters, Audit Operations has regional offices in Halifax, Montreal, Toronto, Winnipeg, Regina, Edmonton and Vancouver.

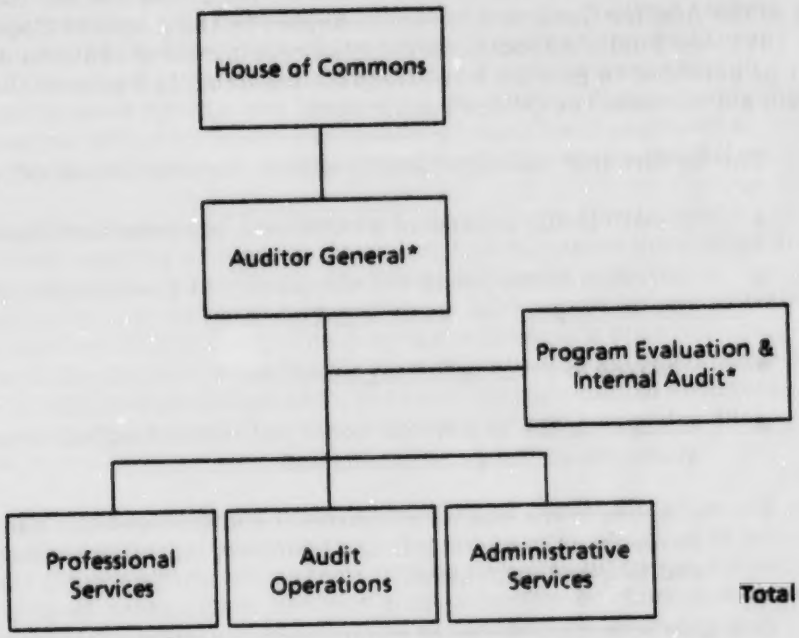
Audit Operations Branch: This is the largest Branch. During 1984 all audit activities of the Office were consolidated under this Branch. The Branch is now organized on an 'Audit Group' basis. This new basis provides an opportunity to more effectively utilize audit personnel on audit functions that have similar objectives, activities or linkages among government programs. Each Audit Group is the responsibility of an Assistant Auditor General or a Deputy Auditor General. The major responsibility of the Branch is to plan, conduct and report audits carried out in departments, agencies, certain Crown corporations and other entities. The staff located in the regional offices audit government organizations that have their headquarters in regional centres or that administer major portions of their programs in the region.

Professional Services Branch: As a result of reorganization in 1984, this Branch has now assumed most of the functions previously carried out by the Executive Office. It now includes the Office Library which was previously under Administrative Services Branch. The Branch provides professional support to Audit Groups and plays an important role in developing comprehensive audit methodology. It is responsible for the editorial review, translation and publishing of reports to Parliament. It provides parliamentary liaison; communications; legal advice for matters involving the Office; relations with international organizations, provincial Auditors General and other professional institutes and associations. The Branch is responsible for internal training and development and for providing related assistance to some outside organizations through the Canadian Comprehensive Auditing Foundation. In this regard, the Branch co-ordinates the Fellowship Program within the Office under which auditors and accountants from other countries are on assignment with the Office for one year.

Administrative Services Branch: This Branch provides central support services to the Office through four divisions: Finance and Administration, Contract Administration, Personnel and Official Languages.

Program Evaluation and Internal Audit: This group reports direct to the Auditor General and is responsible for evaluating the results and cost-effectiveness of the Office's program and for assessing its internal control systems and practices.

Figure 3: 1985-86 Resources by Organization/Activity



	Professional Services	Audit Operations	Administrative Services	Total
Legislative Auditing ($000)	4,309	30,397	8,262	42,968
Person-years:				
Headquarters	59	354	139	552
Regions		107		107
Total	59	461	139	659

* Estimated expenditures and nine person-years included in Administrative Services.

D. Planning Perspective

1. Environment

The responsibilities and authorities of the Office of the Auditor General are set out in the Auditor General Act. In its Report to the House of Commons on June 13, 1984, the Public Accounts Committee recommended that the Auditor General Act be amended to provide more frequent reporting to Parliament. This change would not increase the Office's audit work.

The factors that can significantly affect the work of the Office are:

- growth in the amount of government revenues and expenditures;
- increases in the scope and complexity of government operations and Crown corporation audit engagements;
- changes in government organization;
- changes in the nature and quality of accounting and reporting standards of the government; and
- changes in the quality of financial and management control systems in government departments and agencies, including the extent of internal auditing and evaluation.

One area where the scope of government operations has increased over the past few years is in Crown-owned entities. Moreover, as a result of amendments to the Financial Administration Act resulting from the passage of Bill C-24 effective September 1, 1984, additional responsibilities have been conferred on the Auditor General.

For example, by January 1, 1989, the Auditor General will be appointed auditor, or joint auditor, of a further 10 Crown corporations. The exact timing of these appointments, and therefore their impact on the Office's resources over the next several years, is not known at this time.

2. Initiatives

In addition to our usual audit activities, the Office has four major initiatives for 1985-86:

Crown Corporations: In 1984-85, the Office reported as one of its initiatives the need to continue to promote a better accountability framework for Crown corporations. With amendments to the Financial Administration Act coming into force on September 1, 1984, the Office will now be required to expand its audit work in those Crown corporations for which it is now, or will become, the auditor.

To prepare for these responsibilities, the Office is developing appropriate methodology and training programs and will be increasing the number of employees included in Crown corporation work (See pages 17 and 18).

Reporting: The Office will continue to promote the need for more timely reporting of comprehensive and other audits. By the time the Public Accounts Committee completes its consideration of the annual Report of the Auditor General, much of the information contained in it may be out of date. Should Parliament decide to make appropriate changes to the Auditor General Act, these changes will allow the Office to report the results of significant audits on a completion-date basis, with no additional increase in audit work to the Office.

EDP Financial Audits: Because of the increased use of computers in financial information systems, auditing of these systems requires increased knowledge and familiarity with computers. To meet the challenge of computer auditing, the Office will be initiating a program to hire additional EDP expertise and to train our professional auditors in this field. The program will require approximately 10 auditors per year to be transferred to the Computer Audit Group for training purposes. After their one-year assignment, they will be expected to return to their audit teams with the capabilities to undertake EDP systems audits (See pages 18 and 19).

OAG Organization: On September 4, 1984, the Office of the Auditor General streamlined its organization by consolidating all audit work in one Branch and establishing Audit Groups which will have continuous responsibility for various departments or subject areas. Over the next year, a number of changes will be made in the management information system to accommodate these changes.

The new organization will increase the responsibilities of Audit Groups and Assistant Auditors General to undertake audit work and enable Deputy Auditors General to devote more time to assisting the Auditor General to plan, manage and review work conducted by the Audit Operations Branch.

3. Program Effectiveness

The effectiveness of the work of the Office must be viewed in terms of its usefulness in assisting the House of Commons in the scrutiny of government programs and financial activities. The Public Accounts Committee (PAC) reviews the annual Report and selects certain sections to examine in detail. The Committee calls witnesses from the audited organizations and the Office, holds a series of hearings and, finally, reports to the House of Commons. The minutes of the hearings and the reports reflect the PAC's assessment of the significance of the matters contained in the annual Report. As well, the Committee's reports contain its recommendations on what the audited organization, central agencies or particular ministers should do in response to the Auditor General's observations.

To gauge its effectiveness, the Office carefully analyses the response of the PAC (and, indeed, of all members of the House of Commons) to the matters raised in the Auditor General's annual Report. This analysis is aimed at providing reasonable assurance to the Auditor General that matters considered by him to be significant were also viewed as such by Members of Parliament.

As well, periodic interviews are held with members and former members of the Public Accounts Committee to obtain their views on the usefulness of the information provided in the annual Report and to solicit suggestions on how the Report could be improved. For example, the members interviewed during 1981 and 1982, while expressing their basic satisfaction with the quality of the Report, were concerned about the timeliness of the audit information it contained.

As noted earlier, the Public Accounts Committee addressed this concern again during its deliberations in 1984. As a result, the Fifth Report of the PAC on June 13, 1984, recommended to the House of Commons that the Auditor General be empowered to report more often to the House of Commons. This recommendation would not increase the Office's audit work, but would allow more efficient and flexible reporting to Parliament.

Many of the matters contained in the annual Report of the Auditor General are in the nature of observed weaknesses in management systems and controls. Wherever possible, the Office makes recommendations addressing these deficiencies. Responsibility for taking corrective action lies with the management of the entity, but the Office has a professional responsibility to assess the extent to which management has responded to audit observations and recommendations. Through its follow-up work, the Office attempts to determine the degree to which reported weaknesses have been satisfactorily addressed and whether the recommendations from previous audits have produced benefits. These follow-up studies also reassess previous observations in the light of changed circumstances and clarify the status of matters previously reported in management letters.

Integral to the work of the Office are systems and controls designed to ensure adherence to professional standards in carrying out audit examinations. The audit Principal has the basic responsibility for ensuring that the audit is completed on time, within budget and according to the standards. Quality reviews are conducted by staff specialists to ensure that standards and procedures have been followed. Audit Advisory Committees provide advice to the Principals as the audits proceed. Deputy and Assistant Auditors General exercise final policy and quality control over all audits.

The audit work is also independently assessed through Post-audit Quality Reviews and feedback from audited organizations.

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4. Performance Information/Resource Justification

The resource needs of the Office for any one year depend on two variables:

- the number, size and complexity of the individual audits to be conducted during the year; and
- for each audit, the extent of the examination that will be necessary to satisfy the Office's audit and reporting standards.

The following paragraphs briefly describe the kinds of audits that are carried out, the scope and depth associated with each, and the impact of recent events on the Office.

Since the Auditor General provides an opinion annually on the Government's summary financial statements, some audit work must be conducted in each department and agency. Moreover, the other entities on whose financial statements the Auditor General reports are also subject to annual audits. All audit examinations that lead to expressing an opinion on financial statements must be extensive enough to satisfy the requirements of generally accepted auditing standards promulgated by the Canadian Institute of Chartered Accountants that must be adhered to whenever an auditor is engaged to provide an opinion on a set of financial statements. In addition to stipulating other requirements, the standards call for an appropriately organized study, evaluation, and testing of those internal controls on which the auditor subsequently relies in determining the nature, extent and timing of auditing procedures. The Office has an established information base representing the historical costs of carrying out the work needed to express opinions on financial statements and for verifying compliance with parliamentary authority to collect revenues and make expenditures. This information facilitates the budgeting process for this part of the mandate.

With the coming into effect of the amended Financial Administration Act in September 1984, an increase in the workload of the Office has occurred. This increase results from the need to audit and report on information contained in quarterly reports submitted by Treasury Board to Parliament pursuant to Section 153.1(2); to conduct special examinations in Crown corporations at least once every five years, pursuant to Section 143; and, when required to do so, to attest to the accuracy of quantitative information contained in Crown corporations' annual reports pursuant to Section 139(1)(b).

The amended Act also has a significant impact on the required staffing and planning for its implementation. This will involve revising existing, and developing new methodologies and approaches to auditing under the new requirements of the Financial Administration Act.

The Office will absorb 25 percent of the additional person-year requirements for Crown Corporations by redeploying and increasing efficiency of existing resources. To cope with the remainder, the Office will require a budgetary increase of $788,000 in 1985-86 (including salary costs of $501,000 and nine person years).

Annual attest work will be carried out in 33 Crown corporations in 1985-86, and special examination work will be started in nine Crown corporations. Present plans call for special examinations to be completed or underway in over 30 Crown corporations by 1989-90.

As mentioned earlier, the Auditor General will be the appointed auditor or joint auditor of a further 10 Crown corporations by January 1, 1989. It is likely that such appointments will be phased in over the period to January 1, 1989, and will, depending on their timing, result in requirements for additional resources in the intervening period. However, the extent and timing of such additional requirements cannot be forecast with any accuracy at this time.

In addition to increased responsibilities in Crown corporations, the Office will be required to increase its EDP auditing capabilities. Electronic Data Processing (EDP) in society is growing at an almost exponential rate. Growth in this area is also apparent in the day-to-day operations of government. Virtually all financial systems in the government involve automation. With the advent of microcomputers and their networking capabilities, the input, processing and accessing of financial data are becoming even more decentralized and widespread throughout the government of Canada and it's Crown corporations.

Faced with auditing these increasingly sophisticated systems the Office has attempted to respond by bringing together about 20 EDP specialist auditors and technical support people into a core unit. This has not been sufficient to meet the demand for this type of work, even though it has provided a base of experience and methodology. Overall, we believe we are not today achieving an adequate quantity of audit work in this area.

As evidenced by developments in the private sector, in the United States General Accounting Office and through standards set by the Canadian Institute of Chartered Accountants, it is now recognized that in today's environment essentially every auditor must possess and be able to apply a working knowledge of EDP in auditing computerized financial systems. Large public accounting firms are spending millions of dollars to train their staff, develop audit software and supply their auditors with computers.

Accordingly, as mentioned under "Initiatives" (see page 15), in 1985-86, the Office is launching a program of intensive training in EDP auditing. This program will require training about 10 EDP audit apprentices per year, over five years.

In addition to this EDP auditor apprenticeship program, it is necessary to expand our central capability so that we can develop and give courses, provide on-the-job supervision of EDP audit apprentices, develop improved software to allow EDP equipment to aid in the conduct of audit work, provide the expanded programming support to the audit teams, and to research and introduce new EDP auditing techniques and facilities.

It is planned to phase-in most of this program over the next three years. To do this, the Office will add 25 auditors over this period. Ten auditors will be hired in 1985-86 to begin the program, at a cost of $445,000.

To support the implementation of this program, additional non-salary costs of about $774,000 will be required for:

- training courses for senior staff and line auditors;
- rental of computer time at off-site service bureaux and other government departments;
- short-term contract assistance for research and development of EDP audit tools and techniques.

As noted earlier, a number of audits carried out to meet the requirements of section 7(2) of the Auditor General Act focus primarily on identifying instances where departments and agencies have either spent money without due regard to economy or efficiency or have not established satisfactory procedures for measuring the effectiveness of programs. As the size, nature and complexity of operations vary considerably from department to department, the Office carries out analyses to identify and address the most important issues and to ensure that audit resources are applied only to matters of significance.

The Office considers all pertinent factors in deciding what to audit. The following are some of the factors that are considered:

- the significance of a program or activity in terms of the amount of expenditures or revenues, the investment in assets, or public impact;
- the extent of recent work carried out by the Office or other auditors;
- the length of time that given programs or activities have existed;
- public or parliamentary interest in an activity; and
- the opportunity to help parliamentarians in examining expenditures, revenues and operations.

These audits must be extensive enough to satisfy the standards and procedures contained in the Office's Comprehensive Auditing Manual and related Audit Guides and Accounting and Auditing Bulletins. The standards and procedures have been developed with assistance from recognized professional bodies.

Audit Principals are responsible for planning these audits and establishing budgets for them. Principals consider the cost of similar audit work done in the past, the availability of suitable methodology and skilled personnel, and the nature and significance of the potential audit issues.

To ensure that audit plans and budgets have been properly established, they are "challenged" by the Assistant Auditors General and Deputy Auditors General. The challenge process is to ensure that the Office's resource requirements are reasonable and that the audits carried out will permit the Auditor General to satisfy the requirements of his Act economically, efficiently and effectively. The resources required for a specific audit may vary considerably from initial estimates, depending on the conditions found in the audited organization. Control points throughout the audit are used to review the audit work and to reassess resource requirements and utilization.

Appropriate staff training and development are necessary to carry out audits. As auditing methods evolve and experience is gained, the knowledge must be communicated to staff. Doing so helps to ensure that they are using the latest and most effective audit techniques and that the Office receives value for the money spent on auditing.

Figure 4 shows the relationship between the number of audits planned and the resources required. (See Section II, pages 31 and 32 for the list of audits.)

Figure 4: 1985-86 Resource Requirements by Sub-Activity

	Planned no. of Audits		Main Estimates ($000)		% of Total	
	1985-86	1984-85	1985-86	1984-85	1985-86	1984-85
1. Audits						
Annual audits conducted to express an opinion on the Summary Financial Statements of Canada	86	70	10,292	8,845	23.9	21.8
Audits conducted to report section 7(2) matters (A.G. Act), with major focus on value-for-money issues	38	45	11,750	12,370	27.4	30.5
Annual audits of Crown corporations and other entities	92	88	8,958	7,865	20.8	19.3
Special examinations conducted in Crown corporations persuant to section 143 (FAA)	9	-	775	-	1.8	-
Other audit work	-	1	-	155	-	0.4
Audits sub-total	223	204	31,775	29,235	73.9	72.0
2. Professional and Methodology Development			3,928	3,250	9.2	8.0
3. Management Support			7,265	8,119	16.9	20.0
TOTAL			42,968	40,604	100.0	100.0

Notes to Figure 4:

1. The average cost of audits cannot be determined by dividing the requested resources by the number of planned audits, because many audits extend over more than one year. The total cost includes work completed during the current year, work in progress, and follow-up of previous years' work.

2. The cost shown for each area under the Audits sub-activity is based on estimates prior to starting the audit work. Actual costs may vary depending on conditions found in the audited organization.

3. During 1984 the Office was re-organized to consolidate all audit activities. As a result of this reorganization, the Office Library is now reported as part of the Professional and Methodology Development sub-activity. In 1984-85, the cost of the Library (approx. $360,000) was reported under the Management Support sub-activity.

4. Separate classification of certain audits and the addition of new audits, such as special examinations in Crown corporations, account for an increase of 19 audits over 1984-85. In addition, other audit work, listed separately in 1984-85, is now included with annual audits of Crown corporations and other entities.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	27,723	24,499	22,848
Contribution to Employee Benefit Plans	3,820	3,369	3,223
	31,543	27,868	26,071
Goods and Services			
Transportation and Communications	2,525	2,708	2,535
Information	106	125	123
Professional and Special Services	7,112	7,527	6,747
Rentals	238	242	220
Purchased Repair and Upkeep	103	224	163
Utilities, Materials and Supplies	471	558	569
All other expenditures	10	4	4
	10,565	11,388	10,361
Total operating	42,108	39,256	36,432
Capital			
Construction or Acquisition of Machinery and Equipment	450	631	743
Transfer payments	410	358	337
Total expenditures	42,968	40,245	37,512

2. Personnel Expenditures

Figure 6: Planned Person-Years and Salary Provision

	Planned Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Auditor General	1	1	1	-	103,000
Management	156	155	144	46,850-96,300	64,982
Scientific and Professional					
Auditing	259	235	164	27,934-68,070	39,069
Library Science	4	4	4	19,782-50,712	29,950
Other	-	-	1	-	
Administrative and Foreign Service					
Administrative Services	28	30	24	13,912-57,987	33,535
Computer Systems Administration	12	9	6	18,766-61,433	32,956
Financial Administration	10	20	69	13,853-57,980	33,535
Information Services	4	-	-	13,579-57,980	39,965
Organization and Methods	20	18	15	13,520-57,980	35,258
Personnel Administration	16	14	11	13,330-63,870	42,681
Other	2	5	4	12,766-57,980	36,432
Technical					
Drafting and Illustration	3	2	2	15,557-40,310	25,037
General Technical	2	2	2	12,635-55,682	28,670
Administrative Support					
Clerical and Regulatory	94	85	82	12,932-31,743	21,930
Data Processing	1	2	1	13,352-37,130	22,214
Secretarial, Stenographic and Typing	47	58	55	12,636-31,946	22,297
Operational					
General Labour and Trades	-	-	2	-	-
General Services	-	-	1	-	-

Notes to Figure 6:

The OAG is a separate employer and has different classifications for management. Management also includes Executive Interchange personnel.

The person-year columns display the forecast distribution of the planned person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

The increase in person-years for 1985-86 is a result of additional audit services to be provided by the Office. These emanate from amendments to the Financial Administration Act that require the Office to expand the scope of its annual audit work in Crown corporations subject to the Financial Administration Act, as well as to implement special examinations (value-for-money audits) in these corporations. In addition, there is a requirement to expand the Office's EDP auditing capabilities.

3. Transfer Payments

Figure 7: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grant:			
International Organization of Supreme Audit Institutions	4	4	-
Contribution:			
Canadian Comprehensive Auditing Foundation	406	354	337

Grant: The International Organization of Supreme Audit Institutions (INTOSAI) is a non-governmental body open to any country which is a member of the United Nations Organization or one of its specialized and approved agencies. Its objective is to promote, between member countries, the exchange of ideas and experience in the field of public accounting and financial control. Canada is represented by the Office of the Auditor General. Membership and participation in INTOSAI carries with it an obligation to contribute financial assistance to the Organization in accordance with an orderly schedule of assessments.

Contribution: The Canadian Comprehensive Auditing Foundation, incorporated in 1980, operates as a co-operative agency in carrying out fundamental and applied auditing research and provides a forum for exchanging and disseminating comprehensive audit information among professional associations. It also acts as an advisory body to governments and provides professional development programs to teach methodology to comprehensive auditing professionals.

The contribution represents an amount equal to a sustaining membership fee for the Office of the Auditor General.

B. Cost Analysis

Figure 8: Program Costs ($000)

	1985-86 Expenditures	Other Costs to be added*	Less: Receipts Credited to Revenue	Net Total Cost	Total 1984-85
Auditor General Program	42,968	3,591	170	46,389	44,303

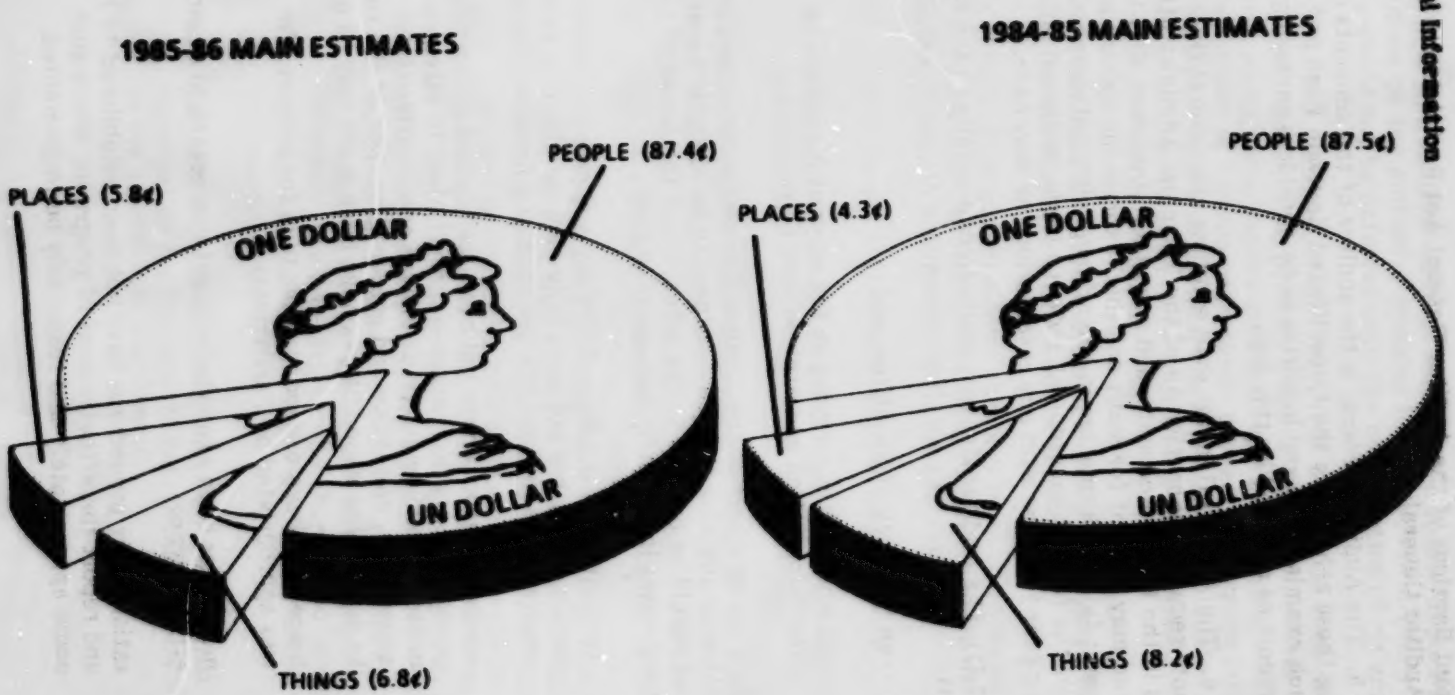
*Other costs consist of: ($000)

- accommodation provided without charge by Public Works; 3,096
- other services provided without charge by other departments. 495

Revenue Consists of:

- services and service fees (auditing services rendered to international organizations) $ 136
- non-tax revenue (refund of previous years' expenditure) $ 34

OFFICE OF THE AUDITOR GENERAL
1. WHERE THE MONEY GOES: PEOPLE, PLACES & THINGS



(PEOPLE = SALARIES & BENEFITS, EXECUTIVE INTERCHANGE, SHORT-TERM CONTRACTS)
(PLACES = TRAVEL & RELOCATION)
(THINGS = SUPPLIES, CONTRIBUTIONS, ETC.)

Significant Sections of the Auditor General Act Pertaining to the Mandate of the Auditor General

Section 5. The Auditor General is the auditor of the accounts of Canada, including those relating to the Consolidated Revenue Fund and as such shall make such examinations and inquiries as he considers necessary to enable him to report as required by this Act.

Section 6. The Auditor General shall examine the several financial statements required by section 55 of the Financial Administration Act to be included in the Public Accounts, and any other statement that the Minister of Finance may present for audit and shall express his opinion as to whether they present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have.

Section 7.(1) The Auditor General shall report annually to the House of Commons

(a) on the work of his office; and

(b) on whether, in carrying on the work of his office, he received all the information and explanations he required.

Section 7.(2) Each report of the Auditor General under subsection (1) shall call attention to anything that he considers to be of significance and of a nature that should be brought to the attention of the House of Commons, including any cases in which he has observed that

(a) accounts have not been faithfully and properly maintained or public money has not been fully accounted for or paid, where so required by law, into the Consolidated Revenue Fund;

(b) essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property, to secure an effective check on the assessment, collection and proper allocation of the revenue and to ensure that expenditures have been made only as authorized;

(c) money has been expended other than for purposes for which it was appropriated by Parliament;

(d) money has been expended without due regard to economy or efficiency; or

(e) satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented.

Section 8.(1) The Auditor General may make a special report to the House of Commons on any matter of pressing importance or urgency that, in his opinion, should not be deferred until the presentation of his annual report.

Section 11. The Auditor General may, if in his opinion such an assignment does not interfere with his primary responsibilities, whenever the Governor in Council so requests, inquire into and report on any matter relating to the financial affairs of Canada or to public property or inquire into and report on any person or organization that has received financial aid from the Government of Canada or in respect of which financial aid from the Government of Canada is sought.

Significant Sections of Part XII of the Financial Administration Act Pertaining to the Mandate of the Auditor General

Section 139.(1) Each parent Crown corporation shall cause an annual auditor's report to be prepared, in respect of itself and its wholly-owned subsidiaries, if any, in accordance with the regulations, on

(a) the financial statements referred to in Section 138; and

(b) any quantitative information required to be audited pursuant to sub-section (5).

Section 139.(2) A report under subsection (1) shall be addressed to the appropriate Minister and shall

(a) include separate statements, whether in the auditor's opinion,

(i) the financial statements are presented fairly in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year,

(ii) the quantitative information is accurate in all material respects and, if applicable, was prepared on a basis consistent with that of the preceding year, and

(iii) the transactions of the corporation and of each subsidiary that have come to his notice in the course of his examination for the report were in accordance with this Part, the regulations, the charter and by-laws of the corporation or subsidiary and any directive given to the corporation; and

(b) call attention to any other matter falling within the scope of his examination for the report that, in his opinion, should be brought to the attention of Parliament.

Section 141.(2) On and after January 1, 1989, the Auditor General of Canada shall be appointed by the Governor in Council as the auditor, or a joint auditor, of each parent Crown corporation named in Part I of Schedule C, unless the Auditor General waives the requirement that he be so appointed.

Section 143.(1) Each parent Crown corporation shall cause a special examination to be carried out, in respect of itself and its wholly-owned subsidiaries, if any, to determine if the systems and practices referred to in paragraph 138(1)(b) were, in the period under examination, maintained in a manner that provided reasonable assurance that

(a) the assets of the corporation and each subsidiary were safeguarded and controlled; and

(b) the financial, human and physical resources of the corporation and each subsidiary were managed economically and efficiently and the operations of the corporation and each subsidiary were carried out effectively.

Section 143.(2) A special examination shall be carried out at least once every five years and at such additional times as the Governor in Council, the appropriate Minister or the board of directors of the corporation to be examined may require.

Section 145. The auditor or examiner of a Crown corporation may at any time consult the Auditor General of Canada on any matter relating to his audit or special examination and shall consult the Auditor General with respect to any matter that, in the opinion of the auditor or examiner, should be brought to the attention of Parliament pursuant to paragraph 139(2)(b) or subsection 143(10) or (11).

Section 153.1(1) The President of the Treasury Board shall cause to be laid before each House of Parliament a copy of a report indicating, in respect of each quarter of each calendar year, the summaries and annual reports that under this Part were to be laid before that House in the quarter, the time at, before or within which they were to be laid and the time they were laid.

Section 153.1(2) The accuracy of the information contained in each quarterly report shall be attested by the Auditor General of Canada in his annual report to Parliament.

In addition to the above, it should be noted that to the extent he considers practicable, the Auditor General will rely on the internal audit of the corporation being audited.

3. 1980-81 LIST OF AUDITS

By OAG Audit Group

	Audit Type* 1	2	3
TRANSPORT, DEFENCE and FOREIGN AFFAIRS			
ARMY SERVICEMEN'S FUND			X
CANADIAN ARMY WELFARE FUND			X
CANADIAN AVIATION SAFETY BOARD	X		
CANADIAN COMMERCIAL CORPORATION			X
CANADIAN FORCES PENSIONS, ASSISTANCE FUND			X
CANADIAN INSTITUTE FOR PEACE AND SECURITY			X
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY	X		
CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LIMITED			X
CANADIAN TRANSPORT COMMISSION	X	X	
DEFENCE CONSTRUCTION (1951) LIMITED			X
DEPARTMENT OF EXTERNAL AFFAIRS	X	X	
DEPARTMENT OF NATIONAL DEFENCE	X	X	
DEPARTMENT OF TRANSPORT	X	X	
EXPORT DEVELOPMENT CORPORATION			X
FINANCIAL MANAGEMENT STUDY		X	
GERMAN AIR FORCE TRAINING-IN-CANADA PROGRAM			X
GERMAN ARMY TRAINING ESTABLISHMENT SERVICE PROGRAM			X
GREAT LAKES PILOTAGE AUTHORITY, LTD			X
INTERNATIONAL DEVELOPMENT RESEARCH CENTRE			X
INTERNATIONAL JOINT COMMISSION	X		
OFFICE OF THE GRAND TRANSPORTATION AGENCY ADMINISTRATOR	X		
ROYAL CANADIAN AIR FORCES SERVICE KIT FUND			X
SELF-DEPENDING AIRPORTS AND ASSOCIATED GROUND SERVICES REVOLVING FUND	X		
THE ROYAL CANADIAN NAVAL SERVICEMEN'S FUND			X
THE ST. LAWRENCE SEAWAY AUTHORITY			X
THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LIMITED			X
EMPLOYMENT, CULTURAL AND JUSTICE AND LEGAL			
ADVISORY COUNCIL ON STATUS OF WOMEN	X		
CANADA COUNCIL		X	X
CANADA EMPLOYMENT AND IMMIGRATION COMMISSION	X	X	
CANADA LABOUR RELATIONS BOARD	X		
CANADIAN HUMAN RIGHTS COMMISSION	X		
CANADIAN PENITENTIARY SERVICE	X	X	
CANADIAN SECURITY INTELLIGENCE SERVICE	X		
DEPARTMENT OF EMPLOYMENT AND IMMIGRATION	X		
DEPARTMENT OF JUSTICE	X	X	
DEPARTMENT OF LABOUR	X		
DEPARTMENT OF THE SECRETARY OF STATE OF CANADA	X	X	
DEPARTMENT OF THE SOLICITOR GENERAL	X		
FEDERAL COURT OF CANADA	X		
IMMIGRATION APPEAL BOARD	X		
LAND REFORM COMMISSION OF CANADA	X		
NATIONAL ARTS CENTRE CORPORATION			X
NATIONAL LIBRARY OF CANADA	X		
NATIONAL MUSEUMS OF CANADA			X
NATIONAL PAROLE BOARD	X		
OFFICE OF THE COMMISSIONER FOR FEDERAL JUDICIAL AFFAIRS	X		
OFFICE OF THE COMMISSIONER OF OFFICIAL LANGUAGES	X		
OFFICE OF THE COORDINATOR, STATUS OF WOMEN	X		
OFFICES OF THE INFORMATION AND PRIVACY COMMISSIONERS	X		
PUBLIC ARCHIVES OF CANADA	X		
PUBLIC SERVICE COMMISSION	X	X	
ROYAL CANADIAN NAVY			X
ROYAL CANADIAN MOUNTED POLICE	X		
ROYAL CANADIAN MOUNTED POLICE DISTRIBUTE TRUST FUND			X
ROYAL CANADIAN MOUNTED POLICE (SUPPLEMENTED) PENSION FUND			X
SENTENCING COMMISSION	X		
SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL			X
SUPREME COURT OF CANADA	X		
TAX COURT OF CANADA	X		
UNEMPLOYMENT INSURANCE ACCOUNT			X

	Audit Type* 1	2	3
ECONOMIC DEVELOPMENT, SCIENCE AND TECHNOLOGY			
AGRICULTURAL PRODUCTS BOARD			X
AGRICULTURAL STABILIZATION BOARD			X
CANADIAN DAIRY COMMISSION			X
CANADIAN DEVELOPMENT INVESTMENT CORPORATION			X
CANADIAN GRAIN COMMISSION			X
CANADIAN PATENTS AND DEVELOPMENT LIMITED			X
CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION	X		X
CANAGREX			
CAPE BRETON DEVELOPMENT CORPORATION	X		
COMMISSION OF INQUIRY ON THE CANADIAN SEALING INDUSTRY	X		
COMMISSION OF INQUIRY ON THE PHARMACEUTICAL INDUSTRY	X		
COMMISSION OF INQUIRY INTO MARKETING PRACTICES FOR THE POTATO INDUSTRY IN EASTERN CANADA	X		
DEPARTMENT OF AGRICULTURE	X	X	
DEPARTMENT OF COMMUNICATIONS	X		
DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS	X	X	
DEPARTMENT OF THE ENVIRONMENT	X	X	
DEPARTMENT OF FISHERIES AND OCEANS	X	X	
DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION	X	X	
ECONOMIC COUNCIL OF CANADA			X
FARM CREDIT CORPORATION			X
FEDERAL BUSINESS DEVELOPMENT BANK	X		
FISHERIES PRICES SUPPORT BOARD			X
FOREIGN INVESTMENT REVIEW AGENCY	X		
FRESHWATER FISH MARKETING CORPORATION			X
IMPAC FOLLOW-UP		X	
INTERNATIONAL FISHERIES COMMISSIONS PENSION SOCIETY			X
MINISTRY OF STATE FOR SCIENCE AND TECHNOLOGY	X		
NATIONAL RESEARCH COUNCIL OF CANADA	X		
NATURAL SCIENCES AND ENGINEERING RESEARCH COUNCIL			X
RESTRICTIVE TRADE PRACTICES COMMISSION	X		
SCIENCE COUNCIL OF CANADA			X
STANDARDS COUNCIL OF CANADA			X
WESTERN GRAIN STABILIZATION BOARD	X		
YEAR-END EXPENDITURES		X	
ENERGY, AND NORTHERN DEVELOPMENT			
ATOMIC ENERGY CONTROL BOARD	X		
CANADA HARBOUR PLACE CORPORATION			X
CANADA OIL AND GAS LANDS ADMINISTRATION	X		
COMPENSATION FUND (YUKON TERRITORY)			X
DEPARTMENT OF ENERGY, MINES AND RESOURCES	X	X	
DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT	X	X	
GOVERNMENT OF THE NORTHWEST TERRITORY			X
GOVERNMENT OF THE YUKON TERRITORY			X
MARKET DEVELOPMENT INCENTIVE PAYMENTS			X
NATIONAL ENERGY BOARD	X		
NATIONAL ENERGY BOARD (SCHEDULES OF COSTS RECOVERABLE)			X
NORTHERN CANADA POWER COMMISSION			X
NORTHERN PIPELINE AGENCY			X
NORTHWEST TERRITORIES HOUSING CORPORATION			X
NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM			X
OIL EXPORT CHARGE, REVENUE SHARING			X
OIL PRICING AND COMPENSATION PROGRAMS			X
PACIFIC PILOTAGE AUTHORITY			X
PETRO-CANADA (APPROPRIATION)	X		
PETROLEUM MONITORING AGENCY			X
URANIUM CANADA LIMITED			X
VANCOUVER PORT CORPORATION			X
WORKERS COMPENSATION BOARD (NORTHWEST TERRITORIES)			X
YUKON HOUSING CORPORATION			X
YUKON LIQUOR CORPORATION			X

	Audit Type* 1	2	3
GOVERNMENT SERVICES			
CANADA LANDS COMPANY LIMITED			X
CANADA MUSEUMS CONSTRUCTION CORPORATION INC			X
CANADIAN CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY			X
CROWN ASSETS DISPOSAL CORPORATION			X
DEFENCE PRODUCTION REVOLVING FUND	X		
DEPARTMENT OF PUBLIC WORKS	X		
DEPARTMENT OF SUPPLY AND SERVICES (SERVICES)	X	X	
DEPARTMENT OF SUPPLY AND SERVICES (SUPPLY)	X	X	
NATIONAL CAPITAL COMMISSION			X
STATISTICS CANADA	X		
PROTECTION OF PUBLIC ASSETS		X	
REVENUE, FINANCE AND HEALTH AND WELFARE			
ANTI-DUMPING TRIBUNAL	X		
ATLANTIC PILOTAGE AUTHORITY			X
AUDIT OF PENSION ADMINISTRATION IN THE FEDERAL GOVERNMENT		X	
CANADA DEPOSIT INSURANCE CORPORATION			X
CANADA PENSION PLAN ACCOUNT AND CANADA PENSION INVESTMENT FUND			X
CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT	X		
CANADIAN SALTFISH CORPORATION			X
DEPARTMENT OF FINANCE	X		
DEPARTMENT OF INSURANCE	X	X	
DEPARTMENT OF NATIONAL HEALTH AND WELFARE	X	X	
DEPARTMENT OF NATIONAL REVENUE (CUSTOMS & EXCISE)	X	X	
DEPARTMENT OF NATIONAL REVENUE (TAXATION)	X	X	
EXCHANGE FUND ACCOUNT			X
FEDERAL-PROVINCIAL RELATIONS OFFICE	X		
GOVERNOR GENERAL	X		
GOVERNMENT ANNUITIES ACCOUNT	X		
HOUSE OF COMMONS	X		
INSPECTOR GENERAL OF BANKS	X		
LIBRARY OF PARLIAMENT	X		
LOTO CANADA INC			X
MEDICAL RESEARCH COUNCIL			X
MUNICIPAL DEVELOPMENT AND LOAN BOARD			X
NORTHWEST ATLANTIC FISHERIES ORGANIZATION			X
OFFICE OF THE CHIEF ELECTORAL OFFICER	X		
PARLIAMENTARY RESTAURANT			X
PRIME MINISTER'S OFFICE	X		
PRIVY COUNCIL OFFICE	X		
PROVINCIAL TASK FORCE			X
PUBLIC SERVICE STAFF RELATIONS BOARD	X		
QUEEN ELIZABETH II CANADIAN RESEARCH FUND			X
TARIFF BOARD	X		
TAX EXPENDITURE OVERVIEW		X	
THE SENATE	X		
TREASURY BOARD (OFFICE OF THE COMPTROLLER GENERAL)	X		
TREASURY BOARD (SECRETARIAT)	X		
VETERANS AFFAIRS	X		
CROWN CORPORATIONS			
ATOMIC ENERGY OF CANADA LIMITED			X
CANADA MORTGAGE AND HOUSING CORPORATION (APPROPRIATION)	X		
CANADA POST CORPORATION			X
CANADIAN BROADCASTING CORPORATION			X
CBC PENSION BOARD OF TRUSTEES			X
OTTAWA GENERAL HOSPITAL (AECL)			X
SHARED ENTERPRISES STUDY		X	

	Audit Type* 1	2	3
MONTREAL REGION			
CANADA LANDS COMPANY (Le Vieux-Port de Montréal) LIMITED			X
CANADA LANDS COMPANY (MIRABEL) LIMITED			X
CANADA LANDS COMPANY (Vieux-Port de Québec) INC			X
CANADIAN ARSENALS LIMITED			X
CANADIAN FILM DEVELOPMENT CORPORATION			X
CANADIAN LIVESTOCK FEED BOARD			X
INTERNATIONAL CIVIL AVIATION ORGANIZATION			X
LAURENTIAN PILOTAGE AUTHORITY			X
NATIONAL BATTLEFIELDS COMMISSION			X
NATIONAL FILM BOARD		X	X
TELEGLOBE CANADA			X
THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED			X
HUMAN RESOURCE MANAGEMENT			
STAFFING AUDIT		X	
SPECIAL PROJECTS - FEDERAL GOVERNMENT REPORTING			
FEDERAL GOVERNMENT REPORTING STUDY		X	
EFFECTIVENESS			
EFFECTIVENESS MONITORING		X	
EFFICIENCY AND CAPITAL PROJECTS			
CAPITAL PROJECTS		X	
EFFICIENCY		X	
TOTAL NUMBER OF AUDITS:	85	36	52

In addition to the above audits, Special Examinations will be started in nine Crown corporations.

* AUDIT TYPE

1. Annual Audits conducted to express an opinion on the Financial Statements of Canada
2. Audits conducted to report matters with major focus on value-for-money issues (sec. 7(2)).
3. Annual Audits of Crown Corporations and other Entities

Canada Labour Relations Board

1985–86 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canada Labour Relations Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts. This is provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more detail on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

The Canada Labour Relations Board requests authority to spend $5,419,000 on its operations during the 1985-86 fiscal year. The remaining expenditures, estimated at $562,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canada Labour Relations Board		
10	Program expenditures	5,419	5,086
(S)	Contributions to employee benefit plans	562	488
	Total Program	5,981	5,574

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canada Labour Relations Board	
10	Canada Labour Relations Board - Program expenditures	5,419,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Canada Labour Relations Board	104	5,950	31	5,981	5,574

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 10 - Canada Labour Relations Board - Program Expenditures	4,611,000	4,992,000	4,960,096
Statutory - Contributions to employee benefit plans	460,000	512,000	512,000
Total Program	5,071,000	5,504,000	5,472,096

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The following goals have been established for 1985-86:

- to reduce the present backlog of cases which has been rising drastically in the last three years (see page 13);
- to finalize the development and implementation of an automated case management and information retrieval system (see page 13);
- to provide for more effective processing of applications and complaints at the investigation and mediation stages (see page 13).

2. Financial Summary

Funding requirements for the Canada Labour Relations Board for both the Estimates and the current fiscal year are presented in Figure 1.

Figure 1: Financial Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Canada Labour Relations Board	5,981	5,982	(1)
Authorized person-years	104	104	-

Explanation of 1984-85 Forecast: The 1984-85 forecast is $408 thousand or 7.3% higher than the 1984-85 Main Estimates of $5.574 million (see Extracts from Part II of the Estimates, page 4). The difference is due to the following items approved by Supplementary Estimates:

	($000)
• start up cost of a case management and information retrieval system	301
• increase of three person-years due to workload	107

B. Recent Performance

1. Highlights

The prompt disposition of cases involving parties with conflicting interests is of primary importance in industrial relations; to meet this challenge, the Board has since 1983-84:

- provided staff in five regional offices with the necessary expertise and authority to respond to any application, complaint or submission filed in the regions (see page 14); and
- delegated Registrar functions to all Regional Directors (see page 14).

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Canada Labour Relations Board	5,472	5,071	401

The difference between actual expenditures and the Main Estimates resulted from the following items approved by Supplementary Estimates:

	($ 000)
• increased contribution payments to employee benefit plans	52
• increase due to recording and transcribing hearings caused by the impact of the Charter of Rights, complex geographical certifications and increased judicial review cases both at the federal level and in the provincial courts	120
• increase in operating and person-years due to increased workload (see page 14)	229

C. Background

1. Introduction

Jurisdiction over labour matters in Canada is subject to divisions between the federal and provincial governments. Although the power to legislate in the field of labour relations is primarily the constitutional responsibility of the provinces, the federal government also has constitutional authority originally vested in the British North America Act to enact labour legislation within its own jurisdiction.

The Canada Labour Code applies to approximately 600,000 employees across Canada who work for an industry or enterprise which is considered a federal work, undertaking or business. These industries include interprovincial or international rail, road and pipeline transportation, shipping and related services, air transportation, interprovincial and international telecommunications, banks and certain Crown corporations. Also included are industries declared by Parliament to be for the general advantage of Canada, such as uranium mining. Finally, all works, undertakings and businesses in the Yukon and the Northwest Territories are under federal labour jurisdiction.

The Canada Labour Relations Board is a quasi-judicial body with statutory powers pertaining to the administration of Part V of the Canada Labour Code which deals with industrial relations. The Board also acts under Part IV of the Code hearing appeals against safety rulings in cases where imminent danger has been alleged. It also rules on complaints by employees that they have been discriminated against or punished for exercising their rights in relation to safety.

While the Minister of Labour has general responsibility for the Canada Labour Code, the functions of the Board are outlined under Program Description which follows. The Board has departmental status with the supervising agencies and its budget is submitted through the Minister of Labour who also tables in the House the Annual Report of the Board.

2. Legal Mandate

The Canada Labour Relations Board's mandate is based on the authority and responsibility assigned to it under the Canada Labour Code (R.S. 1970, c. L-1 and as amended by S.C. 1972, c. 18, 1977-78, c.27, 1980-81-82, cc.47, 121 and 1983-84, cc.39, 40).

3. Program Objective

The basic objective of the Canada Labour Relations Board is to contribute to and promote effective industrial relations in any work, undertaking or business that falls within the authority of the Parliament of Canada.

4. Program Description

In order to fulfill its mandate, the Board is tasked with the following major responsibilities:

- the exercise of statutory powers relating to bargaining rights and their structuring;
- the investigation, mediation and adjudication of complaints alleging contraventions of provisions of the Canada Labour Code;
- the interpretation of technological change provisions affecting the terms, conditions and security of employees and the exercise of ancillary remedial authority;
- the exercise of cease and desist powers in cases of unlawful strike or lockout;
- the review of decisions relating to safety that are referred to the Board;
- the settling of terms of first collective agreements; and
- the provision of administrative services to these ends.

5. Program Organization for Delivery

Activity Structure: The Program has only one activity encompassing all aspects of its operation.

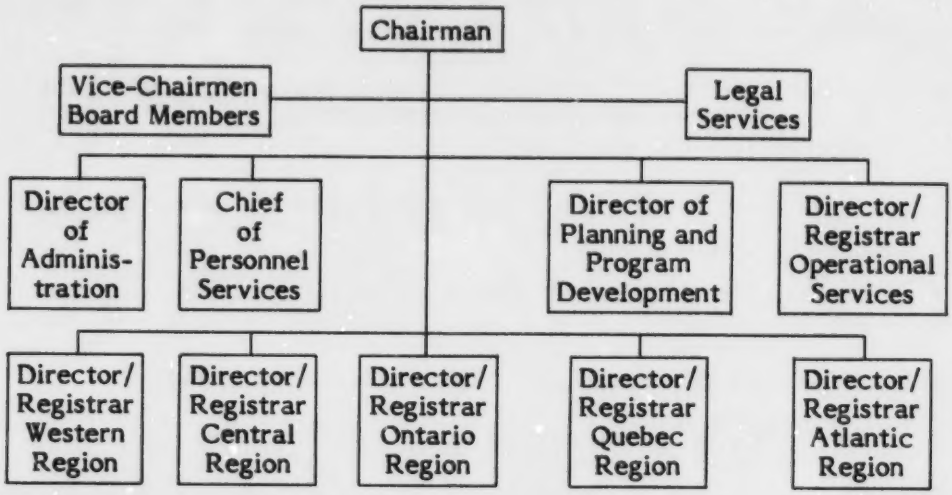
Organization Structure: As shown in Figure 3, the Board is made up of Members appointed by the Governor-in-Council. The Canada Labour Code provides for a Chairman, from one to five Vice-Chairmen and from four to eight Board Members. The Chairman is also the Chief Executive Officer and reports directly to Parliament through the Minister of Labour. Terms for those on the Board are up to five years for Board Members and up to ten years for the Chairman and each Vice-Chairman.

The Members of the Board are full-time appointees with experience and knowledge of industrial relations and labour law. Although they are based in Ottawa, the hearings are conducted across the country. (Although the Code was amended in 1984 to provide for the appointment of part-time Board Members to deal with safety cases under Part IV of the Code, no such part-time appointments have been made or requested. The corresponding amendments to Part IV of the Code were also enacted in Bill C-34 in 1984 but have not yet been proclaimed.)

The Headquarters of the Board, which encompasses Registrar functions, Administration, Records, Statistics, Library, Research, Legal and Information Services as well as Clerks of the Board and some industrial relations specialists involved in investigation, mediation and processing of cases, is located in the National Capital Region. Regional offices located in Vancouver, Winnipeg, Toronto,

Montreal and Dartmouth are staffed by industrial relations experts and support staff involved in the processing and investigation of cases as well as the mediation of complaints of unfair labour practice and responding to situations involving unlawful strikes or lock-outs. The Regional Director in each region has delegated authority to act as Registrar.

Figure 3: Organization Structure



6. Process

General: To avoid prolonging adversarial procedures and to clarify industrial relations situations, the Board must process applications and complaints as quickly as possible, consistent with the requirements of justice. This requires that persons or parties likely to be affected by an application or complaint must be made aware of the proceedings and provided with an opportunity to make representations. Employers or unions are automatically provided with a copy of an application and information on how to respond. Individual employees are advised by Board notices posted by their employer, by newspaper or other advertising. Processing of submissions is generally done by regional offices.

Bargaining Rights: A major area of activity for the Board involves the processing of applications for the acquisition or termination of collective bargaining rights. Unions are certified as bargaining agents for groups of employees in an appropriate unit when a timely application is supported by the wishes of the majority of employees in the unit. Similarily the Board will revoke the bargaining rights of a union when a timely application is supported by the majority of the employees concerned and another union may be substituted as the bargaining agent with majority employee support. The Board also deals with cases where bargaining

rights are transferred as a result of merger or amalgamation of unions or as a result of the sale of a business. Where applications are made to change the description of a bargaining unit to recognize changes or to alter the unit, the Board is called upon to make decisions.

In such cases a Board Labour Relations Officer investigates the application and prepares a report showing, among other things, the bargaining unit description in detail, the respective positions of the parties, details of the employer's organization including lists of employees by position title, organization charts, corporate structure, ownership and control information, documents relating to the bona fide of the trade union, etc. The Officer's report is forwarded to the parties and, after they are given the opportunity to comment on it, the report is forwarded to the Board for adjudicative decision. The investigator also submits a confidential report on the employees' wishes which is not made available to the parties. This report is based on an examination and verification of the signing of union membership cards and the payment of money by the employees.

Based on the report of the officer and the submissions of the parties the Board can usually dispose of such applications without a public hearing. If, however, there is disagreement between the parties on relevant matters of fact, the Board may have to conduct a hearing and hear the testimony of such witnesses as the parties may call.

Unlawful Strikes or Lockout Applications: The response by the Board to these applications (which may cover anticipated activities as well as work stoppages actually in progress) is to appoint a Board officer and schedule a priority hearing. While most cases are resolved with the assistance of the officer, it is sometimes necessary for the Board to hear the parties before it can order an offending party to cease and desist or refrain from initiating unlawful activity.

Complaints of Unfair Labour Practice: A large and growing number of cases before the Board involve charges that employers, unions or their representatives have violated specific provisions of the Code. Many of these cases are settled with the assistance of an officer of the Board. Those that are not settled account for a very substantial amount of the time spent by the Board in public hearings. The 1984 amendments to the Code may alleviate the demand for hearing time since it is now possible to dispose of some complaints against unions regarding the duty of fair representation or the operation of hiring halls or referral systems without a public hearing.

Safety: The Board may sit in appeal against the decisions of safety officers on allegations of imminent danger and dispose of complaints of discrimination against employees because they have exercised their rights in regard to safety. These cases under Part IV of the Code may be disposed of by a single member of the Board.

Miscellaneous Cases: The Board also deals with a variety of other cases such as: applications relating to Technological Change; Ministerial Referrals to consider the imposition of the terms of a first collective agreement; declarations that two or more employers be treated as a single employer; applications by unions for access orders to meet with employees working in isolated or remote areas on private property; failure of a union or employers' organization to provide financial statements to members; referrals to determine whether parties or employees are covered by a collective agreement; and other determination as to the application of the legislation.

Decisions of the Board: Decisions of the Board are always conveyed in writing to all parties even when they may have also been given verbally at the conclusion of a hearing. These decisions are provided in both official languages, and are reported in the Board's official publication. Some of the motivated decisions are reported in various legal or industrial relations publications.

Orders of the Board: Where a party refuses to comply with an order of the Board, the aggrieved party may apply to the Board to file the order in the Federal Court of Canada for enforcement. Such proceedings would include, among others, orders of reinstatement and compensation in cases of unfair dismissals, cease and desist orders in cases of illegal work stoppages, etc. If the Board cannot secure prompt compliance through the mediation process, the Order is filed in the Federal Court of Canada, and then has the same force and effect as an Order of the Court. Failure to comply may result in a finding of contempt of Court.

Monitoring: Status reports on cases are constantly updated to adjust to changing priorities as the result of receiving urgent new cases or the settlement by mediation or the withdrawal of cases already scheduled for hearing. There is also a comprehensive internal performance measurement program which measures elapsed time for the Board's activities from receipt of an application to the issuance of Board decisions.

D. Planning Perspective

1. Environment

Following an unprecedented decline in the annual case-load of the Board attributable to economic conditions generally and a perceptible decline in union organizing activity, 1983-84 saw a reversal of that trend with a record high of 771 new cases. However, the second half of that year saw an uncharacteristic tapering off of new cases. During the 1st half of 1984-85, there were 339 cases; it is expected that total volume for the year will be 740. Apart from the usual difficulties of anticipating the quantity and nature of cases that will be initiated by parties, there are other factors flowing from legislative changes that will come into play during 1985-86.

The new amendments to Part V of the Code flowing from Bill C-34 became effective from July 18, 1984. While many of the amendments will not have any impact on the resource requirements of the Board, the board's mandate has been enlarged to deal with a new type of applications relating to religious objections to the compulsory check-off of union dues. The refinements to the Code could also result in increased activity in such matters as technological change. It is difficult to predict the volume of cases arising from these provisions but it is hoped that by availing itself of procedural amendments, the Board will be able to accommodate the increased caseload.

More unpredictable is the possible consequence of the amendment to Part V of the Code to provide for part-time Board members to deal with safety cases arising under Part IV of the Code. The amendments to Part IV of the Code dealing with safety have yet to be proclaimed and no part-time Board members have been requested or appointed.

2. New Initiatives

The major challenge facing the Board in 1985-86 is to reduce the number of cases on hand to a more acceptable level in relation to the annual intake of new cases (see figure 4). No additional person-years are requested but it is anticipated that the two vacant Board member positions will be filled and that no positions will remain vacant for a prolonged period. The filling of the vacancies, the growing experience and productivity of the new vice-chairmen, the decentralized structure in place and the application of the technological equipment are expected to enable the Board to achieve its objectives.

The automation initiative which is referred to as a case management/ information retrieval system is presently scheduled to be operational in all offices across Canada by the summer of 1985. Generally speaking, the benefits which will accrue as a result of the utilization of this technology will further enhance the manner in which the Board disposes of its cases in its day-to-day administration of various elements of the government's labour legislation.

Specifically, this needed tool will provide for the following: the more timely processing of cases; the more accurate and speedy accessing and sharing of pertinent casework data on a Canada-wide basis; the more accurate and thorough search and retrieval of an extensive CLRB jurisprudential data base required to support critical decision-making, and; the provision of performance measurement data required by senior management to effectively monitor and control a relatively complex and diverse caseload.

Quite apart from the way in which this automation initiative will positively influence the level of service provided by the Board, it will reduce the person-year requirement by one beginning in 1986-87. Without such a relatively inexpensive automated system, incremental person-years would have necessarily been required to deal with the existing and rapidly expanding manual data base systems.

3. Update on Previously Reported Initiatives

The Board has in recent years been provided with two additional Vice-Chairmen and has also decentralized its operations further by delegating Registrar functions to the Regional Directors. It has added two person-years to the Regional Offices to accommodate the increased work and it has provided in 1984-85 for the acquisition of a computerized linking system.

The impact of these measures is expected to produce measurable results during 1985-86. Following a record year in the disposition of cases in 1981-82, the two Vice-Chairmen who were involved in that achievement left the Board in 1982-83. Apart from the loss of such experienced Vice-Chairmen, during the final months of their activity it was necessary for them to dispose of the cases of which they were seized but at the same time they were unable to accept new cases which they could not dispose of before their planned time of departure from the Board. Although new Vice-Chairmen were appointed in July and August of 1982, the transition and orientation requirements saw an understandable drop in the number of cases disposed of in 1982-83. The end of that year saw the backlog of cases increased by 60 cases which would have been greater but for the decline in the number of new cases received. In 1983-84 the Board disposed of 139 more cases than in the previous year but the growth in the number of new cases by 153 saw an additional 74 cases added to the backlog (see figure 4).

A third Vice-Chairman was appointed in January of 1983 and a fourth Vice-Chairman was provided as of March 1984. Following orientation the Board was adequately equipped with Vice-Chairmen but a Board Member vacancy which arose on February 1, 1984, and another which arose on August 15, 1984, remained unfilled as of December 1984. The filling of these vacancies will contribute substantially to the productivity of the Vice-Chairmen by making the required quorum of two Board Members more readily available to them.

The additional Vice-Chairmen provided since 1983 were not requested on the basis of anticipated caseload alone but to a large extent because of the changing nature of the caseload containing more complex cases and more cases which require hearing. This trend is most visible in the growth of the number of complaints of unfair labour practice. Although, withdrawals and settlements with the assistance of Board officers have increased, complaints occupied a greater percentage of hearing time. Experience has shown that cases have become more complex and require more hearing time. This trend is illustrated by the fact that in 1981-82 a total of 167 cases were involved in 210 hearing days while the same number of cases involved 256 hearing days in 1983-84 (see figure 4).

As a result of recent initiatives the Board has been able to dispose of more cases each year following the transitional year of 1982-83, has been able to allocate more hearing time and has improved performance in assisting the parties to settle cases without a hearing. The full impact of these initiatives is likely to be evident by the end of 1985-86.

4. Program Effectiveness

The nature of the Board's operation does not lend itself to a precise evaluation of effectiveness. It should be noted that program evaluation is inappropriate for the Board as an impartial tribunal. It is, however, under constant scrutiny from external sources such as employers' associations, union organizations, and the academic and legal communities. For example, the Board has been the subject of an extensive study by the Law Reform Commission. In addition, the decisions of the Board may be reviewed by the Federal Court of Canada.

5. Performance Information/Resource Justification

For the first time in its history the Board reported a decline in the number of cases determined in 1982-83 (see figure 4). While the number of cases dealt with increased by 139 or 25% in 1983-84 as a result of the addition of two Vice-Chairmen, it is expected that only a modest gain of 56 more cases disposed of or a further 8% will be achieved in 1984-85. This is due to the existence of vacancies for Board members reducing the availability of two members of the Board required under the statute by each Vice-Chairman to constitute a quorum for the handling of cases. One of these vacancies arose on February 1, 1984 and the other on August 15, 1984. On the assumption that these vacancies will be filled in early 1985 and assuming that a full complement is maintained, it is expected that the Board will be able to dispose of a record 864 cases in 1985-86 which, based on a predicted 740 new cases would enable the Board to reduce the number of cases on hand by the end of the year to 185 or roughly the equivalent of three months intake of new cases.

Figure 4: Performance Indicators

	1981-82	1982-83	1983-84	1984-85*	1985-86*
Cases determined	825	558	697	753	864
Cases heard	167	147	167	200	260
Hearing days	210	222	256	269	360
Cases determined per p-y	9.2	5.9	7.0	7.2	8.3
New cases	679	618	771	740	740
Cases on hand at year end	188	248	322	309	185
Withdrawal/settlement rate (complaints)	53.2%	52.6%	56.4%	55%	55%

* Projected figures.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	4,018	3,852	3,482
Contributions to employee benefit plans	562	488	512
	4,580	4,340	3,994
Goods and services			
Transportation and communications	591	577	584
Information	90	90	97
Professional and special services	427	590	479
Rentals	74	68	83
Purchased repair and upkeep	16	20	14
Utilities, materials and supplies	154	158	169
All other expenditures	18	18	17
	1,370	1,521	1,443
Total operating	5,950	5,861	5,437
Capital	31	121	35
Total expenditures	5,981	5,982	5,472

2. Personnel Expenditures

Figure 6: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	21	17	17	50,350 - 96,300	71,367
Scientific and Professional	4	4	4	19,782 - 88,120	33,741
Administration and Foreign Service	31	35	34	12,766 - 63,870	38,777
Administrative Support	48	45	43	12,636 - 31,946	22,186

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 7: Total Program Costs ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Total 1984-85
Canada Labour Relations Board	5,981	1,198	7,179	6,901

Other costs of $1,198 thousand consist of:

	($000)
• accommodation provided without charge by DPW	1,118
• DSS cheque issue	10
• payment of insurance premiums by TBS	70

Canadian Advisory Council on the Status of Women

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canadian Advisory Council
on the Status of Women

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $2,383,000 in support of the Advisory Council on the Status of Women in 1985-86.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Advisory Council on the Status of Women		
30	Program expenditures	2,383	2,247
	Total Program	2,383	2,247

Vote - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Advisory Council on the Status of Women	
30	Advisory Council on the Status of Women - Program expenditures	2,383,000

Program by Activity

(thousands of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Budgetary		Total	
	Operating	Capital		
Advisory Council on the Status of Women	2,372	11	2,383	2,247

Section I
Program Overview

A. Highlights

During 1985-86, the Council has the following goals:

- to initiate two main research studies concerning women; the first study will examine some of the most frequent incidents of violence against women, including pornography, sexual assault, wife battering, domestic violence and incest; the second will examine how women are faring today in traditional male power structures, including politics, government, the media, churches, universities, unions, and business (see page 17);

- to initiate two additional studies on rural women and housewives (see page 17);

- to complete research begun in 1982 on issues related to women and the economy and adolescent women (see page 17); and

- to produce a report relating to a conference held in 1984-85 on the family and the law. The aim of this Forum is to provide a unique occasion for those with a special interest in family law to meet with experts and government policy-makers to exchange and define positions on the new issues such as: joint custody of children, dejudicialization, common-law spouses, new reproductive technologies, and community of property.

B. Financial Summary

Personnel costs for the Canadian Advisory Council on the Status of Women (including contributions to employee benefit plans) constitute over 57% of total expenditures.

Figure 1: Financial Requirements ($000)

	Main Estimates 1985-86	Forecast 1984-85	Change
Canadian Advisory Council on the Status of Women	2,383	2,427	(44)
Planned person-years	37	28	9

Supplementary Estimates of $180,000 were approved in 1984-85 for two conferences and various other operating costs. Additional person-years were, for the most part, funded from authorized expenditure levels to establish a communications/publications services function. The 1985-86 decrease in the Main Estimates over the 1984-85 forecast represents the net effect of an allowance for salary increases and the elimination of the one-year-only expenditures related to the conference on the family and the law.

C. Background

1. Introduction

The Council reports to Parliament through the Minister Responsible for the Status of Women. It acts as a conduit for information from women across Canada to the federal government regarding all issues of concern to women. In providing ongoing advice to the government, the Council conducts independent research which largely serves as the basis for recommendations on the broad spectrum of women's concerns. It retains the right to publish its views without ministerial consent. An annual report is tabled by the Minister outlining the activities of the Council.

The Council should not be confused with other federal organizations relevant to women, including the Status of Women-Office of the Coordinator (Status of Women Canada), the Women's Bureau of Labour Canada and the Women's Program of the Secretary of State. These organizations undertake the following:

- Status of Women Canada provides day-to-day advice and assistance to the Minister Responsible for the Status of Women on the needs and concerns of women in Canada, carries out policy and program analysis and development and informs women's organizations and the general public on federal government policies and programs concerning the status of women;

- the Women's Bureau carries out research and develops policies relative to the impact of the Canada Labour Code on women in the labour force; and

- the Women's Program is responsible for administering grants available to non-government women's organizations at the national, regional and local levels.

2. Legal Mandate

In its report tabled September 28, 1970, the Royal Commission on the Status of Women recommended the creation of a federal Status of Women Council (recommendation 166).

In 1973, the Canadian Advisory Council on the Status of Women was established as an independent organization funded by the government. The Council was granted legal status through Order in Council PC 1976-781, which stipulates that the Council is considered to be:

- an agent of Her Majesty in right of Canada; and

- a Commission for the purpose of subsection 32(3) of the Public Service Superannuation Act.

The Council's mandate is:

- to bring before the federal government and the public matters of interest and concern to women; and

- to advise the Minister on such matters relating to the status of women as the Minister may refer to the Council for its consideration or as the Council may deem appropriate.

3. Program Objective

The objective of the Canadian Advisory Council on the Status of Women is to bring before the government and the public matters of interest and concern to women.

4. Program Description

The Council provides the federal government with advice on both the impact on women of existing policies and programs and the development of new measures to improve the status of Canadian women; undertakes and publishes research on issues of interest and concern to women with the view to achieving needed reform; informs the general public on key issues and promotes an awareness of these issues through public and media relations; and contributes to the development of a substantive body of Canadian resource material on women's issues.

Facilities and services offered by the Council are:

- a documentation centre providing research material on women's issues;
- a pensions clearinghouse providing information on pensions for women;
- a talent bank of suitably qualified women which serves as an inventory of candidates for positions on boards, commissions, etc.;
- several specialized mailing lists and a general mailing list providing information to over 5,000 individuals and women's groups; and
- regional offices in Montreal, Vancouver and Winnipeg providing women across the country with access to information, publications, etc.

5. Program Organization for Delivery

Activity Structure: The Council has one activity which is synonymous with the Program.

Organization Structure: The Program is organized into three main sections: Administration, Research and Communications/Publications.

Administration: The Administration Section comprises three responsibility centres. The functions of each are described below.

Central Office: Most of the Council's services are provided through the central office in Ottawa. All administrative services and a distribution centre operate under the responsibility of the President and the Executive Director. The distribution centre ensures that women's groups, various federal and provincial government bodies, special interest groups and concerned individuals are alerted to both ongoing and emerging women's issues through regular and special mailings. Facilities are also made available to women's groups for meetings, lectures, etc. In addition, a documentation centre provides outside researchers with specialized information.

Regional Offices: The Council maintains an effective presence in all areas of the country through a regionally diversified structure which consists of two regional offices headed by Vice-Presidents in Vancouver and Montreal and a local office in Winnipeg. These offices oversee regional distribution of the Council's publications and provide reference facilities for consultation of documentation concerning women. They also lend support to Council members and women's groups for activities in their areas.

Council Members: The Council is composed of 27 part-time members who are appointed by Order in Council for a term of three years. They are volunteers who undertake work on behalf of women in their regions, such as speaking to women's groups, mounting displays of the Council's publications, etc., without payment. They do, however, receive per diem payments for attendance at the quarterly Council meetings and some financial support for expenses incurred for other related Council functions.

Research: The Research Section is responsible for research for books, background papers and fact sheets. Policy analysis and research on issues are undertaken as they arise or as needed by the Council, the government and the public.

This Section also prepares position papers on the implications for women of specific proposals for new legislation, policies or programs. It also consults directly with federal government officials during the development of these proposals. In addition, it provides advice, through briefs or ongoing consultation, to Parliamentary committees, special task forces and commissions of inquiry. As past efforts by the Council and other groups have resulted in greater sensitivity to women's issues on the part of policy-makers, the demand has multiplied for this reactive role of the Research Section. In addition, from time to time it monitors and evaluates the effectiveness of key government policies and programs affecting women.

To carry out these duties efficiently, it maintains liaison with universities, women's groups, independent researchers, and may promote joint projects with federal government departments.

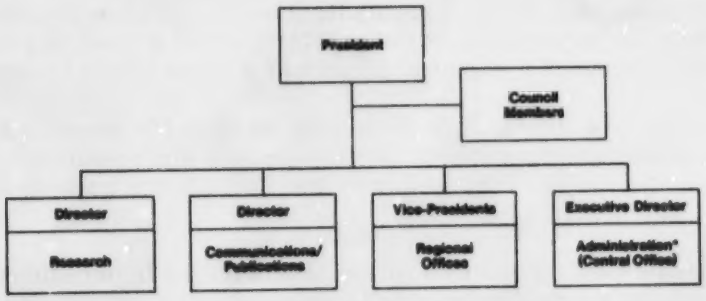
Communications/Publications: The Communications/Publications Section promotes public awareness of the Council's work and ensures accessibility to information concerning women. Responsible for media relations, it prepares news releases, responds to media enquiries, coordinates the President's interviews and speeches and organizes information campaigns in response to issues requiring immediate action.

This Section oversees the publication of all Council documents, including research reports, fact sheets and brochures. Revision, translation, proof-reading, production, printing and promotion of documents is arranged along with reprinting when required. Information materials for use by the general public are designed and prepared in a variety of formats by the communications staff. Displays of Council information at conferences and other women's events are also organized.

A national and international distribution system for the Council's documents is also maintained. This system includes regular mailings to libraries throughout Canada, an ongoing distribution agreement with the Canadian Council on Social Development for the sale of publications, special arrangements with federal agencies regarding specific documents and mailings to women's and other relevant interest groups.

Figure 2 shows the allocation of resources by responsibility centre.

Figure 2: 1985-86 Resources by Responsibility Centre



					Total
($000)	485	424	361	1,113	2,383
Person-years	7	6	7	17	37

* includes resource requirements for the President, Council Members and Central Office.

D. Planning Perspective

1. Environment

Legislation: The most effective way to change the status of women is through concrete changes in our laws. The Council is now doing research on legal action for women in Canada which would assist women in inducing legislative change to improve their position in society. It is the Council's priority to promote legislative reform in areas of social policy.

Public Pressure: Many issues which are part of a larger agenda for social reform may suddenly become the centre of public controversy. Discussion of federal legislation on pensions, pornography and the status of Indian women are recent examples in which the Council has been active. The Council is often called upon quickly to make its opinion known on such controversial issues.

Economic Conditions: These factors drastically affect the well being, the living standards and employment opportunities of every Canadian woman. For this reason, changes in the economic climate may bring dramatic modifications in the economic status of women. The Council is currently engaged in research on the employment and social aspects of microtechnology and a major study of women and the economy (see page 17).

Level of Public Awareness: In the last decade, changes in social values have meant that a number of Canadians have become sensitized to issues that preoccupy the Council. This has resulted in a greater volume of work and increasingly sophisticated analysis of these issues. Finally, policy-makers themselves now frequently initiate consultations with the Council, which makes a heavy demand on existing resources.

2. Initiatives

Having considered the environmental factors, the Council's efforts will be directed to a continuation and expansion of initiatives undertaken in prior years. Key goals planned for 1985-86 are identified under "Highlights" on page 5 of this document.

3. Program Effectiveness

The objective of the Council is to bring matters of interest and concern to women before government and the public. The effectiveness of the Council in reaching its objective should be assessed in terms of the influence of its research findings and related recommendations on government action, and in terms of the impact of its Communications/Publications Section on the public's awareness of the issues facing women. The Research Section is essential to the success of the Council in making specific and practical recommendations to the relevant government departments and the Communications/Publications Section helps generate a climate of informed public opinion regarding women's concerns, and contributes to the body of documented research on women in Canada.

Supported by a solid research base, the Council fulfills a crucial role by presenting women's interests to government. Direct impact is achieved through the presentation of briefs and recommendations to parliamentary committees and government commissions of inquiry. Recently, consultations have been held on such important and complex issues as pension reform, pornography and prostitution, divorce law reform, affirmative action and women's role in the economic future of the nation. The Council also maintains ongoing liaison with groups such as the Macdonald Commission to ensure a non-sexist approach to the Commission's work. The 10th anniversary of the Council in 1983 occasioned a major review of its recommendations over the years and of their impact on tangible progress for women in Canada. Given the Council's mandate to inform and advise it is difficult to measure fully the degree and extent of its effect on government action and public opinion. Nevertheless it can be demonstrated that it has exerted a considerable influence and has consistently been in the forefront of undertakings which have eventually been brought into law. Three issues in which the Council played a leading role serve to illustrate this influence and are presented in Figure 3. They are: Pensions, Battered Women and Indian Women.

Figure 3: Illustration of Issues Influenced by Council Recommendations

	Action by the Canadian Advisory Council on the Status of Women		Action by the Federal Government
Pensions:			
1981	Publishes **Pension Reform with Women in Mind**, a major contribution to pension debate from women's perspective; establishes a National Clearinghouse on Pensions for use of regional conferences proposed by Health and Welfare Canada, and as a resource for women's groups; publishes **Pension Reform for Women: a Discussion Paper** as a tool for such conferences.	1981-82	Health and Welfare Canada finances regional conferences for women on pension reform.
1982	Publishes Fact Sheet on Pensions.	1982	Releases Green Paper, **Better Pensions for Canadians**; strikes parliamentary Task Force on Pension Reform.
1983	Submits brief to Task Force; elaborates detailed recommendations, including immediate implementation of child-care drop-out provision.	1983	Ontario removes its veto of the child-care drop-out provision.
		1984	Announces intention to introduce pension legislation, including many proposals brought forward by the Council.
Battered Women:			
1980	Holds consultation with service agencies and shelters; publishes **Wife Battering in Canada: the Vicious Circle** – the first national study of this problem.		

Action by the Canadian Advisory Council on the Status of Women		Action by the Federal Government	
1980-81	Releases series of recommendations, including proposal that Health and Welfare Canada mail out information on wife battering with family allowance cheques.	1981	Parliamentary Task Force on Family Violence convenes.
1981	Submits brief to Task Force; publishes Fact Sheet on Wife Battering.		
		1982	Health and Welfare Canada sends out brochures to 3,500,000 women; the National Clearinghouse on Family Violence is created.
		1983	Federal-provincial study of progress and proposals for reform is undertaken.
Indian Women:			
1973	Produces first of many recommendations that discriminatory provisions be removed from the Indian Act.		
1978	Publishes **Indian Women and the Law: Citizens Minus** – the first national documentation of this issue.		
1982-84	Supports, through recommendations, press releases, interventions to Ministers and the House of Commons, the efforts of native women's groups to participate in Constitutional decisions and have dicriminatory provisions removed.	1982	Parliamentary Sub-Committee on Indian Women and the Indian Act is established.
		1984	House of Commons passes legislation to remove discriminatory sections of Act; blocked in Senate.

The Council's effectiveness in bringing to the attention of the public matters of interest and concern to women can be assessed indirectly by means of trends in the level of demand for the Council's publications. These publications are representative of research undertaken on major issues. Some of the subjects studied in the past fiscal year are parental benefits, financial implications of marriage breakdown, women in the federal public service and prostitution.

Many of the Council's publications represent the first in-depth national documentation of important women's concerns. Others, such as a current volume on economic issues, serves a different and equally valuable function in focusing scattered issues and areas of research into a clear and compelling presentation.

The level of credibility of Council's work to the public can also be assessed by the level of demand for input to policy debates. The Council's position statements and research findings are widely quoted by women's groups and the news media as well as in specialized publications and major government reports. Figure 4 (see page 16) provides some indication of the demand levels over a five-year period.

4. Performance Information/Resource Justification

Given the Council's mandate to provide independent advice to the Minister and inform the public, traditional methods of determining performance are difficult to apply. Possible indicators of performance are the number, dimension and complexity of research projects completed, briefs presented, and the capacity to respond to requests for information/documentation by the public.

The Council responds to public requests by ensuring daily mailings of documents. Some of the most requested publications are: Women and Aging, As Things Stand, Play from Strength, It's your Turn, Pension Reform with Women in Mind, Five Million Women, and Better Day Care for Canadians. Figure 4 indicates the increase over the last years in the distribution of the Council's publications and fact sheets.

In 1981, initiatives had been made to have yearly consultations with national women's groups. Figure 4 also shows the growing involvement of women's groups in these consultations which, in 1984-85, were held twice in that year.

Figure 4: Distribution of Documents and Consultation to Women's Groups

	1985-86 Forecast	1984-85 Forecast	1983-84 Actual	1982-83 Actual (1)	1981-82 Actual (1)
Publications distributed by the Council	144,000	120,045	94,760	75,469	75,469
Fact Sheets distributed by the Council	200,000	158,517	206,487	175,300	175,300
Publications sold	10,000	4,306	5,535	9,067	9,067
Women's groups consulted	40	40 (2)	36 (2)	25	25

(1) Separate information is not available for each year. The figures shown are an average of the total number distributed over two fiscal years.

(2) The costs of these meetings were shared with the Women's Program and Status of Women Canada (see page 7).

The major research projects completed or planned are listed in Figure 5.

Figure 5: Timeframe of Major Research Projects
(from beginning of research to publication)

Project Title		1982	1983	1984	1985	1986	1987
As Things Stand: Ten Years of Recommendations		———					
Current Issues for Women in the Federal Public Services		———					
Daycare Background Paper	('81)	———	———	———			
Legal Defence Fund Study	('81)	———	———	———			
Juggling a Family and a Job		———	———	———			
Microtechnology Handbook		———	———	———			
Prostitution in Canada		———	———	———			
Adolescent Women		———	———	———	———		
Women as Health Guardians in the Home		———	———	———	———		
Love, Marriage and Money . . . Financial Relations Between the Spouses			———	———			
Economic Issues for Women			———	———	———		
Rural Women				———	———		
Homemakers Today					———	———	
Power Structure in Canadian Society					———	———	———
Violence Against Women: the Second Stage					———	———	———

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,193	903	900
Contributions to employee benefit plans	167	117	114
	1,360	1,020	1,014
Goods and services			
Transportation and communications	320	354	292
Information	330	429	222
Professional and special services	290	518	552
Rentals	38	35	42
Purchased repairs and upkeep	4	21	2
Utilities, materials and supplies	30	34	37
Total operating	2,372	2,411	2,161
Capital	11	16	13
Total expenditures	2,383	2,427	2,174

2. Personnel Expenditures

Figure 7: Planned Person-Years and Salary Provision

	Planned Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	4	4	4	50,350 - 96,300	58,377
Scientific and Professional	4	3	3	13,609 - 88,120	34,332
Administrative and Foreign Service	15	8	8	12,766 - 66,252	31,621
Administrative Support	14	13	13	12,636 - 37,130	20,021

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 8: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Net Cost	Total 1984-85
Canadian Advisory Council on the Status of Women	2,383	265	2,648	2,651

The adjustments made to the voted budgetary operating expenditures to arrive at the net cost include services provided without charge by Public Works ($234,000), Supply and Services ($3,000), Treasury Board ($25,000) and Superannuation($3,000).

Canadian Aviation Safety Board

1985-86 Estimates

Part III

Expenditure Plan

367

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canadian Aviation
Safety Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition references are contained throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $12,435,000 in support of the 1985-86 Canadian Aviation Safety Board Program. The remaining expenditures, estimated at $1,186,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85* Main Estimates
	Canadian Aviation Safety Board		
95	Program expenditures	12,435	--
(S)	Contributions to employee benefit plans	1,186	--
	Total Program	13,621	--

Votes-Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Aviation Safety Board	
95	Canadian Aviation Safety Board-Program expenditures	12,435,000

* There were no 1984-85 Main Estimates for the Canadian Aviation Safety Board Program. The Program was established effective October 1, 1984. Funding from that date to March 31, 1985 was obtained through 1984-85 Supplementary Estimates.

Extracts from Part II
of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates				1984-85* Main Estimates
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Total	
Advancement of Aviation Safety	182	12,431	1,190	13,621	--

* There were no 1984-85 Main Estimates for the Canadian Aviation Safety Board Program. The Program was established effective October 1, 1984. Funding from that date to March 31, 1985 was obtained through 1984-85 Supplementary Estimates.

Section I
Program Overview

A. Highlights

During 1985-86 the Canadian Aviation Safety Board (CASB) will:

- actively assume its new role and mandate as the Canadian Government's independent aviation safety organization with the sole objective of advancing aviation safety (see page 8). The total cost of the first full fiscal year of operation is estimated to be $13.6 million;

- prepare and submit to Parliament an annual report on the first full year of its operations as well as its findings and recommendations for this period;

- complete the implementation of the newly developed Comprehensive Occurrence Reporting System involving both the mandatory and voluntary reporting of aviation occurrences to the Board (see page 10). The cost of operating this system will be approximately $1.5 million annually beginning in 1985-86; and

- undertake a number of major initiatives and steps to ensure the effectiveness of the Board as a fully operational independent entity. These steps include: the development and national implementation of computerized operational, management information and telecommunication systems; the further development of the Board's first communications and public affairs program; and the development and implementation of policies and standards in a number of operational areas (see pages 13 and 16).

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Advancement of Aviation Safety	13,621	10,036	3,585
Authorized person-years	182	139	43

* The CASB did not receive funding through Main Estimates for 1984-85. The Forecast for 1984-85 is comprised of funds transferred from Transport Canada (see Figure 9, page 19) plus additional funding received through 1984-85 Supplementary Estimates.

Explanation of Change: Financial requirements for 1985-86 are $3.6 million or 36% higher than the 1984-85 Forecast. This is due to the three-year phased resource base increase (1984-85 through 1986-87) which was to allow for the orderly restructuring of the new organization as the Board begins to administer its own program and commences to exercise its broadened mandate (see Figure 9, page 19).

C. Background

1. Introduction

The Canadian Aviation Safety Board (CASB) was created when Bill C-163 received Royal Assent on November 17, 1983. The development of that legislation was prompted by recommendations resulting from the Inquiry On Aviation Safety In Canada which was conducted by Mr. Justice C.L. Dubin during 1980 and 1981. A key recommendation called for "The creation of a tribunal independent of any department of government to be called the Canadian Aviation Safety Board". That recommendation was based on the conclusion that a serious conflict of interest, detrimental to aviation safety, existed with the aviation regulatory authority and the accident investigation body, both being under Transport Canada's jurisdiction. Consequently, the Canadian Aviation Safety Board Act was proclaimed partially effective May 1, 1984 and took full effect October 1, 1984 establishing the Board as a fully independent departmental corporation operating under Schedule B of the Financial Administration Act and reporting to Parliament through a designated Minister.

Prior to the Board's establishment, a portion of its mandate was performed by the Aviation Safety Bureau, a branch within the Air Administration of Transport Canada. With the formation of the CASB, the majority of the mandate and resources of the Aviation Safety Bureau were transferred from Transport Canada to the Board to form its nucleus. Some resources related to aviation safety medicine were also

transferred from the Department of Health and Welfare. Additional resources were also required since the mandate of the CASB has been considerably expanded from that of its predecessor in Transport Canada.

Under the CASB Act, and with the objective of advancing aviation safety, when the Board investigates, it has the exclusive authority to determine contributing factors and causes for aviation accidents, incidents and hazards involving civil (non-military) aircraft in Canadian territory and, based on its findings, to make safety recommendations designed to eliminate or reduce aviation safety deficiencies. It may also represent Canadian interests and participate in investigations of those aviation accidents, incidents and hazards occurring outside of Canadian territory which involve Canadian citizens, or Canadian registered and/or manufactured aircraft. The Board also has the authority to call and hold public inquiries into aviation occurrences as it deems necessary, as part of the investigative process.

The Board is not responsible for implementing its recommendations. That is the function of Transport Canada, the regulator of the Canadian civil air transportation system, or any other department or agency to which a recommendation may be addressed. However it is incumbent upon the CASB to monitor the degree to which its recommendations are acted upon by the regulatory agency and to report its observations on this to Parliament.

2. Legal Mandate

The legislative authority under which the Board operates is the Canadian Aviation Safety Board Act.

3. Program Objective

As stated in the CASB Act the sole object of the Board is to advance aviation safety.

It is important to highlight, as the Act does, that the objective of the Board is solely to advance aviation safety. The legislation is specific in noting that it is not the object of the Board to determine or apportion any blame or liability in connection with the occurrences it investigates.

4. Program Organization For Delivery

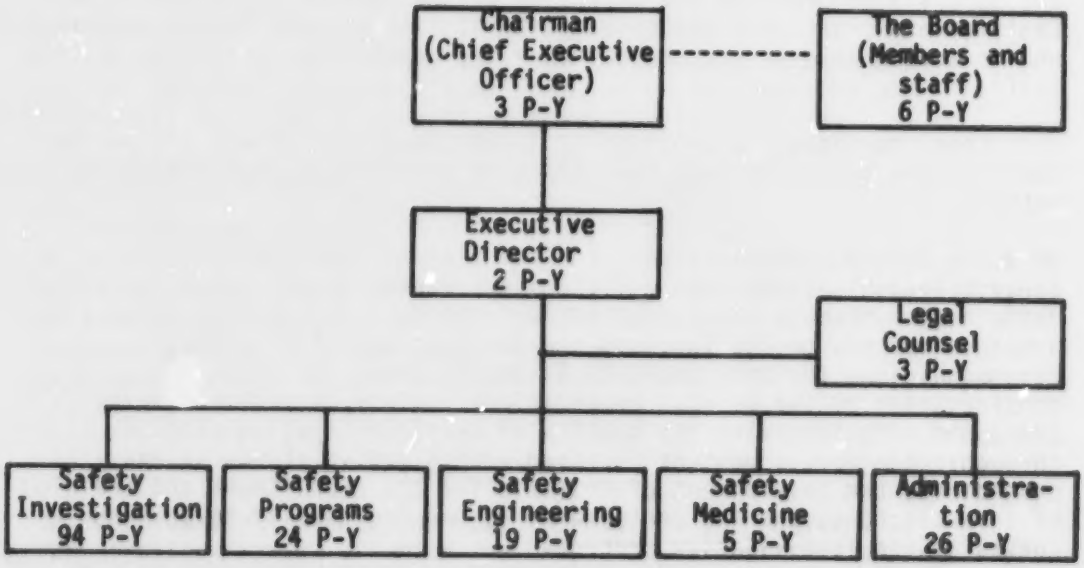
Activity Structure: The CASB Program consists of one activity comprised of five sub-activities, each of which relates to a major operational function of the Board (see page 9). Each sub-activity is the responsibility of a single senior manager.

Organization Structure: The organization structure of the Board is traditional in most respects but some relationships are unusual in

recognition of the CASB Act. The Chairman is Chief Executive Officer of the entire CASB and as such is responsible for the supervision and direction of the work of all Board staff. He is also Chairman of the Board proper which is comprised exclusively of the Chairman and appointed Board members. The Board proper does not have any executive authority. The Chairman only exercises executive authority in his capacity as Chief Executive Officer and not as Chairman of the Board. The executive powers of the Chairman flow to the staff through the Executive Director. In addition, the CASB Act empowers the Director of Investigation to have the exclusive authority to direct the conduct of investigations on behalf of the Board. The purpose of this arrangement is to avoid an internal conflict of interest situation by separating as much as possible (with a common Chairman), the Board's review of reports and issuing of recommendations from the work of the staff of the Board.

The distribution of person-years by organizational function is shown in Figure 2.

Figure 2: Person-Years by Organization/Function, 1985-86



The head office of the Board is located in the National Capital Region. The six regional Offices of Investigation are located in Moncton, Dorval, Toronto, Winnipeg, Edmonton, and Vancouver, and all fall under the Investigation function. The engineering laboratory is at Ottawa Airport and the planned medical laboratory location is not yet determined.

5. Program Description

Functions: The Canadian Aviation Safety Board is responsible under the CASB Act for advancing aviation safety in Canada. The Board is not a judicial or regulatory body. With the ultimate objective of accident prevention, the Board may investigate any civil aviation occurrence for the purpose of making findings as to its contributing factors and causes and make recommendations thereon. Aviation occurrences are defined as any accident or incident associated with the operation of an aircraft, and any situation or condition that, if left unattended, could induce an accident or incident. The functions of the Board can best be described by examining each of its sub-activities.

Board, Executive and Legal: The Board proper is comprised of the Chairman and appointed members. The Board reviews aviation incident reports, issues safety recommendations, and issues public reports on its findings. The Board may also conduct public hearings in order to determine contributing factors and causes related to the aviation occurrences it investigates.

As Chief Executive Officer of the CASB the Chairman is responsible for the supervision over and the direction of the work of all staff. The Chairman exercises this executive authority through the Executive Director who is accountable to the Chairman for the day-to-day operations of CASB staff.

Legal services are provided by legal counsel staff who advise the Chairman and Board, through the Executive Director as required, on all legal matters.

Aviation Safety Investigation: The function of this sub-activity is to conduct investigations into aviation occurrences and to identify safety deficiencies through the investigative process. This sub-activity also prepares reports on its findings and develops proposed safety recommendations for assessment by Safety Programs and eventual consideration by the Board. In addition, safety investigation is concerned with improving the quality of the investigative process through: the development of improved investigative standards and procedures; the development of criteria for the recruitment and training of investigators; and the performance of ongoing quality reviews and audits of the investigative process.

Aviation Safety Programs: This function involves the development and operation of aviation safety databases and information systems. It also includes the development and operation of aviation occurrence reporting systems and the conduct of safety deficiency analysis and research through the analysis of all aviation occurrence data collected. In addition, the safety programs function is the central focal point in the Board for communications/public affairs and the formulation of all formal safety recommendations to be considered for public issuance by the Board.

Aviation Safety Engineering: This function is in support of the investigative process and involves the scientific testing and analysis related to the machine-element of aviation occurrences. The work includes the technologically specialized testing and analysis of materials, structural components, and systems recovered from aviation occurrence sites. The Safety Engineering sub-activity also involves: participation in field investigations; extraction of data from cockpit voice and flight data recordings; and the development of findings in support of the safety analysis and investigative processes.

Aviation Safety Medicine: Similar to Safety Engineering, this sub-activity is in direct support of the investigative process. It involves the scientific testing and analysis related to the human-element of aviation occurrences. Functions include the specialized technological testing and analysis of human tissues and fluids taken from deceased crew and/or passengers involved in aviation occurrences. The safety medicine sub-activity also involves: participation in field investigations; identification of contributory human-factors; and the development of findings in support of the safety analysis and investigative processes.

Administration: The Administration sub-activity involves the provision of all administrative support services in the areas of personnel, finance, internal administration, translation and registry and secretariat services in support of Board public inquiries.

D. Planning Perspective

1. Environment

The overall environment within which the CASB operates is essentially the same as when portions of the Board's mandate were carried out under Transport Canada. The one significant exception to this is, that the Board now operates independently of, and at arms length from, Transport Canada, a department which has now become a major external factor. There are several significant environmental factors that will affect the direction and nature of the CASB in 1985-86 and the years to follow.

The Canadian Civil Air Transportation System: The national air transportation system of which the CASB is a component is a large and complex one which processes over 50 million enplaned and deplaned passengers annually through Canadian airports. There are approximately 1,100 certified Canadian air carriers and 1,000 foreign carriers authorized to operate in Canada. In addition, there are over 80,000 licensed aviation personnel, 25,000 registered aircraft and 1,200 licensed aerodromes. The Canadian aerospace industry and the airline industry each employ over 40,000 people. In addition, more than 13,000 people are employed by the Canadian Air Transportation Administration of Transport Canada in pursuing its objective of attending to the development and operation of a safe and efficient national civil air

transportation system. All of these groups are components of the national air transportation system and each one has an impact on aviation safety in Canada. The CASB must work within this complex milieu and exert influence on it in order to advance aviation safety in Canada.

Public Interest in Aviation Safety: Although aviation safety has always been a matter of public concern, in recent years it has attained a previously unprecedented importance in the public domain. The recent Dubin Inquiry On Aviation Safety In Canada highlighted some serious defects in the Canadian aviation safety system and received extensive media coverage thus increasing public awareness of aviation safety matters. Also, the catastrophic nature of major aviation disasters often involving the loss of dozens of lives and millions of dollars often leads to widespread public attention and concern.

Figure 3: Five-year Average, Number of Accidents Per Year to Canadian Registered Aircraft by Type of Operation

Type of Operation	1969-1973	1974-1978	1979-1983
Scheduled	3.2	2.2	2.8
Unit-toll non-scheduled	9.2	7.6	6.4
Charter and contract	139.4	141.0	137.6
Speciality	99.4	123.4	112.4
Flying clubs	23.2	24.2	22.6
State	5.2	6.0	6.4
Private	285.2	357.4	322.4
Commercial non-revenue	15.8	29.6	20.2
All aircraft	580.6	691.4	630.8

Note: Data on ultralight accidents are not included. The numbers of recorded ultralight accidents are: 1981-6; 1982-24; 1983-60.

Technological Factors: Over the last 20 years the rate of technological change in the aviation industry has been unprecedented. This is largely due to the rapid development of jet technology and more recently the significant advances in computer technology and its application to the aviation industry. The new generation of aircraft, both large and small, are extremely sophisticated when compared to their counterparts of 15 to 20 years ago. These new computer technologies not only apply to aircraft but also to other components of the aviation system such as air traffic control systems and navigational facilities.

The development of the new ultra-light aircraft also has a significant impact on the CASB Program. Although not sophisticated in a technological sense, the recent proliferation of ultra-lights has resulted in a significant increase in aviation occurrences (see Figure 3). These aircraft are not built to airworthiness standards and the training and experience levels of the pilots are often minimal. Therefore, ever-increasing human and financial resources are being expended in investigating this type of aviation occurrence.

2. Initiatives

Three major initiatives will be undertaken by the CASB in 1985-86:

- to implement throughout the organization, including headquarters and regional offices of investigation, a fully integrated set of computerized information systems, telecommunication systems, and databases, designed to enhance aviation safety deficiency analysis and research and to facilitate more efficient and effective operational and management activities, and to advance aviation safety through the efficient and timely production and dissemination of reports and recommendations. The total cost of systems development and equipment acquisition is estimated to be $750 thousand;

- to develop and implement an initial communications and public affairs program to provide information on the Board's new status and mandate to the aviation community, special interest groups, and the general public. The program will also be designed to establish the image of the new Board as an independent and objective aviation safety body. The cost to establish this program in 1985-86 is estimated at $200 thousand; and

- to undertake a resource base review in early 1986 to examine the resource requirements of the CASB based on its first two years of operation as an independent body. The results of the review will determine whether the initial estimates of CASB resource requirements were appropriate.

3. Program Effectiveness

The degree to which the CASB achieves its statutory objective - to advance aviation safety - will attest to its effectiveness. Two of the basic principles underlying the development of the CASB Act were those of independence and objectivity. The manner in which the Board executes its statutory mandate through the application of high ethical standards, competent analysis, and sound unbiased judgement, will be paramount to gauging the Board's future effectiveness as intended by the Act.

In the future the CASB intends to attempt to quantify the Board's contribution to aviation safety. This will not be an easy task. There are many factors outside of CASB control that may influence aviation safety in Canada such as: aviation activity levels; economic and public policy; technology; public opinion; and natural factors (weather). The way in which Transport Canada performs its regulatory role over the aviation community is another significant variable. In addition, there may well be many other influential factors that are as yet unidentified.

In the meantime, the degree to which the CASB executes its statutory mandate will have to serve as the subjective measurement of its overall effectiveness.

4. Performance Information/Resource Justification

Figure 4 provides a summary of how operating resources (not including capital) are utilized, broken down by function. Figures are not available for 1983-84 (Aviation Safety Bureau) since the structure shown only came into effect when the Board was established in mid-1984-85. Also, the primary reason for the variances between 1984-85 Forecast and the 1985-86 Estimates is due to the phasing-in of the CASB resource base (see page 19).

Figure 4: Program Expenditures by Function ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Board, Executive, and Legal	1,140	14	430	4
Safety Investigation	6,338	94	5,296	83
Safety Programs	1,616	24	1,021	16
Safety Engineering	1,273	19	1,149	18
Safety Medicine	316	5	-	-
Administration	1,748	26	1,148	18
	12,431	182	9,044	139

General workload indicators that exert influence on the operations of the Board are the numbers of aviation accidents, incidents, and hazardous situations, which are defined collectively as aviation occurrences (see page 10). These variables are external to the Board's control and are therefore difficult to predict (see Section 3). Figure 5 presents a summary of the estimated general workload indicators.

Although the workload indicators shown in Figure 5 are of interest, simply forecasting the total number of aviation occurrences is not sufficient for determining the actual expected workload. It is evident that there would be a wide variance in human and financial resources

expended in the complex investigation of the crash of a jetliner involving fatalities when compared to the relatively straightforward investigation of the crash of a single engine private aircraft. Even in the case of two accidents or incidents that appear to be identical circumstantially, there is often a significant variance in resources expended due to the evolving complexity of contributory factors that emerge as the investigation proceeds. Also, as mentioned in the Environment section (see page 12), as aviation technology continues to develop at its current rapid pace the job of investigation will become increasingly more specialized, complex and resource-intensive.

Figure 5: General Workload Indicators[1]

Reported to the Board	Forecast 1985-86	Forecast 1984-85
Accidents	432	483
Incidents[2]	800	350
Hazards	250	200
	1,482	1,033

1 The only comparative Actual figure for 1983-84 is 510 accidents since the reporting and investigation of incidents and hazards did not begin on a national basis until late 1984-85.

2 The increase in incidents forecast is due to the phasing-in of the new Comprehensive Aviation Occurrence Reporting System (see page 6).

Another point to consider when relating workload indicators to resource utilization/requirements is that one is often not a direct function of the other. Factors such as economies of scale and productivity improvement measures may well come into play, thus increasing efficiency. On the other hand, decreasing workload determinants would not necessarily warrant a directly corresponding decrease in workload and resource levels. A reduction in the number of accidents may on the surface indicate a reduced requirement for investigators. However, among those accidents which did occur, a number of them could be major occurrences each requiring an intensive investigative effort. Also, investigations are likely to become increasingly resource-intensive as investigative methods and techniques are updated and improved to respond to the complex technology of modern aircraft. In addition, there are significant overheads involved in maintaining a "state-of-readiness" to respond quickly to certain unpredictable requirements. In the case of most accidents the evidence is transient and perishable. Therefore, a highly specialized and well-trained team of experts must be available at all times for immediate response.

Although many outputs produced by the Board are qualitative in nature and therefore cannot be easily quantified, there are some output indicators which can be measured and compared on a year-to-year basis. However, until the Board has been operating independently for at least two to three years, comparitive statistics on output indicators will not be available. Typical output indicators are, numbers of:

- investigations performed;
- safety deficiencies identified;
- safety recommendations issued;
- reports published;
- public inquiries conducted.

Some specific measures the Board plans to take in 1985-86 to enhance its performance and optimize its resource utilization include the following:

- the development and implementation of a comprehensive training program designed to ensure that investigators will possess the wide-range of knowledge and skills necessary to cope with the increasingly specialized and complex nature of aviation safety investigation and analysis;

- the commencement of a review and update of standards, procedures and techniques employed in performing aviation occurrence investigation and reporting, designed to improve the quality and consistency of the investigative process; and,

- the initiation and conduct of a number of safety studies on specific topics designed to develop information and findings that can be used for accident prevention purposes.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Canadian Aviation Safety Board expenditures by object are presented in Figure 6.

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85
Personnel		
Salaries and wages	8,475	6,074
Other personnel costs	2,471	1,150
	10,946	7,224
Goods and Services		
Transportation and communications	461	591
Information	65	81
Professional and special services	695	760
Rentals	28	49
Purchased repairs and upkeep	57	88
Utilities, materials and supplies	175	246
Other expenditures	4	5
	1,485	1,820
Total operating	12,431	9,044
Capital	1,190	992
Total expenditures	13,621	10,036

2. Personnel Expenditures

Personnel expenditures (including statutory contributions to employee benefit plans) constitute approximately 80% of total operating costs for the Board.

Figure 7: Authorized Person-Years and Salary Provision

	Authorized Person Years		Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85		
Executive				
Board Members	6	5		70,977
Executive/Senior Management	7	7	50,350-96,300	60,953
Scientific and Professional				
Economics and Statistics	2	-	14,570-65,080	39,670
Engineering	10	7	23,306-76,130	44,327
Law	2	-	20,523-88,120	74,825
Medicine	4	-	40,054-85,140	69,092
Other	1	1		
Administrative and Foreign Service				
Administrative Services	9	6	13,912-57,987	38,481
Computer Systems	2	1	18,766-61,433	41,964
Financial Administration	2	2	13,853-57,980	44,749
Information Services	3	1	13,579-57,980	41,973
Personnel Administration	2	2	13,330-63,870	44,581
Technical				
Aircraft Operations	62	49	34,323-63,173	50,680
Engineering and Scientific Support	3	1	14,041-50,866	26,152
General Technical	3	1	12,635-55,682	43,316
Social Science Support	3	2	12,635-57,764	33,180
Technical Inspection	24	24	12,635-57,691	44,107
Administrative Support				
Clerical and Regulatory	21	14	12,932-31,743	22,114
Secretrial, Steno., Typing	16	16	12,636-31,946	21,564

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational groups. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Total Program Cost

The Board's 1985-86 Estimates include authorities to be voted and statutory authorities. When describing the Program on a full cost basis other costs must be included as shown in Figure 8.

Figure 8: Total Cost of Program for 1985-86 ($000)

	1985-86 Total Expenditures	Add Other Costs	Total Costs 1985-86	Total Costs 1984-85
Canadian Aviation Safety Board	13,621	1,160	14,781	11,167

Total expenditures include all operating and capital costs for the Program. Other costs include services provided without direct charge to the CASB program by Public Works Canada and Transport Canada for accommodation ($1.021 million), by Treasury Board for the employers' share of health insurance premiums and costs, and by Supply and Services Canada for elements of pay administration.

C. Establishment of Resource Base

Establishing the resource base for the CASB involved the transfer of operating and capital resources from the operating bases of both Transport Canada and the Department of Health and Welfare as well as the provision of additional resources to enable the CASB to perform its broadened mandate and to function as an independent agency (see page 7). Figure 9 provides a breakdown of the establishment of the CASB operating resource base which is phased over a three-year period.

Figure 9: Establishment of CASB Operating Base ($000)

	Total Expenditures					
	1984-85		1985-86		1986-87	
Source of Resources	$	P-Y	$	P-Y	$	P-Y
Transport Canada	7,931	116	8,238	121	8,386	121
Health and Welfare	-	-	270	3	270	3
New resources	2,105	23	5,113	58	5,582	86
Total operating base	10,036	139	13,621	182	14,238	210

Note: All funds beginning in 1985-86 will be appropriated under CASB authority. The levels and the phasing of resources were authorized on the understanding that resource requirements will be reviewed at the end of fiscal year 1985-86, following initial experience with the actual operation of the CASB (see page 13).

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Canadian Centre for Occupational Health and Safety

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $7,687,000 in support of the Canadian Centre for Occupational Health and Safety in 1985-86.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Canadian Centre for Occupational Health and Safety		
30	Program expenditures	7,687	5,045
	Total Program	**7,687**	**5,045**

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Labour	
	Canadian Centre for Occupational Health and Safety	
30	Canadian Centre for Occupational Health and Safety - Program expenditures	7,687,000

Program by Activities

(thousands of dollars)	1985–86 Main Estimates			1984–85 Main Estimates
	Budgetary		Total	
	Operating	Capital		
Council of Governors and Executive Board	437	.....	437	258
President and Centre Staff	7,042	208	7,250	4,912
Less:				
Income held over for Expenditures in Subsequent Years	.....	.....	.....	−125
	7,479	208	7,687	5,045

Section I
Program Overview

A. Highlights

Plans for 1985-86 include:

- the improvement of the delivery of service by expanding the number of organizations having direct electronic access to the Centre (see page 12);
- the improvement of the method of dissemination of occupational health and safety information by developing a pilot program utilizing interactive computer technology to provide easy to understand, trustworthy information usable at the worksite (see page 10).

B. Financial Summary

Funding requirements for the Centre for both the Estimates and the current fiscal year are presented in Figure 1.

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast 1984-85*	Change
Canadian Centre for Occupational Health and Safety	7,687	7,645	42
Planned person-years	148	138	10

* The 1984-85 Forecast is $2.6 million higher than the 1984-85 Main Estimates as a result of Supplementary Estimates. The increase is being used to expand the information collection analysis and dissemination services of CCOHS.

The increase of $42 thousand represents the net effect of an inflation adjustment on staff salaries and the transferring of funds for building services to Public Works in 1984 as a result of the change to a schedule B Crown corporation. The increase of ten person-years in the 1985-86 requirements over the 1984-85 Forecast is to improve the service to the public.

C. Background

1. Introduction

The Canadian Centre for Occupational Health and Safety was created to promote the rights of Canadians to a healthy and safe working environment, and to help reduce the personal and economic costs of accidents, illnesses and permanent disabilities incurred in the workplace.

The Centre's main concern and focus is to be the national information resource in occupational health and safety which provides access to relevant and trustworthy information and advice to support governments, employers, and labour in their day-to-day decisions at the worksite. To this end, the Centre operates an information and advisory service which answers inquiries about occupational health and safety in written or electronic form, suited to the inquirer.

2. Legal Mandate

The Canadian Centre for Occupational Health and Safety Act enacted in April 1978 provides for a Council of Governors representing government (federal, provincial and territorial), employers and workers which reports to Parliament through the Minister of Labour. The Centre is enabled by the Act to provide a range of services, and receives its operating funds from Parliament. The Centre does not have any jurisdiction, and operates under the power of persuasion. Under the Act, the clientele of the Centre is the working people of Canada. The program was begun early in 1980.

3. Program Objective

The objective of the program is to provide Canadians with information and advice about occupational health and safety which is trustworthy, comprehensive, and intelligible in order to facilitate responsible decision-making in prevention of and protection from occupational diseases and accidents.

In fulfilling its objective, the Centre has established the following sub-objectives:

- to promote occupational health and safety by providing a fully-developed service of information and advice, by human and electronic communication, publication, and other media, to all the principal interests, organizations, and communities concerned with occupational health and safety throughout Canada;

- to develop a team of highly-qualified scientists and professionals with special skills in information and advisory work, and to provide practicable guidance and support in the training of many other people in these special skills;

- to develop computerized information banks on occupational health and safety appropriate to the needs in Canada, and to organize access to them;

- to participate extensively in international information exchanges; and

- to develop an internationally significant paper, electronic, microform and photographic stock of information specialized to Canadian needs in occupational health and safety.

4. Program Organization for Delivery

Activity Structure: The Program has only one activity encompassing all aspects of its operation.

Organization Structure: The Canadian Centre for Occupational Health and Safety, which is located in Hamilton, is governed by a Council which meets three times a year, and reports to Parliament through the Minister of Labour.

The Council consists of the Chairman, twelve Governors representing provincial and territorial governments; four Governors representing federal departments or Crown Corporations; eleven Governors representing workers, and eleven Governors representing employers, all appointed by the Governor in Council. The Chairman and the other Governors serve without remuneration but may be paid such allowances and travel expenses for each day spent in connection with the work of the Centre as are fixed by the Governor in Council.

The Executive Board of the Centre, chaired by the President and Chief Executive Officer, consists of nine Governors elected annually from among the members of the Council of Governors, on a representative tripartite basis. The Executive Board is authorized to carry out the business of the Council between Council meetings.

The President and Chief Executive Officer has supervision over and direction of the work and staff of the Centre.

There are four Directorates through which the Program is delivered:

Technical Services: provides scientific and technical support to all functions of the Centre, including preparation of information and advice on occupational health and safety.

Information Systems Services: establishes and operates computerized information services through which information and advice are delivered.

Documentation Services: gathers, organizes and disseminates information in support of the information and advisory service.

Finance and Administration Services: provides centralized planning and financial control, management and support services, and other services necessary for the effective operation of the Centre.

Figure 2: 1985-86 Resources by Function ($000)

	$	P-Y
Council of Governors and Executive Board	437	5
Corporate Management	250	5
Documentation Services	1,179	32
Technical Services	1,756	43
Information Systems Services	1,365	34
Finance and Administration Services	2,700	29
	7,687	148

5. Program Description

In answering inquiries, the Centre draws on national and international data bases, as well as knowledge and experience of staff in medicine, toxicology, engineering, safety, and law, and presents this information in such a way as to meet specific workplace concerns. Some responses require several person-months to complete. Others, which are more quickly answerable, usually concern hazards of using unnamed ingredients in "trade name" chemicals. Hazard Summaries are published on various topics. Typical annual volume of items of service is in the order of 12,000 inquiries.

So as to provide a reasonable level of service to all Canadians on occupational health and safety, the Centre employs computer communications. The Centre's system, which is still in the pilot stage, is intended to provide data access, storage, manipulation, and publication.

In order to exploit such Communications more fully, government, employer and worker organizations are being connected directly to the Centre's computer, under the direction of the Council's Information Policy Committee. Government connections operate under the direction of tripartite Users' Committees. In addition, several educational, professional and international organizations are connected to the Centre's computer, on an information exchange basis. The present computer's capability allows for some 300 organizations to be connected through 60 channels.

Several of the Centre's computer information banks are either operational or under development, as follows:

CIOL (Chemical Information Online): This has two components, Trade Names and Cheminfo. Trade Names consists of manufacturers' material safety data sheets; Cheminfo describes the pure chemicals and ingredients of the trade name product. CIOL is operational and under continuous development.

INFODOC: This is the inventory of the Centre's document holdings, publications by Canadian organizations, and selected publications considered essential to topics specially important to Canadian occupational health and safety. INFODOC is operational and under continuous development.

RESOURCES: This is under development and will be an inventory of research on, and organizations and people involved in, occupational health and safety in Canada.

LIOL (Legal Information Online): This is a prototype under development for information in occupational health and safety legal matters.

Events: This is under development and will cover educational programs and significant events, such as conferences and meetings, dealing with occupational health and safety in Canada.

Hazard Recognition and Control: A feasibility study is being undertaken to determine the need for a computer information bank on hazard recognition and control.

The Centre makes available on-line important data bases developed outside Canada, as follows:

CIS/ILO: Created by the Centre international d'informations de sécurité et d'hygiène du travail of the International Labour Organization in Geneva, CIS/ILO is a multilingual, bibliographic data base on publications in occupational health and safety worldwide.

NIOSHTIC: Developed by the US National Institute for Occupational Health and Safety, NIOSHTIC is a bibliographic data base of scientific publications in occupational health and safety.

D. Planning Perspective

1. Environment

In occupational health and safety, the environment which existed at the time CCOHS was created was one of fragmentation and rising costs. That environment continues to exist. There were and are jurisdictions within jurisdictions; sovereignty was and is strong and infringements were and are resisted; there was and is duplication and little coordination and collaboration. There was and is a need for

coordination; there was and is a need for cooperative action on the part of all the social partners (government, labour, employer) but tripartitism is new and untried and not without problems; consensus brings compromises among conflicting interests. Information and advice possess wide importance for many strategies and policies aimed at reducing occupational illness and injury.

2. Initiatives

Encouraging Consultation and Cooperation: The Council will use its tripartitism to continue its new initiative, assisted by the Centre, to encourage consultation and cooperation among the Canadian jurisdictions and the participation of labour and management in establishing high standards of occupational health and safety. An example of these initiatives was the first meeting of Ministers responsible for workplace health and safety held on September 18 and 19, 1984. Their decision to establish a Working Group of Ministers, Governors, Chairman of Council and President of the Centre to explore practical ways in which the Centre could assist jurisdictions to coordinate their policies and programs, analyze strategies and act as a clearinghouse for information will be implemented in 1985-86.

Establishing a Computer Information Bank: The Centre is creating a resource consisting of a large and uniquely Canadian computer information bank at the rate of 22,000 records per year. In order to establish effective interchange among workers, employers, and government agencies across Canada, the Centre is expanding its electronic network. The experience of serving the needs of this community of occupational health and safety interests will provide the basis for the evolution.

3. Program Effectiveness

The Centre's initiatives will give governments, employers, and labour a national information resource where none previously existed; will support efforts to deal with the unsolved problems of occupational health and safety; will be a new approach; will assist governments in dealing with duplication and in ensuring effective use of resources.

The Centre's operation is under the constant scrutiny of its Council of Governors and has been subjected to a user satisfaction surveys. One survey, performed by an independent consultant, demonstrated a high level of satisfaction with the services provided, a result confirmed by the Centre's own continuous feedback (4.2 on a 5 point scale).

In addition, the Centre has underway a program evaluation that is intended to provide an overall assessment of the Centre.

4. Performance Information/Resource Justification

Figure 3 shows average response time and user satisfaction in response to inquiries from the general public. The program is continuing its efforts to maintain a high level of quality.

Figure 3: Number of Inquiries Completed, Average Rating, and Distribution

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Inquiries			
No. Inquiries completed	4,800	4,300	3,873
% of Inquiries completed within 4 weeks	70%	65%	60%
Average rating on 4 indicators of user satisfaction (clarity, completeness, usefulness, and timeliness)	84%	84%	84%
Distribution			
The Centre's publications	14,000	11,300	9,086
Other publications	14,000	12,700	11,193

Figure 4 shows the Centre's continued progress in creating the occupational health and safety data bases that, in the future, will bear the major burden of the demands of the general public.

Figure 4: Number of Computer Information Bank Occupational Health and Safety Records Created

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
No. of Records	25,000	22,000	18,000

Figure 5 shows the continued expansion of the electronic dissemination of information to organizations with special interests in occcupational health and safety. The multiplier effect of connecting large membership organizations is being exploited during the pilot stage, with proposed expansion, in 1987, to a nationally accessible service.

Figure 5: Cumulative Number of Connected Organizations

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Connected Organizations	200	70	12*
Regular Channels	60	30	6*

* The connections were restricted to these numbers by Cabinet decision. The restriction was lifted at the end of January, 1984.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages and Contributions to employee benefit plans	5,345	4,672	3,247
Goods and Services			
Transportation and Communications	579	727	462
Information	138	159	78
Professional and Special services	602	602	375
Rentals	127	227	189
Purchased repair and upkeep	243	134	90
Utilities, materials and supplies	393	293	214
All other expenditures (Income)	52	(100)	67
	2,134	2,042	1,475
Total operating	7,479	6,714	4,722
Capital			
Leasehold improvements	100	-	6
Office furniture	18	140	1
EDP equipment	90	791	74
Total capital	208	931	81
Total expenditures	7,687	7,645	4,803

2. Personnel Expenditures

Figure 7: Planned Person-Years and Salary Provision

	Planned Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Management	5	5	5	50,350	- 96,300	63,161
Scientific and Professional						
Scientific Research	50	43	21	28,176	- 85,140	50,564
Library Science	13	13	8	19,782	- 50,712	34,735
Administrative and Foreign Service						
Administrative Services	11	11	10	13,912	- 57,987	30,756
Information Services	6	5	2	13,579	- 57,980	29,700
Translation	3	3	1	15,700	- 64,000	34,996
Other	3	3	3	12,766	- 63,870	33,942
Administrative Support	55	51	28	12,932	- 31,743	20,537
Operational						
General Services	2	2	2	13,253	- 39,988	21,705

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

The Canadian Centre for Occupational Health and Safety 1985-86 Estimates include only authorities to be voted. Consideration on a full-cost basis must include services provided without charge. Details of such costs are outlined in Figure 8.

Figure 8: Total Cost of Program ($000)

	1985-86 Operating Expenditures	Add Other Costs*	**Total Cost**	1984-85 Total Cost
Canadian Centre for Occupational Health and Safety	7,687	267	**7,954**	7,645

* Other costs of $267 thousand represent accommodation provided without charge by Public Works.

Canadian Human Rights Commission

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Appropriation Authority

Authority is requested in these Estimates to spend $8,523,000 in support of the Canadian Human Rights Commission. The remaining expenditures, estimated at $821,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Canadian Human Rights Commission		
10 Program Expenditures	8,523	8,461
(S) Contributions to employee benefit plans	821	746
Total Program	9,344	9,207

Vote - Wording and Amount

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
10	Canadian Human Rights Commission- Program expenditures	8,523,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-Years	Budgetary		Total	
		Operating	Capital		
Canadian Human Rights Commission	159	9,330	14	**9,344**	9,207

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	**Actual**
Budgetary	$	$	**$**
Vote 15 - Program expenditures	6,872,000	7,423,000	**6,688,437**
Statutory - Contributions to employee benefit plans	611,000	680,000	**680,000**
Total Program	7,483,000	8,103,000	**7,368,437**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86 the highlights of the Canadian Human Rights Commission Programs are:

- to maintain a proactive strategy with all our publics - employers/purveyors, unions, community groups and complainants, by consciously initiating activities in both public programming and enforcement (see pages 12 and 13);
- to increase the public's understanding of the Commission in terms of how its practices and procedures enable it to fairly and impartially implement the legislation (see pages 12 and 13); and
- to review the Commission's role in a number of policy areas that are evolving and that involve others e.g. affirmative action, equal pay for work of equal value (see pages 12 and 13).

2. Financial Summary

Figure 1: Financial Requirements ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Canadian Human Rights Commission	**9,344**	9,207	137
Authorized Person-Years	**159**	156	3

* There is no change from the 1984-85 Main Estimates (Extracts from Part II of the Estimates page 4).

Explanation of Change: The financial requirements for 1985-86 are $137,000 or 1.5% higher than the 1984-85 forecast expenditures. This increase is due to salaries and operating costs for three additional person-years required for workload increases associated with amendments to the Canadian Human Rights Act.

B. Recent Performance

1. Highlights

Highlights of the Program's Performance during 1983-84 are:

- The Commission continued to assign high priority to the handling of complaints in the area of systemic discrimination. Systemic discrimination is the pursuing of policies or practices which have an adverse effect on a protected class of individuals. Emphasis on class-based complaints increases the program's effectiveness in dealing with discrimination because it focuses on groups and issues rather than individuals. A tribunal decision ordering a special program as a remedy for past discriminatory practices, and increasing national attention to equal pay for work of equal value have increased demands for advice and assistance.

- The Commission increased its efforts in the preventative role of informing, educating and coordinating with employers, unions and groups by producing and publishing educational material, conducting seminars for special groups such as the disabled community and training staff of employers so that they can train others.

- With the proclamation of the Privacy Act on July 1, 1983, Part IV of the Canadian Human Rights Act was transferred to the Offices of the Information and Privacy Commissioners of Canada. This froze six person-years and $213,400 of the Canadian Human Rights funds during 1983-84 which could not be used for any other purpose. The Canadian Human Rights Commission paid all costs for the Privacy Commission during the period April 1 to June 30, 1983, after which the new commission assumed this responsibility.

- On March 30, 1983 Bill C-141 amending the Canadian Human Rights Act was approved by Parliament. These amendments cover the prohibiting of discrimination based on mental disability and provide protection to persons suffering from a physical or mental disability not only in matters related to employment, but also in the provision of goods, services, facilities or accommodation generally available to the public. $551,000 and five person-years were provided by Supplementary Estimates to finance the initial start-up of the expanded program.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Canadian Human Rights Commission	7,368	7,483	(115)
Person-Years	129	138	(9)

Explanation of Change: The difference between actual expenditures and person-year utilization and the Main Estimates resulted from the following:

- Reduction of the Main Estimates by $284,000 and eight person-years for transfer of the Privacy Commissioner from the Canadian Human Rights Commission to the Offices of the Information and Privacy Commissioners. An amount of $70,600 and two person-years was reinstated, making a net decrease of $213,400 and six person-years from the Main Estimates.

- Increase of $551,000 and five person-years by Supplementary Estimates to initiate start-up operations for amendments to the Act authorized by Bill C-141 less funds lapsed.

C. Background

1. Introduction

The Canadian Human Rights Commission combats discrimination within federal jurisdiction.

The Commission administers the Canadian Human Rights Act which prohibits discrimination on 10 grounds: race, colour, national or ethnic origin, religion, age, sex, marital status, family status, disability and conviction for which a pardon has been granted. It is empowered to investigate complaints of discrimination, to approve a resolution or settlement where discrimination is found and to end discriminatory policies and practices by means of education and research.

The Commission's authority encompasses all areas of federal jurisdiction including federal departments and agencies, Crown corporations, private companies which regularly transport goods or people across provincial or national borders, chartered banks, companies

which handle radioactive materials, inter-provincial or international pipelines, broadcasting companies and telephone companies doing business in more than one province.

The Commission reports to Parliament through the Minister of Justice.

2. Legal Mandate

The Canadian Human Rights Act, S.C. 1976-77, c. 33 was proclaimed in force on March 1, 1978. It was amended by S.C. 1980-81-82-83, c.111, 143, proclaimed in force on July 1, 1983.

3. Program Objective

To foster the principles that every individual should have equal opportunity to participate in all spheres of Canadian life consistent with his or her duties and obligations as a member of society.

4. Program Description

The Canadian Human Rights Commission handles all complaints of discrimination filed against federal departments or agencies, and the federally regulated portion of the private sector on the basis of the prohibited grounds specified in the Canadian Human Rights Act. Before dealing with a complaint the Commission must determine if it falls within its jurisdiction. Once this is established and a complaint is filed in a form acceptable to the Commission, it may assign an investigator to conduct an investigation of the particulars of the complaint. The findings of an investigation are submitted to the Commission which may make the following decisions, some of which are quasi-judicial in nature:

- decide not to act on a complaint;
- dismiss a complaint;
- refer a complainant to the proper authority;
- appoint a conciliator to attempt to bring about a settlement;
- approve settlements which have been agreed to by the parties; and
- appoint a tribunal.

The Commission also conducts information programs, provides advice, issues guidelines, conducts research, reviews regulations and other instruments, maintains close liaison with the Provinces and endeavours to discourage and reduce discriminatory practices.

5. Program Organization for Delivery

Activity Structure: The Commission has one Activity which is synonymous with the Program.

Organization Structure: The Commission consists of a Chief Commissioner, a Deputy Chief Commissioner, and from three to six other members appointed by the Governor in Council. The Chief Commissioner and Deputy Chief Commissioner are full-time members and the other members may serve either full-time or part-time. Full-time members are appointed for a term not exceeding seven years, and part-time members for a term not exceeding three years.

Branches through which the program is delivered are: Secretary General, Complaints and Compliance, Public Programs, Research and Policy, Administration, Personnel and Finance, and seven Regional Offices (see Figure 3).

Complaints and Compliance Branch: This branch is responsible for ensuring that complaints of discrimination filed with the Commission are investigated in an efficient and timely manner consistent with the principles set out in the Canadian Human Rights Act. The Branch is responsible for the development and implementation of policies and standards for all compliance activities. The Branch is also responsible for conciliation, and for providing advice, assistance and direction to staff in equal pay and systemic discrimination complaints and adaptation plans. In addition, the Branch plays a preventative role by providing advisory services to organizations coming under the jurisdiction of the Commission in order to help them review and modify their systems and practices so that they comply with the Act.

Public Programs Branch: This branch is responsible for the statutory requirements to develop and implement information training and consultative programs designed to increase public understanding and compliance with the Act, its principles and the Commission. The branch is comprised of:

Program Analysis and Development: Responsible for undertaking long-term planning and development of services and resources needed by the Commission's clients.

Information and Production: Responsible for the overall coordination of the Commission's public affairs and for the production of various informational material for the Commission's clients.

Program Delivery: Responsible for providing such services as information sessions, workshops and seminars.

Research and Policy Branch: This branch is responsible for supporting the Commission's decision-making process through applied research projects and development of policies on any number of human rights issues. Work from this Branch is in support of complaints processing, relations with other agencies and the public, representations to Parliament, and advice to employers and organizations serving the public.

The program is delivered from Headquarters in Ottawa and from seven regional offices located at: Halifax, Montreal, National Capital Region-Ottawa, Toronto, Winnipeg, Edmonton, and Vancouver.

Figure 3: 1985-86 Resources by Organization

	$(000)	P-Y
Chief Commissioner's Office	585	6
Secretary General	509	11
Regional Offices	2,192	56
Public Programs	1,136	19
Complaints and Compliance	1,211	31
Research and Policy	500	8
Administration, Personnel and Finance	3,211	28
	9,344	159

D. Planning Perspective and Performance Review

1. Environment

Response to Public: Since its inception the Canadian Human Rights Commission has operated in an environment of steadily increasing public and media awareness of and interest in equality rights, fairness in employment and personal choice. This interest has been intensified by the inclusion of the Charter of Rights and Freedoms in the Constitution, and by amendments to the Canadian Human Rights Act particularly with respect to disabled persons. This has resulted in a steadily increasing public demand for information, advice, assistance and consultation. The public has high expectations in this area and particularly high expectations of the ability of the Canadian Human Rights Commission to be helpful.

Government Initiatives: The recent undertaking of the government to increase protection for disabled persons under the Canadian Human Rights Act has had implications for the work of the Canadian Human Rights Commission. In addition, a significant number of projects now underway in government departments have implications for the Canadian Human Rights Commission, inter alia: review of federal legislation to conform to the Charter of Rights and Freedoms; development of new labour market strategies; changes in social benefit programs; "human rights" initiatives; affirmative action in the public sector; accessibility standards.

Economic Climate: Continuing high unemployment and slow growth in the economy have put increased pressure on disadvantaged job-seekers. With a large pool of unemployed job applicants to choose from, employers may be less likely to select minority group members, women and disabled persons. Those who are refused employment opportunities in these circumstances are more likely to be frustrated, to perceive their minority group status, their handicap, or their sex to be a disadvantage, and to suspect that they have been unfairly treated. Current inquiries, requests for advice, and complaints of discrimination trends indicate that they will exceed present levels. Employers and Purveyors of Services, on the other hand, may be less ready to enter into structural and systemic changes to correct discriminatory practices.

Legal Challenges: Financial and human resource costs of litigation can be expected to remain high for reasons connected to the points noted above, namely, high public expectations, implementation of recent amendments to the Canadian Human Rights Act, and economic conditions. The Canadian Human Rights Commission has only limited control over the number of human rights tribunals, appeals, and other types of litigation in which it must become involved.

2. Initiatives

In 1985-86 the Canadian Human Rights Commission plans to undertake the following initiatives:

- Having experienced some success in increasing contacts with client groups, the Commission plans to concentrate on changing public perceptions among those who have resisted voluntary compliance with the Act. This will be done through the implementation of a number of new service kits and education material, as well as developing special interest publications and instructional aids.

3. Update on Previously Reported Initiatives

Several research programs were completed and contributed to the development of education materials. As well, several major publications were developed in response to public demand for information on human rights issues, for example:

- A series of studies were conducted of the Commission's compliance activities in order to identify areas where efficiency and productivity could be improved. In the area of equal pay it was decided to centralize compliance activities in the equal pay unit and more assistance was provided to employers in their efforts to comply with legislation.

- The initiative to improve productivity in the processing of complaints continues. Early issue identification and allegation analysis, as well as new procedures to deal more rapidly with more routine cases are being introduced.

4. Program Effectiveness

The demands for information and the level of participation in education programs has been very positive, precipitating development of subsidiary publications on issues of current interest (i.e. Sexual Harassment, Equal Pay, etc.).

Examples of direct results include:

- equal pay settlements, including CN nurses case;

- elimination of discriminatory questions on employment application forms by numerous employers;

- system-wide changes in policies - Treasury Board maternity policy adjusted;

- conciliation settlements - including policy changes; and

- tribunal decision ordering mandatory affirmative action program.

A Program Evaluation Plan for the Canadian Human Rights Commission is under development.

5. Performance Information/Resource Justification

Significant aspects of the work carried out by the program are the investigation of complaints of discrimination and responding to enquiries from the general public.

Figure 4: Enquiries and complaints

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Enquiries	31,000	30,500	30,048
Formal Complaints			
Received	340	340	311
Investigated	400	385	359
Conciliated	40	50	33
Closed	393	325	326
Balance Outstanding	490	543	528

The Complaints and Compliance function accounts for approximately $2,055,000 (22.0%) and 52 person-years (32.7%) of the 1985-86 total resources. Details of the results of cases submitted for 1983-84 and previous years are presented in Figures 5 and 6.

Figure 5: Results of Cases Submitted for Decision in 1983-84

Grounds	Dismissed	Settled	Discontinued	Sub-total Closed	To Concil-iation	To Tribunal	Total Sub-mitted	Percentage
Sex	61	53	7	121	16	11	148	35.8%
Age	22	9	3	34	2	—	36	8.7%
Race/Colour	62	12	1	75	1	—	76	18.4%
Family/Marital Status	26	3	—	29	1	—	30	7.3%
National/ Ethnic Origin	24	3	2	29	1	—	30	7.3%
Disability	39	19	8	66	10	9	85	20.6%
Religion	7	1	—	8	—	—	8	1.9%
Conviction	—	—	—	—	—	—	—	—
Total 1983-84	241	100	21	362	31	20	413	100.%

Figure 6: Results of Cases Submitted for Decision by Fiscal Year

Years	Dismissed	Settled	Discontinued	Sub-total Closed	To Conciliation	To Tribunal	Total Submitted
1983-84	241	100	21	362	31	20	413
1982-83	256	99	43	398	63	12	473
1981-82	273	91	71	435	46	20	501
1980-81	186	68	46	300	47	18	365
1979-80	101	75	26	202	34	36	272

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	5,866	5,738	4,144
Other personnel costs	821	746	680
	6,687	6,484	4,824
Goods and services			
Transportation and communication	591	577	659
Information	211	211	238
Professional and special services	1,205	1,267	1,080
Rentals	111	111	61
Purchased repair and upkeep	56	56	38
Utilities, materials and supplies	452	452	72
All other expenditures	17	17	5
	2,643	2,691	2,153
Total operating	9,330	9,175	6,977
Capital	14	32	391
Total expenditures	9,344	9,207	7,368

2. Personnel Expenditures

Figure 8: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Governor in Council	2	2	3		89,755
Management	8	8	5	50,350-96,300	58,336
Scientific and Professional					
Law	3	3	3	20,523-88,120	53,687
Economics, Sociology and Statistics	4	4	3	14,570-65,080	45,353
Administrative and Foreign Service					
Administrative Services	9	9	9	13,912-57,987	32,755
Information Services	4	4	3	13,579-57,980	37,975
Personnel Administration	14	13	3	13,330-63,870	38,540
Program Administration	6/	65	65	13,912-57,987	37,701
Administrative Support					
Clerical and Regulatory	23	23	21	12,932-31,743	21,259
Secretarial, Stenographic and Typing	23	23	26	12,636-31,946	20,447
Other	2	2	2		37,626

The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 9: Net Cost of Program for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Total Cost 1984-85
Canadian Human Rights Commission	9,344	633	9,977	9,824

Other costs include accommodation provided without charge by the Department of Public Works ($511,000), the employer's share of Insurance Premiums and Costs (Group Surgical and Provincial Health Insurance) funded by Treasury Board ($109,000) and Accounting and Cheque Issue Service provided by Supply and Services Canada ($13,000).

M-1

1-M

Canadian Intergovernmental Conference Secretariat

1985–86 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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Canadian Intergovernmental Conference Secretariat

1985–86 Estimates

Part III

Expenditure Plan

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1985-86 Estimates

Part III

Canadian Intergovernmental
Conference Secretariat

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $1,989,000 in support of the Canadian Intergovernmental Conference Secretariat in 1985-86. The remaining expenditures, estimated at $128,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Intergovernmental Conference Secretariat		
5	Program expenditures	1,989	1,958
(S)	Contributions to employee benefit plans	128	115
	Total Program	2,117	2,073

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Intergovernmental Conference Secretariat	
5	Canadian Intergovernmental Conference Secretariat - Program expenditures	1,989,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Total	
Canadian Inter-governmental Conference Secretariat	25	2,109	8	2,117	2,073
	25	2,109	8	2,117	2,073

Section I
Program Overview

A. Highlights

The major focus of the Canadian Intergovernmental Conference Secretariat (CICS) is the provision of support services to intergovernmental meetings of First Ministers, Ministers, and Senior Officials. The program will continue these services in 1985-86 within a constant resource base, achieving the following goals:

- to provide services for one Federal/Provincial Conference of First Ministers and two Premiers' meetings at an approximate direct cost of $210,000 (see page 10);
- to provide services for preparatory meetings for First Ministers' Conferences and intergovernmental meetings at the ministerial and senior official level. The budget provides $398,000 for the direct cost of these meetings (see page 10); and
- to provide for the continuing distribution of public documents to public, university, and legislative libraries throughout Canada (see page 9).

B. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	Actual 1983-84
Canadian Intergovernmental Conference Secretariat	2,117	2,073	44	1,892
Person-years	25	25	—	25
Revenue	945	821	124	648

* The forecast 1984-85 represents no change from Main Estimates 1984-85.

The increase in resources in 1985-86 provides for price increases.

The Secretariat operational expenses are co-shared by the Federal and Provincial governments. The provincial shares are calculated in proportion to the population using the 1981 census. The fiscal year proportionate shares for the province of Manitoba will be absorbed by the Federal Government as this province does not at present contribute to the financing of operational expenses. It is estimated that total revenue will be $945,000 (see Supplementary Information, page 14).

C. Background

1. Introduction

The Canadian Intergovernmental Conference Secretariat was created by theFirst Ministers of Canada to serve federal/provincial and interprovincial meetings of First Ministers, Ministers and Senior Officials by providing all services required for their organization and administration. The Secretariat is an agency of both the federal and provincial governments and as such acts as a neutral intergovernmental body. Its budget is supported by both orders of government and its staff includes both federal and provincial public servants. The Secretary reports to governments annually. The operations are reviewed by a federal-provincial committee designated by their First Ministers. The Secretariat reports to Parliament through the Prime Minister.

2. Legal Mandate

The Canadian Intergovernmental Conference Secretariat was created and designated a department of the federal government by Order-in-Council November 19, 1973, pursuant to an agreement reached at the May 1973 meeting of First Ministers.

3. Program Objective

To provide administrative and support services for the meetings of First Ministers, as well as for federal-provincial and interprovincial meetings of ministers and senior officials.

4. Program Organization for Delivery

Activity Structure: The Secretariat has only one activity which is synonomous with the program.

Organization Structure: The Secretariat, located in Ottawa, is organized to deliver conference support services to intergovernmental meetings held at locations throughout Canada. The Secretary of Canadian Intergovernmental Conferences, appointed by Governor-in-Council, after consultation with provincial premiers, is the chief executive officer of the Secretariat.

There are three sections responsible for delivery of services:

- The conference Program Units, each managed by a Conference Officer, provide technical and logistical support for intergovernmental meetings.
- The Intergovernmental Document Centre provides document control, record management, public distribution and an archives for intergovernmental conference documents.
- The Administrative Services provide internal support for such matters as personnel staffing, pay, accounting, reception, security, communications and supply.

Figure 2 presents the allocation of resources across the organization.

Figure 2: Resources by Organization ($000)

	Office of the Secretary	Conference Program Units	Intergovernmental Document Centre	Administrative Services
$	299	1,149	300	369
PY	5	8	6	6

Additional personnel resources are provided as required for the duration of a conference requirement. These resources may be provided on an assigned basis from government departments or through personnel agencies.

5. Program Description

The Canadian Intergovernmental Conference Secretariat plans, coordinates and carries out administrative arrangements for intergovernmental conferences. This includes a conference secretary and liaison with delegations on behalf of the chairman, the preparation and circulation of the agenda, a conference program and related correspondence; printing, translation and distribution of conference documents; the provision of interpretation, media and security services; and the preparation of verbatim transcripts and other records of conference proceedings. The Secretariat provides coding and safekeeping of conference documents and an information retrieval service for governments related to this documentation. Public documentation is distributed to selected public, legislative and university libraries.

D. Planning Perspective

1. Environment

The Secretariat does not convene intergovernmental meetings. It is called upon to respond to decisions taken by governments to meet on national or specific issues. Decisions on timing of such meetings, their numbers, their location and duration are all factors beyond the control of the Secretariat. The level of expenditure is dependent upon these factors and rising costs.

2. Program Effectiveness

The measurement of effectiveness of the Canadian Intergovernmental Conference Secretariat is based on the following:

- ability to support effectively intergovernmental conferences within the financial limitations established by the federal and provincial governments;
- ability to deliver satisfactorily and equally to all governments the administrative and support services required by each intergovernmental meeting;
- ability to satisfy the information requirements of the Canadian public through regular and effective distribution of public documents to public, university, and legislative libraries throughout Canada; and by responding to requests for information on intergovernmental meetings; and

- ability to continue to develop as a neutral intergovernmental organization in support of eleven governments.

The program has satisfied and will continue to satisfy these requirements.

3. Resource Justification

For 1985-86 it is expected that the conference sectors will require $631,000 to meet direct costs of conferences served. Expenditures for salaries, overtime and supplies that are not apportioned by conference sector are provided for elsewhere in the budget.

First Ministers - $210,000: It is estimated that $210,000 will provide full conference services for one conference of First Ministers, one annual meeting of Provincial Premiers and one annual meeting of Eastern Premiers and New England Governors.

Other Conference Sectors - $398,000: The budget provides for support services to be provided to preparatory meetings leading up to one First Ministers' conference and meetings of Ministers or senior officials in sectors such as: Agriculture, Consumer and Corporate Affairs, Culture, Energy and Mines, Government Services, Health, Housing, Human Rights including Status of Women, Justice, Labour, Manpower, Municipal Affairs, Northern Development, Social Services/Welfare, Sport and Recreation, Tourism, and Transportation. The Secretariat must be responsive to requests. The forecasted expenditures are based on past experience, planned and anticipated activity but there are a number of unknowns such as number of meetings and locations that prevent determining the financial resource requirements with exactness. There are similarities in the program workload that prevail from year to year but nature, scope and timing are subject to change.

Other Requirements: A number of issues could be the subject of additional meetings in F-Y 1985-86. It is not possible to forecast their probability, resulting in the possibility that additional financial resourcing may be required during the fiscal year.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 3: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	913	882	752
Contributions to Employee Benefit Plans	128	115	125
	1,041	997	877
Goods and Services			
Transportation and Communication	253	253	249
Information	125	125	124
Professional and Special Services	508	508	451
Rentals	128	128	131
Purchased Repair and Upkeep	12	12	8
Utilities, Materials and Supplies	38	38	39
All other expenditures	4	4	6
	1,068	1,068	1,008
Total operating	2,109	2,065	1,885
Capital	8	8	7
Total expenditures	2,117	2,073	1,892

2. Personnel Expenditures

Figure 4: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	1	50,530-96,300	64,144
Administration and Foreign Service	8	8	9	13,912-57,987	42,641
Administrative support	15	15	15	12,665-31,946	23,777

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, and promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 5: Cost Analysis ($000)

	1985-86	1984-85	1983-84
Operating expenditures	2,117	2,073	1,892
Less -			
Receipts credited to revenue - Provincial Government Contributions	945	821	648
Add-			
Accommodation provided without charge by Public Works	360	365	348
Other services provided without charge	20	29	24
Total Cost of Program	1,552	1,646	1,616

M-3

C. Co-sharing

The co-sharing formula excludes federal employee benefit plan, tenant services and capital.

Provincial shares using the 1981 population census are as follows:

	Population (%)	Amount
Newfoundland	2.3	$ 22,700
Nova Scotia	3.5	34,500
New Brunswick	2.9	28,600
Prince Edward Island	0.5	4,900
Quebec	26.5	261,700
Ontaro	35.5	350,600
Manitoba	4.3	42,500
Saskatchewan	4.0	39,500
Alberta	9.2	90,900
British Columbia	11.3	111,600
	100.00	$ 987,500

In the fiscal year 1985-86, the provincial contributions for Manitoba ($42,500) will be absorbed by the federal government, as this province does not contribute to the financing of the Secretariat at this time. It is estimated total receipts credited to revenue will be $945,000.

The federal share will be $1,172,000 as follows:

50% operating costs	$ 987,500
Plus: Employee Benefit Plan (Federal)	128,000
Plus: Tenant Services	6,000
Plus: Capital	8,000
Plus: Manitoba Share	42,500

Canadian International Development Agency

1985–86 Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canadian International
Development Agency

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $1,594,808,000 in support of the 1985-86 Canadian International Development Agency. This includes non-budgetary expenditures of $239,800,000 for loans to developing countries and international development institutions. The remaining expenditures, estimated at $132,192,000 for contributions to employee benefit plans and payments to the Asia-Pacific Foundation of Canada and non-budgetary expenditures in respect of the encashment of notes issued to international financial institutions and development banks will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
40	Operating expenditures	69,308	56,475
45	Grants and contributions	1,285,700	1,197,176
(S)	Payments Under the Asia - Pacific Foundation of Canada Act	500	-
(S)	Contributions to employee benefit plans	6,292	5,447
	Total budgetary	1,361,800	1,259,098
L50	Loans to developing Countries	203,200	231,450
L55	Loans to developing Countries for Oil and Gas Exploration	30,000	-
L60	Contributions to the International Financial Institution Fund Accounts	4,000	4,000
L65	Payments to International Financial Institutions	2,600	2,900
(S)	Payments to International Financial Institutions	96,700	124,000
(S)	Payment to the African Development Bank	11,800	11,800
(S)	Payment to the Asian Development Bank	4,400	4,700
(S)	Payment to the Caribbean Development Bank	1,000	1,000
(S)	Payment to the Inter-American Development Bank	11,500	5,200
	Total non-budgetary	365,200	385,050
	Total program	1,727,000	1,644,148

Votes - Wording and Amounts

Vote No.	Canadian International Development Agency	1985-86 Main Estimates
40	Canadian International Development Agency-Operating expenditures and authority:	69,308,000
	(a) to engage persons for service in developing countries; and	
	(b) to provide education or training for persons from developing countries;	
	in accordance with the Technical Assistance Regulations made by Order in Council P.C. 1978-1268 of 20th April, 1978, as may be amended or any other regulations that may be made by the Governor in Council with respect to:	
	(i) the remuneration of payable to persons for service in developing countries, and the payment of their expenses or of allowances in respect thereto;	
	(ii) the maintenance of persons from developing countries who are undergoing education or training, and the payment of their expenses or of allowances in respect thereto; and	
	(iii) the payment of special expenses directly or indirectly related to the service of persons in developing countries or the education or training of persons from developing countries	
45	Canadian International Development Agency - The grants and contributions listed in the Estimates, provided that the amounts listed for contributions may be increased or decreased with the approval of the Treasury board, for international development assistance, international humanitarian assistance and other specified purposes, in the form of cash payments or the provision of goods, commodities, or services	1,285,700,000

Vote No.	Canadian International Development Agency	1985-86 Main Estimates
L50	Loans, in accordance with terms and conditions approved by the Governor in Council, to developing countries, and international development institutions for international development assistance	203,200,000
L55	Loans, in accordance with terms and conditions approved by the Governor in Council, to developing countries and international development institutions for international development assistance in the area of oil and gas exploration, related technical assistance and for special administrative expenses directly related thereto.	30,000,000
L60	Payment of $4,000,000 and the issuance of non-interest bearing non-negotiable demand notes in an amount not to exceed $166,800,000 in accordance with the International Development (Financial Institutions) Continuing Assistance Act for the purpose of contributions to international financial institution fund accounts	4,000,000
L65	In accordance with the International Development (Financial Institutions) Continuing Assistance Act:	2,600,000
	(a) payment in the amount of $2,600,000 and the issuance of non-interest bearing, non-negotiable demand notes estimated at $3,800,000 to the Asian Development Bank not to exceed in the aggregate the equivalent of 4,300,000 Special Drawing Rights;	
	(b) the issuance of non-interest bearing, non-negotiable demand notes estimated at $11,800,000 to the African Development Bank not to exceed the equivalent of 8,400,000 Units of Account; and	
	(c) the issuance of non-interest bearing, non-negotiable demand notes estimated at $10,000,000 to the Inter-American Development Bank not to exceed the equivalent of US $7,400,000	

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985/86 Main Estimates							
		Budgetary				Non-Budgetary		
	Authorized Person-Years	Operating	Capital	Transfer Payments	Sub-Total	Loans Investments Advances	TOTAL	1984/85 Main Estimates
Country to Country Cooperation	682	37,366	—	931,300	968,666	233,200	1,201,866	1,129,100
International Initiatives	43	2,712	—	354,900	357,612	132,000	489,612	487,862
Corporate Services	436	34,800	722	—	35,522	—	35,522	27,186
	1,161	74,878	722	1,286,200	1,361,800	365,200	1,727,000	1,644,148

Section I
Program Overview

A. Highlights

In an effort to help developing countries achieve self-sustainable economic and social development in accordance with their needs and environment, over the past three decades Canada has been providing Official Development Assistance (ODA). The major responsibility centre for ODA is the Canadian International Development Agency (CIDA), which consists of one program, the International Development Assistance (IDA) Program (see page 11 for further details). In addition, Canada's Official Development Assistance program includes financial support for the World Bank through the Department of Finance; the activities of the International Development Research Centre; the activities of the Petro-Canada International Assistance Corporation under the Estimates for Energy, Mines and Resources; and overseas development administration and some contributions to international organizations included in the Estimates of the Department of External Affairs.

Since ODA is a long-term investment, the results of the efforts of developing countries and foreign assistance cannot be observed on a year-to-year basis. Yet when one looks back upon the past two decades, it is apparent that development efforts in the developing world as a whole have achieved substantial progress; for example, a doubling of real per capita incomes, dramatic increases in life expectancy and adult literacy, and sharp reductions in child death rates in the Third World (see page 17).

While the development effort of the past several decades has been largely the work of the developing countries themselves, in that only some 13 % of the total investment in these countries has come from external sources, the foreign aid provided by Canada and other donor countries has played a vital role by providing essential technical and material assistance, without which progress would have been much slower. Canada believes that further progress will require continuing development assistance and that moreover this progress is essential to Canada's own interest in international peace and security and to the attainment of our economic goals as a trading nation. For these reasons Canada's current plans are to devote 0.5 % of GNP to ODA in 1985.

For fiscal year 1985/86, IDA expenditures are estimated at more than $1.7 billion to provide assistance to developing countries by:

- contributing to the implementation of over 900 development projects overseas (see pages 26 to 29);
- providing over 600,000 tons of cereals, and substantial quantities of vegetable oils, skim milk powder, fish and other food items for humanitarian and developmental purposes (see pages 27 and 33);

- supporting the development efforts of over 400 Canadian non-governmental organizations and institutions, as well as providing incentives for developing mutually-beneficial contacts between over 250 Canadian firms and their counterparts in the developing countries (see pages 25 and 28);

- supporting those programs of international organizations which are best-suited to deal with many global development problems; for example, Canada will support UNICEF's programs to improve the health of children, the United Nations Development Program's efforts to upgrade technical and administrative skills in the developing countries, and international financial institutions' efforts to mobilize large amounts of private capital for major development projects (see pages 31 to 35); and

- providing an effective response to disasters abroad (see page 34).

The returns to the Canadian economy from the IDA Program in 1985/86 include estimated procurement of Canadian goods and services in excess of $1 billion, substantial and widespread employment throughout the Canadian economy, and the expansion of Canadian exports.

B. Financial Summary by Activity

Figure 1 : Financial Requirements by Activity ($000)

	Estimates 1985/86	Forecast 1984/85	Change	For Details See Page
Budgetary				
Country to Country Cooperation	968,666	900,892	67,774	23
International Initiatives	357,612	325,201	32,411	30
Corporate Services	35,522	37,420	(1,898)	36
	1,361,800	1,263,513	98,287	
Non-Budgetary				
Country to Country Cooperation	233,200	218,387	14,813	23
International Initiatives	132,000	132,277	(277)	30
	365,200	350,664	14,536	
Total Requirements	1,727,000	1,614,177	112,823	
Authorized person-years	1,161	1,157	4	

Explanation of Change: The financial requirements for 1985/86 are 7.0 % or $112.8 million higher than the 1984/85 forecast expenditures. This increase is primarily due to:

- Increase in Grants and Contributions of $98.0 million;
- Increase in Loans, Advances and Investments of $14.5 million;
- Increase in Operating Costs of $0.3 million.

Explanation of 1984/85 Forecast: The 1984/85 forecast (which is based on information available to management as of October 31, 1984) is $30.0 million or 1.8% lower than the 1984/85 Main Estimates of $1,644.1 million (Extracts from Part II of the Estimates, page 4). The difference of $30.0 million reflects the following major offsetting items:

- A net Supplementary Estimate of $4.4 million reflecting additional Operating Costs requirements;
- A decrease of $34.4 in Loans to developing Countries and Contributions and payments to International Financial Institutions.

C. Background

1. Introduction

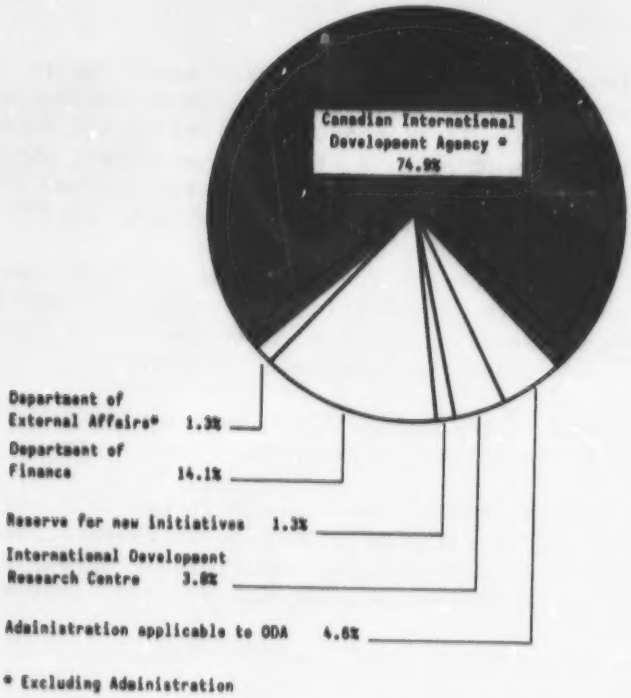
As mentioned earlier, Canada's efforts toward assisting in international development is referred to as Official Development Assistance (ODA). The Canadian International Development Agency (CIDA) is the department responsible for the largest portion of this assistance, which is carried out through CIDA's International Development Assistance (IDA) Program . The following portions of ODA are not undertaken within the IDA Program:

- Canadian support for the International Bank for Reconstruction and Development and the International Development Association, which together are commonly referred to as the "World Bank", is included in the Estimates under the Department of Finance;
- funding of the International Development Research Centre. This is included in the Estimates under External Affairs;
- overseas administrative functions relating to Canadian development assistance and certain contributions to international organizations considered to be ODA under internationally agreed standards are included in the Estimates under External Affairs; and
- programs of the Petro-Canada International Assistance Corporation, which are included in the Estimates under Energy, Mines and Resources.

Figure 2: Official Development Assistance Expenditure Breakdown (millions)

Department/Agency	Estimates 1985/86		Forecast 1984/85	
	$	%	$	%
CIDA (excluding operating expenditures)	1,718	74.9	1,613	75.1
International Financial Institutions (Department of Finance)	324	14.1	252	11.7
International Development Research Centre	86	3.8	81	3.8
External Affairs (excluding operating expenditures)	29	1.3	29	1.4
Petro-Canada International Assistance Corporation	30	1.3	73	3.4
Operating expenditures applicable to ODA	106	4.6	99	4.6
Gross ODA	2,293	100.0	2,147	100.0
Loan Repayment	(43)	-	(36)	-
Net ODA	2,250	-	2,111	-

Figure 3: 1985/86 ODA Program



The multi-facetted nature of the problems of international development necessitates close collaboration with a wide range of partners in Canada and overseas. Since the development effort involves nearly all sectors of society, CIDA must draw on the expertise of hundreds of Canadian private firms, voluntary organizations, many federal and provincial government departments, and of course the governments, institutions, and voluntary organizations of the developing countries themselves. In addition, the interdependence of development policies with other aspects of Canada's foreign policy requires on-going working relationships with such departments as External Affairs, Finance, and Agriculture, as well as the Export Development Corporation, other aid-giving countries, the United Nations, the World Bank and other multilateral organizations.

2. Legal Mandate

CIDA is designated as a "department" for the purposes of the Financial Administration Act by Order in Council P.C. 1968-9-23 of May 8, 1968. It acts under the aegis of the Secretary of State for External Affairs (SSEA). The authority of the SSEA and of CIDA for the IDA Program and related purposes is found in the new Department of External Affairs Act, in the Annual Appropriation Acts and in the International Development (Financial Institutions) Continuing Assistance Act.

3. Program Objective

The objective of the IDA Program is as follows:

- to facilitate the efforts of the peoples of developing countries to achieve self-sustainable economic and social development in accordance with their needs and environment, by cooperating with them in development activities; and

- to provide humanitarian assistance;

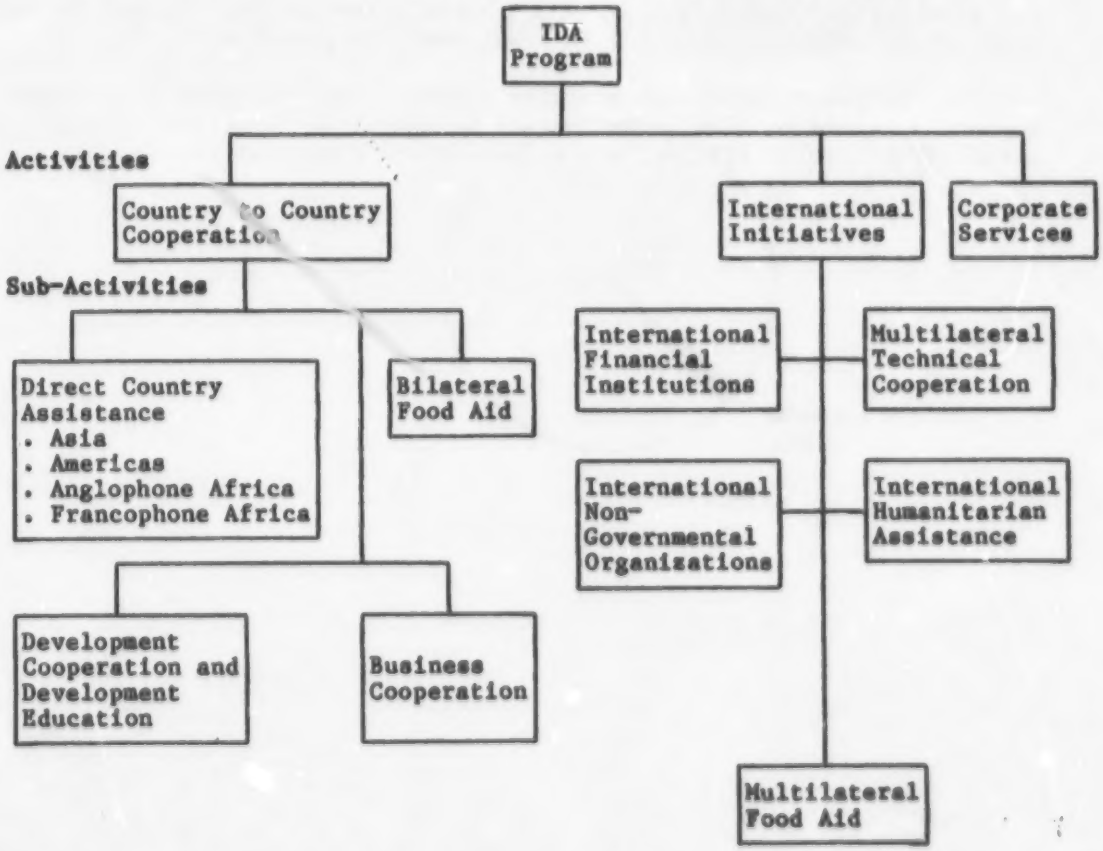
thereby contributing to Canada's political and economic interests abroad in promoting social justice, international stability and long-term economic relationships, for the benefit of the global community.

The sub-objectives of the IDA Program are outlined in Section II in relation to each Activity.

4. Program Organization for Delivery

Activity Structure: The IDA Program is composed of three activities as illustrated in Figure 4.

Figure 4: Activity Structure



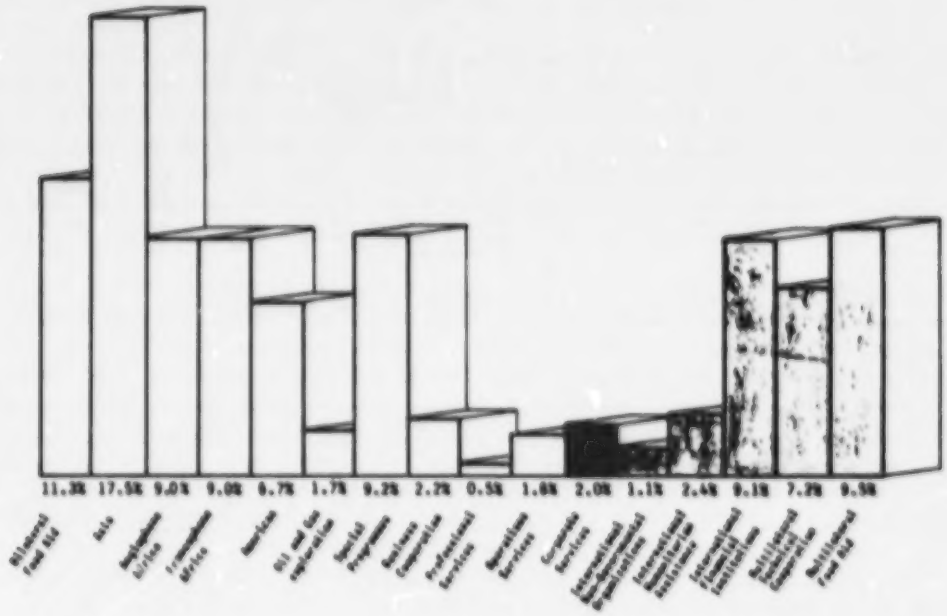
The Country to Country Cooperation Activity is the largest and is divided into four sub-activities. The Direct Country Assistance sub-activity involves assistance in the form of projects and programs provided by Canada on a government-to-government basis to selected countries and regional institutions in these geographical areas. Bilateral Food Aid covers the transfer of food commodities on a country to country basis. Development Cooperation and Development Education includes support for the overseas development efforts of provincial governments, Canadian non-governmental organizations and institutions, and for programs to increase public participation in international development. Finally, Business Cooperation refers to the support provided to the Canadian private sector to support their international development initiatives.

The second largest activity, International Initiatives, has five sub-activities. International Financial Institutions cover Canadian support of regional development banks such as the Asian Development Bank. The Multilateral Food Aid Sub-Activity includes food aid provided through international organizations as well as certain coordination and evaluation functions relating to all CIDA food aid. Multilateral Technical Cooperation refers to support for U.N. bodies engaged in international development, and also includes contributions to selected Commonwealth, Francophone and other multilateral organizations. International Humanitarian Assistance involves support for international institutions, non-governmental organizations and governments responding to natural and man-made disasters. International Non-Governmental Organizations (INGO) provides for support to international non-governmental organizations, such as the International Planned Parenthood Federation, which are involved in development cooperation.

The "Corporate Services" activity involves the provision of advisory and support services to CIDA in such areas as executive functions, policy formulation, public affairs, and personnel and financial services.

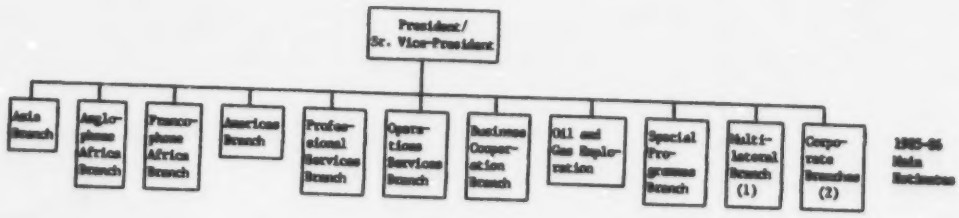
Figure 5 shows the 1985/86 percentage breakdowns for these activities and sub-activities.

Figure 5: IDA Program - Percentage Breakdown by Activity, 1985/86



Organization Structure: The relationship between CIDA's organizational structure and the activity structure, together with a breakdown of 1985/86 resources, is shown below.

Figure 6: 1985/86 Resources by Organization/Activity ($ millions)



Activity	Asia Branch	Anglo-phone Africa Branch	Franco-phone Africa Branch	Americas Branch	Profes-sional Services Branch	Opera-tions Services Branch	Business Coopera-tion Branch	Oil and Gas Explo-ration	Special Pro-grammes Branch	Multi-lateral Branch (1)	Corpo-rate Branches (2)	1985-86 Main Estimates
Country to Country Cooperation	276.5	161.1	169.2	123.3	7.9	36.7	38.0	30.0	161.7	197.5	-	1,201.9
International Initiatives	-	-	-	-	-	-	-	-	19.9	469.7	-	489.6
Corporate Services	-	-	-	-	-	-	-	-	-	-	35.5	35.5
Total Agency Resources	276.5	161.1	169.2	123.3	7.9	36.7	38.0	30.0	181.6	667.2	35.5	1,727.0
Person-Years	87	80	82	81	118	119	40		81	37	436	1,141

1 Although the Multilateral Branch coordinates planning for both Bilateral and Multilateral Food Aid, the responsibility for Bilateral Food Aid rests with the Area branches and Special Programs Branch.

2 The corporate branches contain the expenditures of the offices of the President and the Senior Vice-President, Policy Branch, Comptroller's Branch, Personnel and Administration Branch, and Public Affairs Branch. See figure 12 (page 36) for a complete breakdown of these expenditures.

D. Planning Perspective

1. The Environment in the Developing Countries

The planning and implementation of the IDA Program and its annual allocations are affected by two major factors: the current situation in the developing countries, and Canada's general foreign policy interests.

Significant economic and social progress over the past two decades has been achieved in the developing countries. In social terms, real income per person has more than doubled; primary school enrollment and adult literacy rates have also doubled; and life expectancy in the poorest countries has increased from 41 to 59 years. The death rate in those countries among children between one and four years old has gone down from 27 per thousand in 1960 to 11 per thousand in 1982.

In agricultural terms, India and Pakistan, which together account for more than one-third of the total population in low-income countries, have become self-sufficient in cereal production. Other developing countries, like Brazil, have rapidly expanded their manufacturing production and become important industrial states.

In economic terms, the output of the developing countries has grown rapidly, even during the recession in the mid-1970's. At that time their Gross Domestic Product continued to grow by about 5 % a year, although some countries fared better than others. The output of the middle-income countries in East Asia and the Pacific actually grew at a rate of 8.6 % annually between 1973 and 1979. By contrast, per capita incomes fell in some of the low-income countries with high population growth rates (i.e. Sub-Saharan Africa).

The latest recession has had a more profound impact however. According to the 1984 World Bank Development Report Gross Domestic Product (GDP) growth rates in the developing countries declined to 2.5 % in 1980 and continued to decline to 1.6 % in 1983. The demand for their exports has fallen drastically, while the cost of borrowing has increased. Overall, the prices of primary products in relation to those manufactured reached a post World War II low in 1982. For the low-income countries, this deterioration in terms of trade is perhaps more serious than the effects of the debt problem.

The availability of foreign capital declined abruptly after 1981. By 1983, the flow of commercial finance was reversed and developing countries were actually paying out more to their creditors in capital and interest than they were receiving in commercial loans. A number of countries faced debt-servicing difficulties and $67 billion of debt had to be rescheduled.

A large number of these reschedulings were in Africa. Although the size of Africa's debt is not large in relation to other regions like Latin America, the debt is large in relation to the individual budgets of the countries involved. The most serious problem for these countries was the

decline in official aid, i.e. falling from $2.6 billion in 1980 to $1.7 billion in 1982. This problem will be further aggravated by the lower than expected level of financing for the 7th replenishment of the International Development Association, the World Bank's soft loan window.

In addition to these external constraints, Africa is also facing severe internal shortages of skilled manpower, and a drought which has decreased the already low per capita food production. The famine in Ethiopia which suddenly gripped public attention in the fall of 1984, is symptomatic of the problems facing other African countries. The future of these countries depends partly on improving external conditions and partly on improving internal policies. Increased development assistance will be needed to stave off disaster and to make the transition from underdevelopment to development easier.

The prospects for the future in other developing regions are better. Asia has managed to maintain growth, although massive problems of poverty, disease and illiteracy remain. Countries in the Americas have been less fortunate and it is here that the debt problem is greatest. Civil strife and political tension have exacerbated the problem in some countries. Still, the region as a whole has a strong base on which to build.

In delivering this assistance, several special factors distinguish the IDA Program from those of most other Canadian government departments:

- development projects are implemented in a sovereign foreign country and are therefore never under CIDA's sole control;
- the constraints which create the need for development assistance also create problems in delivering that assistance, i.e. inadequate physical and administrative infrastructure;
- development projects are implemented in fragile economies and often unpredictable political circumstances, which require flexibility and adaptability;
- geographical distances and cultural and linguistic differences complicate the administration of aid projects.

Given these circumstances, successfully completing development projects on schedule and within budget presents a special challenge.

2. The Environment in Canada

The IDA Program has been guided by a policy framework developed over a period of years and related to specific targets or general guidelines. The main features of this framework, including the objectives of development assistance, the program shares, the sectoral priorities, the regional and country allocations, and other programming or administrative issues are under review by the Government as part of an overall review of Canada's external relations.

Volume of Assistance: The Government is committed to reaching the target of 0.5 % of GNP in 1985. It has also reaffirmed its commitment to reasonable growth in budgets over the next decade to achieve 0.6 % of GNP in 1990, and to reach a target of 0.7 % of GNP allocated to aid expenditures by 1995.

Funding of the Voluntary Sector: Non-governmental organizations and institutions are able to harness the skills and initiative of a broad spectrum of Canadians to deliver projects which are closely linked to the needs of the poorest people in the developing countries. The government is proposing increased funding to this sector.

Special Funds for Africa: A $50 million Special Fund for Africa with specific initiatives for Ethiopia, was established in 1984/85, and a Coordinator for African Famine Relief was appointed. These funds are being used to support initiatives undertaken by non-governmental organizations and to provide additional humanitarian relief assistance and food aid. Projects to improve water supplies and agricultural production will be developed to help provide longer-term solutions to the problems in Africa.

3. Program Effectiveness

Estimating the overall impact of Canada's IDA Program is complicated by a number of factors:

1. Official Development Assistance represents only a modest source (i.e. under 20 %) of the funding of the average Third World country's economic and social development activity. Most developing countries generate the bulk of their funds from domestic savings and investment, private sector foreign investment, and public sector foreign investment.

2. The average developing country receives ODA from about 20 bilateral donors and multilateral agencies, so it is difficult to isolate the degree or kind of impact that one donor has on development.

3. Canada has traditionally been the sixth to eighth largest bilateral donor among DAC members. Our leverage to influence the quality and quantity of developmental activity is therefore marginal in many instances.

4. Development is a long-term, high-risk process involving changes in the foundations of a society. Many ODA-financed projects require more than a decade of involvement and investment to achieve the desired economic and/or social objectives.

5. Most development programs involve costs and benefits (as well as inputs and outputs) which are not easily identifiable or quantifiable. The statistical data base in most developing countries is also weak, due in part to the relatively large traditional (i.e. non-monetary) sector of the economy.

In addition to these factors, corporate or program level assessments tend to be highly qualitative because Canada's ODA program utilizes a number of direct and indirect delivery channels or transfer mechanisms. The multilateral program utilizes some 85 international institutions, in conjunction with funding from other donors, to provide humanitarian and developmental assistance to the more than 140 developing countries which comprise the Third World. Similarly Canadian NGO's are active in international development and play an intermediary role in attracting contributions from public and private sector donors.

These problems do not exist to the same degree at the project or activity levels. It is possible to determine to some extent whether a particular project has achieved its objectives, the extent and nature of its impact on the intended target group or beneficiairies, and the efficiency with which the resources were employed. CIDA conducts a variety of evaluations and appraisals, some of which are mentioned in the next section.

4. Developmental Impact

(a) **Country to Country Cooperation:** An independent evaluation of three of CIDA's country programs has been conducted by the North-South Institute. The evaluations on Tanzania and Bangladesh were published in 1983, and the one on Haiti was published in 1984. The Institute's objective was to generate greater public understanding and discussion of development questions by integrating the social, political and economic aspects of development in a country with the range of interests and policies which influence the Canadian aid program.

The key issues identified by the Institute in the studies were the problems of partnership between Canada and the developing countries, the need to reconcile many objectives within the aid program, and the constraints to the delivery of an effective program. A number of recommendations were made to address the constraints identified and to increase effectiveness, including untying aid, increasing technical assistance, giving more support to agriculture and rural development, targetting more food aid to the poorest, trying to influence recipient government policies more, relaxing regulations, increase decentralization through increasing personnel in the field, and clarifying aid objectives. CIDA has welcomed the reports as a valuable contribution to the design and implementation of programs and has already implemented some of the studies' recommendations in the country concerned.

CIDA has also conducted its own reviews of its country programs and projects on a continuing basis. A report synthesizing the result of bilateral evaluations carried out between 1981 and 1983 was prepared by consultants for CIDA in 1984. The review offered a critical retrospective from which the Agency could derive lessons, both developmental and operational, to assist it in defining and planning future activities.

Only a small sample of CIDA's projects (62) and programs (13) were covered by the review but these included the main sectors in which CIDA is involved. At the developmental level, the review concluded that the majority of projects and programs had positive results in terms of their rationale, their impact on target groups, and their benefits for Canada. At the operational level, the results were less encouraging, particularly at the planning stage of projects. A number of the problems which were identified are not unique to CIDA, however, but are common among all development agencies. Many of them also relate to projects which were planned five to seven years ago, using operating methods which have subsequently been revised. The analysis and conclusions of the review have been distributed within the Agency for follow-up and as background material.

In addition to government to government project evaluations, the IDA Program has undertaken a number of organizational assessments of the major partner institutions and NGOs supported through the voluntary sector activity. Indications are that these channels offer good value for the money allocated to them and generally reach the people for whom they are intended. The main constraint appears to be the paucity of administrative resources among some of the voluntary agencies.

(b) **International Initiatives:** A review conducted by the World Bank's Operations Evaluation staff of 130 projects approved in the 1970's, gives an indication of the effectiveness of the international financial institutions in promoting development. The review found that 94 % of the total investment in the projects had achieved its major objectives, and that the economic rates of return for most of them exceeded 10 %. For example, the 49 agricultural projects reviewed had an average economic rate of return at audit of 19.5 %.

(c) **Future Evaluations:** At the corporate level the Agency's Evaluation Workplan envisages the following studies:

- a food aid evaluation scheduled for completion in March 1985;
- an evaluation of the NGO Program for February 1985;
- Phase I of a Human Resource Development/Education Evaluation for April 1985;
- an assessment of lines of credit; and
- an assessment of the railway subsector.

A program Evaluation Support and Coordination Unit has been created within CIDA'S Evaluation Division to provide professional support to the seven program branches, to improve linkages between corporate and program/project evaluations, and to enhance the application of evaluation results to policy formulation and programming.

5. Impact on the Canadian Economy

Although conceived and supported essentially for its benefits to people in the developing countries, the IDA Program brings substantial returns to the Canadian economy. About three-quarters of government-to-government project

and program assistance was spent on Canadian goods and services in 1984/85. In addition over four-fifths of the food aid budget is spent in Canada; and two-thirds of disbursements to the regional development banks are returned to Canada in the form of service contracts or equipment purchases. In total, an estimated $1.1 billion worth of Canadian goods and services was purchased under the IDA Program in 1984/85.

Estimated Breakdown of IDA Program Expenditures on Goods and Services Originating in Canada 1984/85 ($000)[1]

Country-to-Country Cooperation	
- Direct Country Assistance	$ 533,800
- Bilateral Food Aid	174,700
- Development Cooperation and Development Education	54,300
International Initiatives	
- International Financial Institutions	123,800
- Multilateral Food Aid	126,200
- Multilateral Technical Cooperation	33,900
- International Humanitarian Assistance	2,100
- International Non-Governmental Organizations	700
Operating Expenditures	61,900
TOTAL	$1,111,400

1 Based on allocations in 1984/85 Main Estimates.

In addition to employment impact, the IDA Program also has the potential to create export markets for Canada. CIDA works with the Export Development Corporation in co-financing projects which meet the criteria of both agencies. Seventeen projects have been co-financed since 1978, and are expected to generate over $750 million in Canadian procurement. Seventeen more projects are already in the pipeline. Co-financing with Arab aid agencies of over 38 projects with a total value of over $8 billion has also provided substantial export opportunities. The Industrial Cooperation Division further increases the potential for export growth by encouraging mutually beneficial contacts between Canadian firms and their counterparts in developing countries.

The ODA Program also has the benefit for Canada of enhancing the awareness of Canadians about global interdependence and the need for international peace and stability if Canada's own objectives are to be achieved. The knowledge and skills of Canadians are broadened by enabling them to play an active and effective role in Canada's development program. The international institutional framework and the network of personal relationships which are crucial for efforts to promote social justice are also strengthened.

Section II
Analysis by Activity

A. Country to Country Cooperation

Objectives

- to cooperate with developing countries and regional institutions in programs and projects designed to foster their economic and social development, including transfers of Canadian goods, services, technology and expertise;
- to support Canadian organizations in their programs and projects of development cooperation with the peoples and organizations of developing countries; and
- to foster greater knowledge and understanding amongst Canadians of international cooperation and development.

Resource Summary

The Country to Country Cooperation Activity accounts for 68.7 % of the IDA Program budget in 1985/86.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985/86		Forecast 1984/85		Actual 1983/84	
	$	P-Y	$	P-Y	$	P-Y
Direct Country Assistance[1]	804,689	567	737,408	568	561,644	518
Development Cooperation and Development Education	161,715	75	130,489	75	159,796	71
Bilateral Food Aid	197,500	-	223,300	-	179,328	-
Business Cooperation	37,962	40	28,082	38	27,215	36
TOTAL	1,201,866	682	1,119,279	681	927,983	625

[1] includes $233,200 of non-budgetary expenditures

Figure 9: Expenditures by Object ($000)

	Estimates 1985/86	%	Forecast 1984/85	%	Actual 1983/84	%
Operating Expenditures						
Personnel	31,334[1]	2.6	29,614[1]	2.6	25,855	2.8
Transportation and Communications	4,576	0.4	4,508	0.4	3,086	0.3
Professional and Special Services	996	0.1	757	0.1	636	0.1
Others	460	-	399	-	331	-
Total Operating Expenditures*	37,366	3.1	35,278	3.1	29,908	3.2
Grants	8,400	0.7	4,900[2]	0.4	506,850	54.6
Contributions	922,900	76.8	860,714	77.0	184,207	19.9
Total Budgetary	968,666	80.6	900,892	80.5	720,965	77.7
Non-budgetary	233,200	19.4	218,387	19.5	207,018	22.3
TOTAL	1,201,866	100.0	1,119,279	100.0	927,983	100.0

1 includes contributions to Employee Benefit Plans

* Of the total 1985-86 operating expenditures, 83.9 % is for personnel, 12.2 % is for transportation and 3.9 % is for all other costs.

Description

Country to Country Cooperation is composed of four sub-activities.

Direct Country Assistance: This sub-activity couprises the following elements: Asia Development Assistance, Anglophone Africa Development Assistance, Francophone Africa Development Assistance, Americas Development Assistance, Operations Services, and Professional Services. Government-to-government projects and programs, managed by the four geographical branches of CIDA, may include the provision of expert services and training, manufactured goods ranging from agricultural and industrial equipment to medical supplies, lines of credit for the purchase of Canadian goods, and assistance in the form of commodities such as potash, an essential fertilizer, and aluminum, which is used in applications ranging from cooking

pots to power lines for rural electrification. Individual projects vary in size from a few thousand dollars to tens of millions of dollars and are often co-financed with other development agencies. All projects are developed in cooperation with the host government and are implemented by one of its departments or a non-governmental organization or institution in the developing country. They normally involve experts and technicians sent abroad either under direct contract to CIDA or through a Canadian "implementing agency" such as a private firm or university.

The content of each of the IDA programs in each country is based both on an analysis of the needs of individual countries and an assessment of Canadian capabilities to meet those needs. More and more use is being made of Canadian non-governmental organizations that may already be operational in the field or have unique capabilities to undertake specific tasks. In response to the major problems facing developing countries (see page 17), the Agency's priority sectors are: agriculture and food, energy, and human resource development. However, in view of the diverse needs of particular developing countries, support is also given in such areas as transportation, communications, industry and social development.

CIDA's Professional Services provides technical expertise in project planning and execution, and manages the process of selecting Canadian firms to implement CIDA projects. Experts on the staff of the Professional Services Branch include specialists in such fields as water and sewerage, public health, transportation, mining, forestry, fisheries and energy.

Operations Services Branch is responsible for the coordination of initiatives from geographic areas, the control of procurements, the technical aspects related to contracts, the briefing centre and the administrative functions for legal services.

Bilateral Food Aid: Assistance in the form of bilateral food aid is given by Canada on a government to government basis or through non-governmental agencies. (Multilateral food aid is provided through multilateral institutions such as the World Food Program, and is covered under the International Initiatives Activity (see page 33)).

Development Cooperation and Development Education: Encompasses financial support for the overseas development programs and projects of provincial governments, and non-governmental organizations and institutions. It also includes support for the public participation programs of many of these organizations to encourage participation of the public in international development activities in Canada and abroad. Examples of CIDA's partners in these areas, receiving funding through the Public Participation Program, are Canadian non-profit organizations involved in international development, educational institutions, and business, labour, church, cooperative and professional organizations.

Business Cooperation: This sub-activity provides a focal point for liaison with the private sector and the development of policies including concessional financing activities and the Agency's dealing with the Export Development Corporation and the Export Trade and Development Board.

Through the Industrial Cooperation Program, the Canadian Business Community is encouraged to increase private investment, transfer Canadian technology, and undertake joint ventures, as a means of strengthening mutually beneficial economic relationships between Canada and the developing countries.

Performance Information/Resource Justification

Under the Country to Country Cooperation Activity in 1985/86, CIDA plans the following:

Direct Country Assistance: Over $700 million has been allocated to the four geographic regions in order to contribute to the implementation of more than 900 development projects. This objective will be accomplished by providing project and program advice to the host country governments and by financing the provision of goods and services.

All of these projects are aimed at improving living standards and economic productivity in the developing countries. Canada concentrates 75 % of its assistance in 31 core countries and regional groupings: eight in Asia, seven in Anglophone Africa, nine in Francophone Africa, and seven in the Americas. While goals and strategies vary considerably between individual countries, the following generalizations may be made about the orientation of the IDA Program in each of the four geographical regions.

Asia: $276.5 million has been allocated for programs in Asia in 1985/86, amounting to 17.5 % of the total IDA Program. India, Bangladesh, Indonesia, Pakistan, Sri Lanka, China, Thailand and Nepal are the major Asia programs. Most projects will be concentrated in the agriculture, energy and social development sectors. Increasing use will be made of non-governmental organizations in implementing grass-roots activities for social and human resource development.

Anglophone Africa: In this region, the fundamental development priorities are agriculture, social development and basic infrastructure. Accordingly, most of the $161.1 million allocated for programs in Anglophone Africa (9.0 % of the total IDA Program) will be concentrated on increasing agricultural productivity, and in promoting human resources, energy and transportation development. Kenya, Tanzania, Zimbabwe, Egypt, Zambia, Ghana, and the Southern African Development Coordinating Committee (SADCC) are the principal programs in Anglophone Africa.

Francophone Africa: This region has been allocated 9.0 % of the total IDA Program or $169.2 million in 1985/86. The overriding development problem in Francophone African countries is food production and food security (i.e., the assurance of food availability); programs will therefore emphasize integrated rural development, institution building, and assistance to small farmers. Major countries of focus are Cameroon, Niger, Senegal, Mali, Burkina Faso, Zaire, Ivory Coast, Rwanda and Guinea.

Americas: Programs in the countries of Latin America and the Caribbean have been allocated $123.3 million in 1985/86, representing about 6.7 % of the IDA Program total. The Leeward and Windward Islands, Peru, Jamaica,

Guyana, Haiti, Honduras and Colombia are the principal programs in the Americas region. The major sectoral priorities are forestry, energy, infrastructure, and grass-roots social development.

In planning and implementing projects and programs in the developing countries with which Canada cooperates, certain measures are taken to ensure that activities are conducted in the most efficient and effective manner possible. CIDA is in continuing dialogue with governments of developing countries, other donors, and with implementing agencies in the Canadian private sector to keep abreast of the changing circumstances affecting each program and to ensure that the implementation of projects is in accordance with the priorities of Canada and the developing countries. This process is carried out through, for example, regular field visits and donor consortia meetings, and special sectoral and planning missions. The staff of the Department of External Affairs in the 35 Canadian posts in the developing countries play a central role in this process. These consultations are reinforced by internal CIDA analyses which assess the effectiveness of previous cooperation efforts and set priorities for the future.

Except for very small projects, CIDA's ongoing projects are managed according to Plans of Operation which set out a schedule of activities to maximize the achievement of project purposes, and to lay the basis for any possible subsequent evaluation of the project. Furthermore, CIDA manages its projects through a project team which brings together the project and planning officers from the geographic branch with the principal resource officers from the Professional Services Branch, each having specific responsibilities in the development and monitoring of the progress of each project. The technical input of resource specialists are instrumental in the effective delivery of all government-to-government projects.

The effectiveness of the Country to Country Activity is enhanced by concentrating Canadian aid in core countries and priority sectors, and by the extensive use made of the best available expertise from the Canadian business community and non-governmental sector.

Bilateral Food Aid: $197.5 million has been allocated to direct bilateral food aid to meet both developmental and humanitarian objectives.

The principal commodities provided are wheat and other cereal products, which make up about 75 % of total Canadian food aid, and vegetable oils, skim milk powder, fish and other food items which account for the remainder. Under the International Food Aid Convention, Canada has committed itself to provide 600,000 tonnes of cereals annually, through both government-to-government and multilateral channels. In addition to its humanitarian purposes, Canada's food aid also provides the governments of developing countries with the assurance of adequate food availability in order to carry out necessary policy reforms, and in many cases allows them to generate resources for development projects through the sale of this food.

Two years ago, CIDA revised its policies and procedures and was able to achieve economies of an estimated $7.5 million in 1984/85 through procurement and transportation of food by bulk purchases and shipments and through enhanced expertise and up-to-date market information.

Development Cooperation and Development Education: This sub-activity has been created to support the contributions to Third World development of over 400 Canadian non-governmental organizations and institutions, as well as the contributions of the Canadian business community and provincial governments. $161.7 million has been allocated to this program to support between 2,000 and 2,500 programs and projects in more than 100 countries.

Special Programmes Branch which is responsible for this sub-activity has been the fastest growing element of the IDA Program. Experience has shown that non-governmental organizations and institutions can be particularly effective in accomplishing certain key development tasks, in particular in community work at the grass-roots level. Recipients of CIDA Special Programmes support have included organizations such as CARE Canada, Help the Aged, CUSO, the Canadian Executive Services Overseas (CESO), World University Service of Canada, Canada World Youth, the Canadian Labour Congress, and Cardinal Léger et Ses Oeuvres, and various church groups, universities and colleges. This list is merely indicative of the approximately 400 organizations which the IDA Program has supported.

In determining appropriate levels of support for the Canadian non-governmental institutions, CIDA assesses the organizational and financial capabilities of these bodies and of the development effectiveness of the programs and projects which they submit for funding. The efficiency and effectiveness of the Special Programmes sub-activity is also indicated by the catalytic role that the IDA Program plays in this area by encouraging contributions of money and time from Canadians in the private sector. This is accomplished through matching contributions and grants. In 1982, the latest year for which comparative figures are available, the private donations of Canadians to the development programs of non-governmental organizations exceeded $215 million. By volume, this placed Canadians third in the Western world, after Americans and West Germans, in their private contributions to international development. In addition to their financial contributions, many thousands of Canadians also volunteer their time and effort to help operate these organizations and to carry out their fund raising and public education activities.

Business Cooperation: This sub-activity was created in 1984/85 to highlight CIDA's joint efforts with the business community to encourage international development activities. An amount of $38.0 million has been allocated to this sub-activity in 1985/86 and these funds will support approximately 1,500 initiatives undertaken by the Canadian private sector in a variety of developing countries.

The focus of the Business Cooperation sub-activity is fostering development linkages between the Canadian business community and its counterparts in developing countries. The Branch organizational structure consists of a Policy and Liaison Division, an Industrial Relations Division and the Industrial Cooperation Division.

This sub-activity has a large base of support from the Canadian business community and there is a substantial and growing demand for its services. This demand is being met by an increase of two person-years and $12.0 million in 1985/86.

B. International Initiatives

Objectives

- to support the activities of global and regional multilateral organizations in their programs and projects of development cooperation with the peoples and organizations of developing countries;
- to alleviate hunger and other hardships through the provision of humanitarian assistance; and
- to foster greater knowledge and understanding amongst Canadians of international cooperation and development.

Resource Summary

The International Initiatives Activity represents 29.3 % of the total budget of the IDA Program for 1985/86.

Figure 10 : Activity Expenditures ($000) and Person-Years

	Estimates 1985/86		Forecast 1984/85		Actual 1983/84	
	$	P-Y	$	P-Y	$	P-Y
International Financial Institutions[1]	135,646	9	135,821	9	54,379	9
Multilateral Food Aid	165,567	9	139,653	9	146,693	9
Multilateral Technical Cooperation	126,832	14	123,181	14	121,624	14
International Humanitarian Assistance	41,711	5	41,664	5	50,694	5
International Non-Governmental Organizations	19,856	6	17,159	6	17,561	6
	489,612	43	457,478	43	390,951	43

1 includes $132,000 of non budgetary expenditures.

Figure 11: Expenditures by Object ($000)

	Estimates 1985/86	%	Forecast 1984/85	%	Actual 1983/84	%
Operating Expenditures						
Personnel	2,008[1]	0.4	1,977[1]	0.5	1,867	0.5
Transportation and Communications	489	0.1	439	0.1	328	0.1
Professional and Special Services	190	-	171	-	127	-
Others	25	-	29	-	23	-
Total Operating Expenditures*	2,712	0.5	2,616	0.6	2,345	0.6
Grants	332,400	67.9	302,900	66.4	329,154	84.2
Contributions	22,500	4.6	19,685	4.0	7,339	1.9
Total Budgetary	357,612	73.0	325,201	71.0	338,838	86.7
Non-budgetary	132,000	27.0	132,277	29.0	52,113	13.3
TOTAL	489,612	100.0	457,478	100.0	390,951	100.0

1 includes contributions to Employee Benefit Plans

* Of total operating expenditures, 74.0 % is for personnel, 18.0 % is for transportation and 8.0 % is for all other costs.

Description

The International Initiatives Activity comprises support in the form of funding, food transfers and policy input for the development efforts of international organizations, both governmental and private. It has five sub-activities:

International Financial Institutions: Through this sub-activity, the IDA Program supports four international development banks established by international agreement (support to the World Bank is provided through the Department of Finance). These four regional development banks, with headquarters in each of the geographic regions, are the Asian, African, Inter-American, and Caribbean Development Banks. The contributions of the Canadian and other government members enable them to mobilise private capital for development projects.

Multilateral Food Aid: This relates to Canadian food aid channeled through the World Food Program (WFP) of the United Nations Food and Agriculture Organization.

Multilateral Technical Cooperation: Under this sub-activity grants are provided to various United Nations agencies each with specific development mandates, such as the United Nations Development Program, UNICEF and the UN Fund for Population Activities. Support is also provided to such bodies as the Commonwealth Fund for Technical Cooperation, La Francophonie's Special Development Program, the International Fund for Agricultural Development, and a number of international agricultural research organizations.

International Humanitarian Assistance: Under this sub-activity Canada helps to alleviate human suffering resulting from droughts, refugee crises, and other disasters, through such organizations as the UN High Commissioner for Refugees and the Red Cross.

International Non-Governmental Organizations: This includes support for non-profit international organizations engaged in development work, such as the YM/YWCA.

The level of Canadian support for these multilateral institutions is decided after careful appraisal of the degree to which they are in accord with Canada's development priorities and other foreign policy goals. In general, these multilateral bodies are able to perform certain tasks which would be difficult to accomplish on a government-to-government basis. For example, the regional development banks mobilize particularly large sums of capital in order to carry out projects which might be too large for a single donor. In addition, international organizations such as the Red Cross are well-equipped to coordinate assistance from many donor countries and are widely respected for their competence and political neutrality.

Performance Information/Resource Justification

Under this activity in 1985/86, the IDA Program intends to undertake the following:

Development Programs and Projects of the Regional Development Banks: $135.6 million has been allocated to provide funding for the development programs and projects of the regional development banks.

On the basis of contributions of paid-in capital and government guarantees provided by Canada and other donor nations, the African, Asian, Inter-American and Caribbean Development Banks borrow on world capital markets and in turn make loans to developing countries for development projects, often on a very large scale. Most loans are at near-market rates of interest, but these rates are still much lower than most developing countries could obtain on their own and they have lengthy grace periods and longer pay-back periods. In addition, the banks also possess special facilities for lending to the poorest developing countries at virtually interest-free rates and concessional terms. More than 80 % of Canada's funding to the banks is reserved for these special facilities.

It should be noted that Canadian support for the World Bank and its fund for the poorest countries, the International Development Association, is included in the Estimates for the Department of Finance. CIDA, however, works closely with the Department of Finance in developing Canadian positions within the World Bank, and consults directly with the staff of the World Bank in establishing Canada's regional and country priorities.

The effectiveness of CIDA's support for the regional development banks can best be indicated by reference to several trends. The banks have in recent years been able to mobilize for development purposes as much as nine dollars of private capital for every dollar of paid-in capital supplied by the Canadian and other governments. Canada's contributions are thus subject to a substantial multiplier effect. Further, participation in these banks serves Canada's interests in that approximately two-thirds of each dollar disbursed by Canada was returned in the form of procurement of Canadian goods and services. Efforts are being made to increase these returns in the future.

Food Aid Assistance: $[illegible]6 million has been allocated to supply food assistance for millions of people, for distribution through multilateral food aid institutions.

As indicated above, Canada has committed itself to supplying 600,000 tonnes of cereals annually, about 40 % of which is distributed through multilateral organizations, primarily the the Word Food Program (WFP). WFP food is distributed either directly to especially vulnerable groups such as children and nursing mothers, or is channelled through its "food for work" program, which collaborates with developing country governments in providing employment for millions of people in rural works projects such as roads and irrigation canals, in return for payment in food.

Multilateral Technical Cooperation: $126.8 million has been allocated to support the development programs of United Nations agencies and other international organizations which are important in promoting international development.

The Multilateral Technical Cooperation sub-activity includes grants to the United Nations Development Program, UNICEF, and other U.N. agencies, as well as to other international development programs such as the Commonwealth Fund for Technical Cooperation and La Francophonie's Special Development Program. Many of these agencies concentrate their efforts in the field of technical assistance and training, while UNICEF is well-known for its educational, nutritional and health programs for children around the world. One of the other bodies supported is the Consultative Group on International Agricultural Research, which has funded extraordinarily successful agricultural research programs to develop high-yielding varieties of rice and wheat.

In determining appropriate levels of support for these bodies, CIDA undertakes regular assessments of their effectiveness in achieving developmentally sound results. In addition, Canada often plays a key role together with other donors in instituting changes within these organizations to improve their operational effectiveness.

International Humanitarian Assistance: International humanitarian assistance is provided through international institutions, non-governmental organizations and foreign governments in response to natural and man-made disasters, as well as for refugee programs. In addition, core funding is provided to international humanitarian organizations such as the United Nations High Commissioner for Refugees and the International Committee of the Red Cross. For example, in 1984/85 Canada responded to such situations as a drought in Africa (Ethiopia, Ouganda ...), floods and droughts in Colombia and Bangladesh, a typhoon in the Phillipines and a cyclone in Madagascar, and provided food and shelter for Afghan refugees in camps in Pakistan. To ensure the effectiveness of its international humanitarian assistance, the IDA Program also supports efforts to maintain and develop the capabilities for disaster preparedness of institutions involved in humanitarian assistance. $41.7 million has been allocated for response to disasters in 1985/86.

International Non-Governmental Organizations: $19.9 million in grants and contributions has been allocated to support the development work of a wide variety of international non-governmental organizations. Examples are the International Planned Parenthood Federation, the YM/YWCA and the Asian Institute for Rural Development. To determine levels of support, CIDA assesses the developmental effectiveness and organizational capabilities of these international groups.

International System of Burden-sharing: One of Canada's key international development objectives is to strengthen the principle of equitable sharing of the costs of support for the development programs of multilateral agencies, so that all wealthy countries will be encouraged to contribute in accordance with their economic strength. With this goal in view Canada continues to play a central role in various international negotiations, particularly with respect to the special funds of international development banks for the poorest countries, and is prepared to back up its negotiating position with substantial financial commitments, within the limits imposed by budgetary allocations. For example, in recent years Canada has played a leading role in the replenishing of the World Bank's concessional fund for the poorest countries, in international negotiations leading to the establishment of multi-year financing for the Commonwealth Fund for Technical Cooperation, and in strengthening the effectiveness of the United Nations Development Program.

Representation in Multilateral Development Institutions: It is important to ensure that Canada's positions and interests are taken into account in the operations of these institutions. Relevant Canadian interests include commercial goals, overall foreign policy priorities and the objective that there be a high level of Canadian representation at the senior staff levels of multilateral organizations. In the commercial sphere, participation in the activities of multilateral institutions renders Canada eligible for a wide variety of foreign contracts, often of very considerable scope. The means by which Canadian influence is exerted varies from institution to institution. In most cases, however, Canadian financial support is on a large enough scale to give Canada substantial influence on decision-making. For example, Canada is able to maintain a permanent seat on the Boards of

Directors of the Asia Development Bank, the African Development Bank, the African Development Fund, the Inter-American Development Bank, and the Caribbean Development Bank because of the importance of our participation. Similarly, Canada is an influential member of the governing bodies of the United Nations Development Program, UNICEF, the UN Fund for Population Activities, the Commonwealth Fund for Technical Cooperation and the International Fund for Agricultural Development.

C. Corporate Services

Objective

- to ensure that the Agency has the necessary support services to enable the efficient and effective achievement of the International Development Assistance Program objectives within the framework of federal government policies, procedures and controls.

Resource Summary

The Corporate Services Activity accounts for 2.0 % of the total budget of the IDA Program for 1985/86. Of this amount, 50.4 % is related to personnel salaries and benefits. The largest part of the balance relates to the professional and special services required to implement computerized information systems in CIDA.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985/86		Forecast 1984/85		Actual 1983/84	
	$	P-Y	$	P-Y	$	P-Y
Agency Executive *	1,414	24	1,417	23	1,393	26
Policy Branch	3,066	46	2,741	46	2,526	42
Comptroller's Branch	15,888	169	18,958	169	13,276	157
Personnel and Administration	11,397	164	11,947	164	10,022	165
Public Affairs Branch	3,757	33	2,357	31	2,252	27
	35,522	436	37,420	433	29,469	417

* Includes the costs of the Offices of the President and the Senior Vice-President, and Management Systems Division.

Figure 13: Expenditures by Object ($000)

	Estimates 1985/86	%	Forecast 1984/85	%	Actual 1983/84	%
Operating Expenditures						
Personnel	17,888	50.4	17,089[1]	47.3	15,569	52.8
Transportation and Communications	2,746	7.7	2,829	7.3	1,636	5.6
Professional and Special Services	7,760	21.8	9,415	24.4	6,269	21.3
Others	7,128	20.1	8,087	21.0	5,995	20.3
Total Operating Expenditures	35,522	100.0	37,420	100.0	29,469	100.0
Grants	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Total Budgetary	35,522	100.0	37,420	100.0	-	-
Non-budgetary	-	-	-	-	-	-
TOTAL	35,522	100.0	37,420	100.0	29,469	100.0

[1] includes contributions to Employee Benefit Plans

Description

The Administration Activity includes the following CIDA services:

Agency Executive Services: the establishment of policy direction to CIDA as well as the overall coordination and administration of its operations to ensure consistent, timely and efficient implementation of the IDA Program.

Policy Formulation and Evaluation Services: the formulation of development policies and strategies in relation to the transfer of ODA to developing countries, the provision of continuing advice to ensure these policies are kept relevant to conditions affecting the implementation of the IDA Program, and the design and review of evaluation methods and practices to maximize its effectiveness.

Comptroller: the formulation, development and implementation of financial planning policies, processes and guidelines and the conduct of special studies on financial issues, the provision of financial management,

accounting and management systems expertise and services to line management, and ensuring that responsibilities for financial administration are discharged as specified by Parliament and the central agencies.

Public Affairs: the provision of information and educational material to the public about international development and the IDA Program. Public information explains to the public the nature and scope of Government involvement in international development issues. Development education activates a more informed awareness of development issues and problems among the Canadian people, encourages a greater public interest and involvement in international development and stimulates increased flows of development assistance from the private sector.

Personnel: the provision of personnel support services to line management and ensuring that responsibilities in relation to government-wide policies such as official languages and affirmative action are implemented.

Administration: the provision of logistic services and the purchase of material supply and equipment related to Agency requirements.

Performance Information/Resource Justification

The Corporate Services Activity includes two kinds of administrative functions. The first comprises administrative services related to the operation of CIDA as a whole, such as staffing, strategic planning, and office accommodation. The second includes those administrative services specifically related to individual programs and projects within the Country to Country Cooperation and International Initiatives Activities. These functions could be placed in the operational activities, but are centralized in the Corporate Services Activity for reasons of efficiency. Some examples of these services are the verification of project accounts, the processing of invoices for payment, financial advice in the planning and implementation of projects and liaison with certain international programs. This represents approximately 20 % of the Corporate Services Activity.

Figure 14: Relationship of Corporate Services Expenditures to Total IDA Operating Expenditures

	Estimates 1985/86	Forecast 1984/85	Actual 1983/84
Total IDA Operating Expenditures	75,600	75,314	61,722
Corporate Services Expenditures	35,522	37,420	29,469
Percentage of Total	47 %	49 %	48 %

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

IDA Program expenditures by object are presented in Figure 15.

Figure 15: Expenditures by Object ($000)

	Estimates 1985/86		Forecast 1984/85		Actual 1983/84	
	$	%	$	%	$	%
Personnel						
Salaries and Wages	44,870	2.6	43,059	2.7	37,640	2.8
Contributions to employees benefit Plans	6,286	0.4	5,447	0.3	5,614	0.4
Other Personnel Costs	74	0.0	174	0.0	37	0.0
Total Personnel Costs	51,230	3.0	48,680	3.0	43,291	3.2
Goods and Services						
Transportation and Communications	7,811	0.5	7,776	0.5	5,050	0.4
Professional and Special Services	8,924	0.5	10,343	0.6	7,032	0.5
Rentals	3,924	0.2	4,302	0.3	2,977	0.2
Purchased Repair and Upkeep	453	0.0	689	0.0	652	0.0
Utilities, Materials and Supplies	1,198	0.1	994	0.1	848	0.1
All Other Expenditures	1,338	0.1	980	0.1	845	0.1
Capital	722	0.0	1,550	0.1	1,027	0.1
Total Operating Expenditures	75,600	4.4	75,314	4.7	61,722	4.6

Figure 15: Expenditures by Object ($000) (Cont'd)

	Estimates 1985/86		Forecast 1984/85		Actual 1983/84	
	$	%	$	%	$	%
Grants, Contributions and Other Transfer Payments	1,286,200	74.5	1,188,199	73.6	1,027,550	76.2
Total Budgetary Items	1,361,800	78.9	1,263,513	78.3	1,089,272	80.8
Loans	203,200	11.8	218,387	13.5	207,018	15.3
Oil and Gas Exploration	30,000	1.7	-	-	-	-
Advances and Investments	132,000	7.6	132,277	8.2	52,113	3.9
Total Non-Budgetary Items	365,200	21.1	350,664	21.7	259,131	19.2
Total Expenditures	1,727,000	100.0	1,614,177	100.0	1,348,403	100.0
Loan Repayments	(42,800)		(36,500)		(25,243)	
Adjusted Balance	1,684,200		1,577,677		1,323,160	

2. Transfer Payments

CIDA grants and contributions of $1,286.2 million account for 73.5 % of the total IDA Program expenditures. Information on the Agency grants and contributions is presented in Figure 16.

Figure 16: Grants and Contributions ($000)

	Estimates 1985/86	Forecast 1984/85	Actual 1983/84
Grants			
Country to Country Cooperation			
Commonwealth scholarships and fellowships.....	7,400	3,950	3,691
CIDA Scholarships to Canadians for studies related to international development assistance.....	500	450	400
	7,900	4,400	4,091
International Initiatives			
Development assistance to international development institutions for operations and general programs and specific programs and projects and for special administrative expenses directly related thereto.....	126,000	122,300	120,836
Food aid assistance to international development institutions or international non-governmental organizations for the benefit of recipients in developing countries and for special administrative expenses directly related thereto.....	165,000	139,200	146,292
Humanitarian assistance and disaster preparedness to countries, their agencies and persons in such countries, and to international institutions and Canadian and international non-governmental organizations for operations and			

	Estimates 1985/86	Forecast 1984/85	Actual 1983/84
general and specific programs, projects, activities and appeals and for special administrative expenses directly related thereto.....	41,400	41,400	50,456
Grants to the Asia-Pacific Foundation of Canada.....	500	500	-
	332,900	303,400	317,584
Total Grants	340,800	307,800	321,675
Contributions			
Country to Country Cooperation			
Development assistance to developing countries and their agencies and institutions in such countries and contributions to international and regional development institutions and organizations. Canadian non-governmental institutions, organizations and agencies in support of regional and country specific projects, programs and activities, and for special administrative expenses directly related thereto.....	532,100	484,914	327,586
Contributions to Canadian, international, regional and developing country institutions, organizations and agencies, developing country governments, their organizations and agencies and to provincial governments, their organizations and agencies in support of development cooperation and development education programs, projects and activities and for special administrative expenses directly related thereto.....	157,700	126,600	156,768

	Estimates 1985/86	Forecast 1984/85	Actual 1983/84
Incentives to Canadian private investors, institutions and organizations, developing country governments, their organizations and agencies, developing country local and regional institutions, and organizations in support of industrial cooperation programs and projects and for special administrative expenses directly related thereto.....	35,600	25,900	23,284
Food aid assistance to developing countries, their agencies and persons in such countries, or to Canadian non-governmental organizations for the benefit of recipients in developing countries and for special administrative expenses directly related thereto.....	197,500	223,300	179,328
	922,900	860,714	686,966
International Initiatives			
Contributions to international development institutions and organizations in support of specific development assistance programs and projects and for special administrative expenses directly related thereto.....	3,000	2,885	1,662
Contributions to international non-governmental organizations in support of development assistance programs and projects and for special administrative expenses directly related thereto.....	19,500	16,800	17,247
	22,500	19,685	18,909
Total Contributions	945,400	880,399	705,875
Total Grants and Contributions	1,286,200	1,188,199	1,027,550

3. Loans, Advances and Investments

CIDA loans, advances and investments of $388.7 million account for 22.2 % of the total IDA Program expenditures. Information on the Agency loans, advances and investments is presented in Figure 17.

Figure 17: Loans, Advances and Investments ($000)

	Estimates 1985/86	Forecast 1984/85	Actual 1983/84
Loans			
Loans to developing countries and international development institutions for international development assistance:			
Asia	92,300	106,080	95,850
Anglophone Africa	30,000	18,900	31,065
Francophone Africa	50,600	47,000	45,951
Americas	30,300	46,407	34,152
Oil and Gas Exploration	30,000	-	-
	233,200	218,387	207,018
Advances and Investments			
Advances to and investments in international financial institutions as detailed in the Extracts from Part II of the Estimates (see pages 4 to 7)			
Advances	100,700	105,830	28,397
Investments	31,300	26,447	23,716
	132,000	132,277	52,113
Total Loans, Advances and Investments	365,200	350,664	259,131

4. Personnel Expenditures

The CIDA personnel costs of $51.2 million account for 67.7 % of the total operating expenditures of the Program. Information on person-years and average annual salary by category is presented in Figure 18.

Figure 18: Authorized Person-Years and Salary Provision

	Authorized Person-Years 1985/ 1986	1984/ 1985	1983/ 1984	Current Salary Range	Average Salary Provisions 1985/86
Management	95	92	86	50,350-96,300	62,726
Scientific and Professional					
Agriculture	8	8	9	15,972-68,070	53,624
Architecture and Town Planning	2	3	3	18,610-76,130	49,113
Biological Sciences	4	4	4	16,161-68,070	54,465
Economics Sociology and Statistics	8	5	7	14,570-65,080	54,314
Education	3	3	4	13,609-68,070	52,636
Engineering and Land Survey	40	41	33	23,306-76,130	58,079
Forestry	5	5	5	16,161-68,070	54,549
Library Science	3	2	3	19,782-50,712	34,884
Physical Sciences	2	1	-	15,304-68,070	53,731
Administrative and Foreign					
Administrative Services	110	102	99	13,912-57,987	38,927
Commerce	19	3	14	15,635-60,465	49,403
Computer System Administration	23	22	19	18,766-61,433	37,420
Financial Administration	42	44	43	13,853-57,980	42,515
Foreign Service	15	15	1	15,685-66,252	48,091
Information Services	20	17	18	13,579-57,980	39,767
Organization and Methods	18	18	18	13,520-57,980	42,315
Personnel Administration	22	20	22	13,330-63,870	38,667
Programme Administration	275	291	223	13,912-57,987	42,822
Purchasing and Supply	41	37	74	12,766-57,980	40,604
Other	-	-	1		-

Figure 18: Authorized Person-Years and Salary Provision

	Authorized Person-Years 1985/1986	1984/1985	1983/1984	Current Salary Range	Average Salary Provisions 1985/86
Technical					
Drafting and Illustration	3	3	2	15,557-40,310	27,702
Engineering and Scientific Support	1	1	1	14,041-50,866	39,093
General Technical	3	5	3	12,635-55,682	33,097
Social Science Support	9	10	9	12,635-57,764	32,114
Other					
Administrative Support					
Clerical and Regulatory	180	186	179	12,932-31,743	23,338
Data Processing	7	10	11	13,352-37,130	25,572
Secretarial, Stenographic, Typing	200	207	192	12,636-31,946	22,150
Operational					
General Labour and Trades	1	-	-	14,776-40,676	34,327
General Services	2	2	2	13,253-39,988	18,471
	1,161	1,157	1,085		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

5. Cost Analysis

The total IDA Budgetary Program Costs, including $5,696,000 for services provided without charge by other departments, are shown below.

Figure 19: Total Budgetary Program Costs ($000)

	Estimates 1985/86	Other Costs	Total Costs	Total 1984/85
Country to Country Cooperation	968,666	-	968,666	900,892
International Initiatives	357,612	-	357,612	325,201
Corporate Services	35,522	5,696	41,218	43,283
	1,361,800	5,696	1,367,496	1,269,376

Canadian Radio-television and Telecommunications Commission

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canadian Radio-television and Telecommunications Commission

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected resources and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are Extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in the 1985-86 Estimates to spend $22,961,000 to carry out the mandate of the Canadian Radio-television and Telecommunications Commission. Expenditures for pensions and other employee benefits, estimated at $2,435,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Radio-television and Telecommunications Commission		
55	Program expenditures	22,961	23,346
(S)	Contributions to employee benefits plans	2,435	2,199
	Total Program	25,396	25,545

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Radio-television and Telecommunications Commission	
55	Canadian Radio-television and Telecommunications Commission - Program expenditures and the grants listed in the Estimates	22,961,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Total	
Broadcasting	214	11,762	-	75	**11,837**	11,933
Telecommunications	63	3,451	-	-	**3,451**	3,446
Administration	148	10,009	99	-	**10,108**	10,166
	425	25,222	99	75	**25,396**	25,545

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 60 - Program expenditures and the grants listed in the Estimates	22,529,000	22,596,209	**21,246,540**
Statutory - Contributions to employee benefit plans	2,091,000	2,328,000	**2,328,000**
- Refunds of amounts credited to revenue in previous years	-	2,428	**2,428**
Total Program	24,620,000	24,926,637	**23,576,968**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In 1985-86 the Canadian Radio-television and Telecommunications Commission will:

- process approximately 4,000 broadcasting applications dealing with new licences, amendments to licences, licence renewals and applications to affect changes in ownership, assets or control or network applications, including applications on the renewal of most French TV stations, most FM stations, the CTV network and most english TV stations (see page 25);

- continue to oversee pay television service in Canada. This will involve the licencing of cable exhibitors and closely monitoring the progress of all pay television services to ensure that the Commission's objectives are met (see page 29);

- hold a public hearing to review the operation of specialty services to ensure that the new specialty services effectively contribute to realization of the objectives of the Broadcasting Act (see page 28);

- hold a hearing on non-programming cable services in order to do an assessment of the potential impact of the new non-programming services (see page 29);

- propose further changes to Cable Television Regulations in order to streamline the processing of applications involving increases in rates for cable companies with less than 3,000 subscribers. The Commission will also consider the possibility of further amending the cable television regulations to take into account recent broadcasting developments (see page 28);

- develop and implement a new approach to regulation in the telecommunications industry involving a broad rule-making approach to industry structure that recognizes the similarities to all federally regulated carriers of many of the issues affecting market entry and the behaviour of regulated companies in competitive markets (see page 35);

- conduct a number of issue proceedings on matters including structural separation (affiliated companies for the provision of competitive services) and a review of the federally regulated

carriers' General Regulations; and to continue work on previous proceedings relating to Interexchange Competition (long distance competition) and Phase III of the Costs Inquiry costing methodology for existing services) (see page 35); and

- hold major rate hearings for Bell and B.C. Tel (see page 35).

2. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Broadcasting	11,837	11,923	(86)	22
Telecommunications	3,451	3,441	10	31
Administration	10,108	10,156	(48)	36
	25,396	25,520	(124)	
Person-years	425	439	(14)	

*There has not been significant change from the 1984-85 Estimates.The 1984-85 Forecast is $25,000 less than the 1984-85 Estimates of $25,545,000 (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The decrease of $124,000 or 0.5% in financial resources requested for 1985-86 is made up of the following major items:

	$ 000
• Salaries and wages rate increase	1,383
• Person-year reduction	(606)
• Operating cost reduction	(901)

B. Recent Performance

1. Highlights

Major changes to the Program's plans for 1984-85 are as follows.

Broadcasting

- Increased emphasis is being put on the financial viability of new services in order that new services can better deal with economic constraints in a competitive broadcasting environment.

- The Commission is undertaking a full review of the procedures of the CRTC with a view to eliminating superfluous regulation, procedures and paper work and to identify and eliminate the causes of "regulatory delay" in the processing of broadcasting applications.

- Renewed emphasis is being placed on public concerns. In terms of both the existing and the new broadcasting services, the CRTC is giving highest priority to evolving public needs, tastes, opinions and values.

- The CRTC is placing increased emphasis on the collective strategic planning of the broadcasting industry so that both the Commission and the broadcasting licensees can coordinate and plot specific strategies for the future.

Highlights of the Program's performance during 1983-84 are set out below.

Broadcasting

- Following extensive consultation with the broadcasting industry and the public, the Commission issued criteria for the recognition of Canadian programs, with guidelines for the treatment of joint ventures, series, production packages, sports productions, dubbing, station and network productions, music videos and dramatic programming.

- The Commission held a number of consultative meetings and exchanges with representatives from the broadcasting and recording industries to assist in its intent to streamline its FM radio regulations with the aim of providing greater flexibility for broadcasters, while still ensuring a varied and comprehensive FM service. The Commission announced a more simplified approach to FM radio in June 1984.

- The Canadian pay television industry has undergone a series of major changes necessitating certain restructuring actions to enable participants to better respond to the market place. The Commission has dealt with a number of areas of concern relating to pay television in 1983-84. They include: licensee restructuring, programming standards and practices, previews, network regulations and stereo audio.

- The Commission held a public hearing to consider applications to provide new Canadian specialty programming services to cable subscribers on a discretionary basis. In April 1984, two applicants were licensed to provide a music video service and an all-sports service.

- The CRTC published its policy and criteria for the tiering of pay television services. These guidelines outline the objectives and structure of tiering and address among other things the question of the carriage of Canadian and foreign signals and rate regulations.

- As part of its continuing effort to simplify and expedite the regulatory process the Commission proposed changes to streamline the rate regulation of certain cable systems.

- The Commission approved CANCOM's application to add the distribution of three commercial and one non-commercial U.S. networks to its package of Canadian services.

Telecommunications

- The Commission disposed of a general rate application from Bell Canada.

- The Commission directed its attention to several major telecommunications issue proceedings including Phase III of the Cost Inquiry, interexchange competition, enhanced services and a seminar on local service. Phase III hearings, which began in May 1982, addressed the issue of establishing appropriate costing methodologies to be used in the assessment of rates for existing services. Interexchange competition refers to the Commission's decisions permitting CNCP to interconnect with Bell Canada and B.C. Tel, in order to provide certain competitive interexchange voice and data services.

  (The term, enhanced services, is generally used in the context of telecommunications services where information storage or information processing services are added to basic telecommunications transmission services.)

- The Commission participated in a conference on local measured telephone service to discuss the technical, financial, economic, social and regulatory aspects of local measured telephone service.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Broadcasting	10,048	10,957	(909)
Telecommunications	2,749	3,353	(604)
Administration	10,780	10,310	470
	23,577	24,620	(1,043)
Person-Years	417	436	(19)

Explanation of Change: The difference of approximately $1,043,000 or 4.2% between actual expenditures and the Main Estimates results mainly from the following:

	$000
• a lapse of person-years and other related costs because of difficulty in recruiting qualified candidates for vacant positions	758
• resources rolled over for a study on Sex-Role Stereotyping in Broadcasting and Standards and Practices in Pay Television (The study was started in fiscal year 1984-85)	175
• Government-wide administrative restraint measures approved by Cabinet	110

C. Background

1. Introduction

By Act of Parliament on April 1, 1968, the Canadian Radio Television Commission was created to regulate broadcasting companies which constitute the Canadian broadcasting system. The Broadcasting Act refers to these entities as broadcasting transmitting undertakings (radio and television stations), broadcasting receiving undertakings (cable television systems) and networks. Broadcasting itself is defined to mean any radiocommunication in which the transmission is intended for direct reception by the general public.

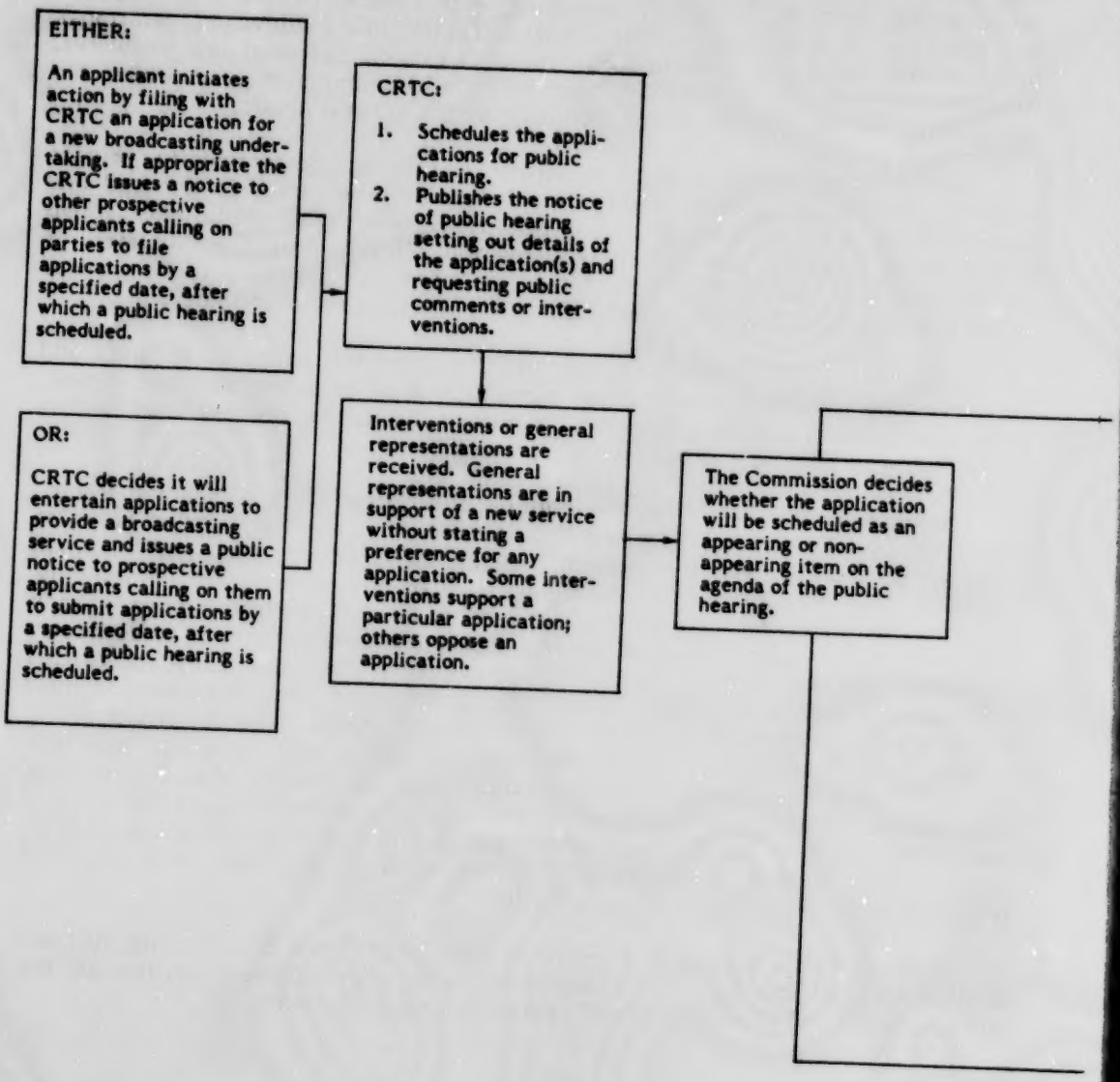
Broadcasting jurisdiction is separate from that pertaining to private radiocommunication such as citizen band radios. The latter is licensed and regulated by the Minister of Communications under the Radio Act. No broadcasting licence may be issued by the CRTC until the Minister of Communications has certified that the applicant has satisfied the technical requirements of the Radio Act and regulations promulgated thereunder.

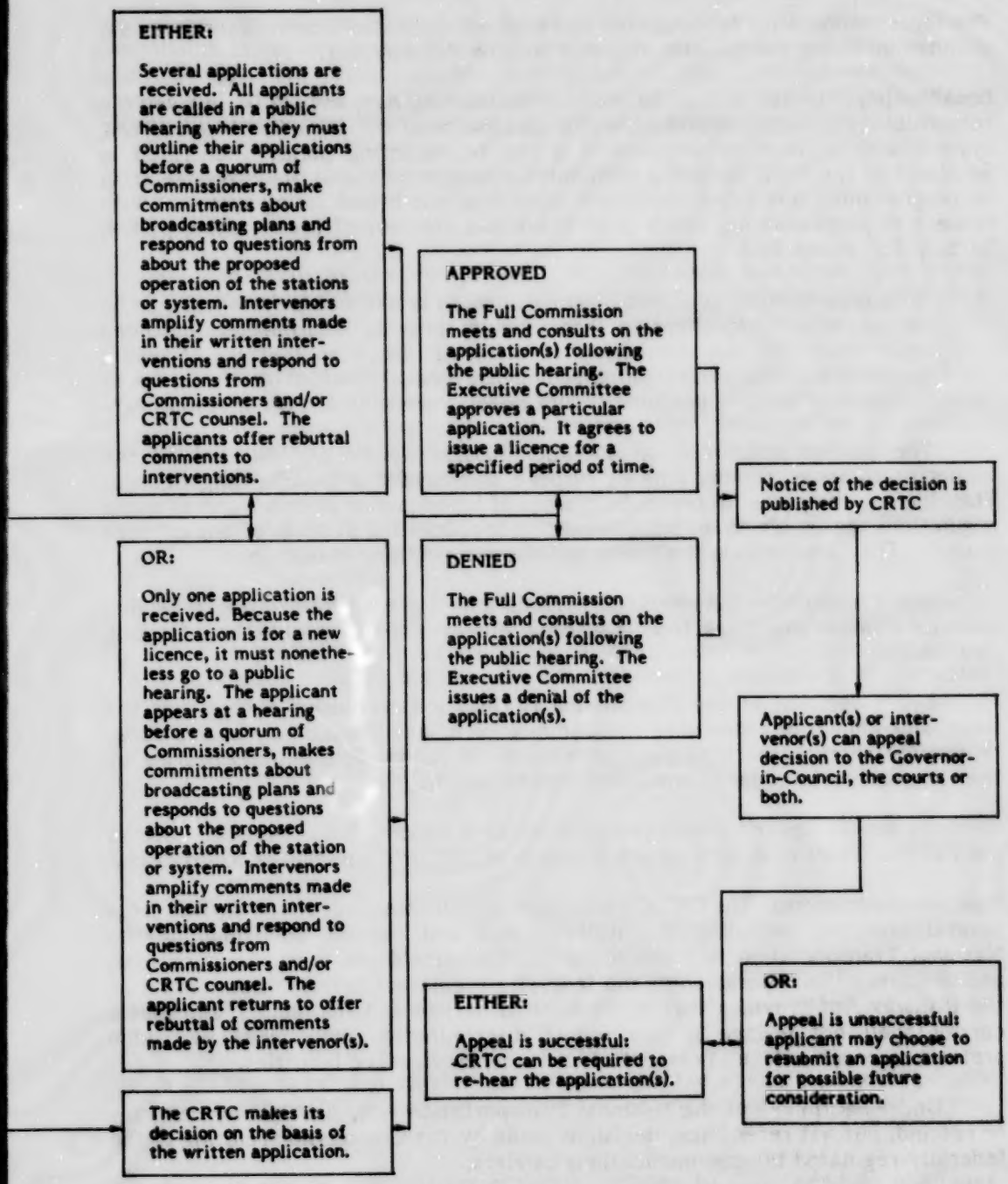
Under the Broadcasting Act, the CRTC is given full power to regulate and supervise the Canadian broadcasting system as well as power to issue, renew, amend, suspend and revoke licences. Figure 3 shows the process used by the Commission to issue new broadcasting licences.

Since April 1, 1976, with the coming into force of the Canadian Radio-television and Telecommunications Commission Act, the Commission has also exercised authority over the federally regulated telecommunications common carriers. This Act defines telecommunications as any transmission, emission or reception of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual or other electromagnetic system. The federally regulated carriers subject to CRTC jurisdiction are Bell Canada, British Columbia Telephone Company, CNCP Telecommunications, NorthwesTel Inc., Terra Nova Telecommunications Inc., and Telesat Canada. Whereas broadcasting regulation is principally concerned with licensing and programming, the regulation of telecommunications carrriers centres on ensuring that the rates or tolls charged to the public for various telecommunications services are just and reasonable and that the carriers do not engage in any unjust discrimination or afford any undue preference or advantage in the provision of telecommunmications services or facilities.

In certain respects, as set out in Section 19(7) of the Broadcasting Act and Section 45(3) of the National Transportation Act, the Commission has all the powers, rights and privileges as are vested in a superior court.

Figure 3: Process for Issuing New Broadcasting Licences




EITHER:
Several applications are received. All applicants are called in a public hearing where they must outline their applications before a quorum of Commissioners, make commitments about broadcasting plans and respond to questions from about the proposed operation of the stations or system. Intervenors amplify comments made in their written interventions and respond to questions from Commissioners and/or CRTC counsel. The applicants offer rebuttal comments to interventions.
OR:
Only one application is received. Because the application is for a new licence, it must nonetheless go to a public hearing. The applicant appears at a hearing before a quorum of Commissioners, makes commitments about broadcasting plans and responds to questions about the proposed operation of the station or system. Intervenors amplify comments made in their written interventions and respond to questions from Commissioners and/or CRTC counsel. The applicant returns to offer rebuttal of comments made by the intervenor(s).
The CRTC makes its decision on the basis of the written application.
APPROVED
The Full Commission meets and consults on the application(s) following the public hearing. The Executive Committee approves a particular application. It agrees to issue a licence for a specified period of time.
DENIED
The Full Commission meets and consults on the application(s) following the public hearing. The Executive Committee issues a denial of the application(s).
Notice of the decision is published by CRTC
Applicant(s) or intervenor(s) can appeal decision to the Governor-in-Council, the courts or both.
EITHER:
Appeal is successful: CRTC can be required to re-hear the application(s).
OR:
Appeal is unsuccessful: applicant may choose to resubmit an application for possible future consideration.

2. Legal Mandate

The legal mandate for broadcasting and telecommunications derives from various statutes including the Broadcasting Act and the Railway Act.

Broadcasting: Under Section 15 of the Broadcasting Act, the CRTC is given the responsibility to regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy enunciated in Section 3 of the Act. Section 3 enunciates a number of major objectives relating to programming and other important aspects of the broadcasting system. With respect to programming, which is an important element of broadcasting policy, Section 3(d) states that:

> "The programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources".

The powers conferred on the Commission by Parliament include the authority to issue, renew, amend, suspend and revoke a broadcasting licence. They include the power to prescribe classes of broadcasting licences and to make regulations applicable to all persons holding broadcasting licences of one or more classes. They also include the power to impose conditions of licences.

The Commission may exempt persons carrying on broadcasting receiving undertakings of any class from the requirement that they hold broadcasting licences.

Every decision of the Commission is final and conclusive except that the issue, amendment or renewal by the Commission of any licence may be set aside, or may be referred back to the Commission for reconsideration and hearing by the Commission by order of the Governor in Council.

An appeal against a decision or order of the Commission may be made to the Federal Court of Appeal upon a question of law, or a question of jurisdiction.

Telecommunications: The CRTC's mandate for telecommunications derives from several statutes, including the Railway Act and certain provisions of the National Transportation Act which are made applicable to telecommunications, and the acts of incorporation of the federally-regulated carriers. Section 321 of the Railway Act provides that all rates shall be just and reasonable, and that a carrier shall not engage in any unjust discrimination or afford any undue preference or advantage in respect of its rates, services, or facilities.

Under Section 64 of the National Transportation Act, the Cabinet can vary or rescind, but not refer back, decisions made by the Commission relating to the federally-regulated telecommunications carriers.

3. Program Objective

The objective of the Canadian Radio-television and Telecommunications Commission is "to encourage the implementation of the national broadcasting policy through the regulation and supervision of the Canadian broadcasting system; and to regulate rates and other aspects of the services offered by telecommunications common carriers under federal jurisdiction."

This objective is further explained in several sub-objectives:

Broadcasting:

- to promote the development of a Canadian owned and controlled broadcasting system which will safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
- to promote provision by the Canadian broadcasting system of high standard, varied and comprehensive programming using predominantly Canadian creative and other resources and reasonable, balanced opportunity for the expression of differing views on matters of public concern;
- to ensure provision of broadcasting service in English and French to all Canadians, as public funds are available;
- to ensure that the national broadcasting service, through a corporation established by Parliament, is extended in both official languages to all parts of Canada, contributes to the development of national unity, and provides for a continuing expression of Canadian identity;
- to ensure provision of facilities within the Canadian broadcasting system for educational broadcasting; and
- to ensure that the regulation and supervision of the Canadian broadcasting system is responsive to scientific and technical advances.

Telecommunications:

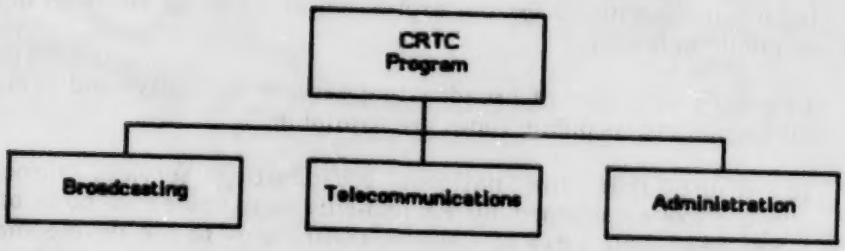
- to ensure that the rates charged by federally regulated telecommunications carriers for the services they offer are just and reasonable;
- to ensure that carriers do not discriminate unjustly or accord undue preferences in respect of rates, or of any services or facilities they provide;
- to ensure that carrier activities related to their services and rates are reasonable; and

- to discharge other mandates conferred by the Railway Act, including approval of agreements between carriers and consideration of applications for interconnection of telecommunications systems.

4. Program Organization for Delivery

Activity Structure: The CRTC Program is comprised of three activities which contribute to the achievement of the program objective: Broadcasting, Telecommunications and Administration. The Broadcasting and Telecommunications Activities support the Commissioners by providing advice on policy development and by researching and evaluating all applications received by the Commission. The Administration Activity includes the Chairman's Office (the Chairman is the chief executive officer), the Executive (which is the decision-making authority of the CRTC), the Legal Directorate and the Corporate Management Directorate.

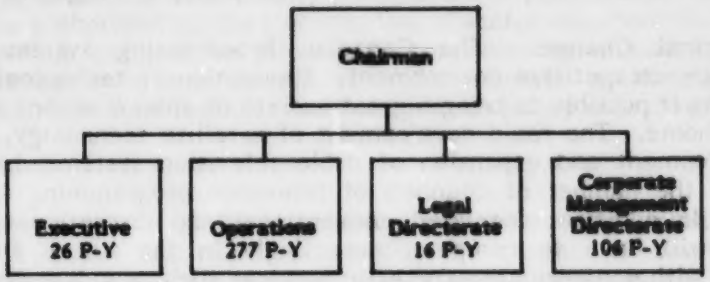
Figure 4: Activity Structure



Organization Structure: The Broadcasting Act which establishes the Commission as "a single independent public authority", requires the Commission to prepare a report to Parliament at the end of each fiscal year and states "the Minister (of Communications) shall cause the report to be laid before Parliament." The Broadcasting Act further states all annual expenditures of the CRTC" shall be paid out of money appropriated by Parliament therefor" and the Financial Administration Act and Schedules designate the Minister of Communications as the appropriate Minister for the process of approval of the annual financial estimates. The Commission itself is organized under four broad sectors: Executive, Operations, Legal Directorate and Corporate Management Directorate. The Executive sector includes the Chairman and members of the Commission. The Operations sector is responsible for research and advice on all broadcasting matters and similar functions relating to telecommunications. The Legal Directorate provides legal advice to the Chairman and Commissioners. The Corporate Management Directorate is responsible for the day to day administration of the Commission and for coordinating corporate and strategic planning.

The relationship between the CRTC organization and the previously described activity structure, together with a breakdown of 1985-86 resources, is shown in Figure 5.

Figure 5: 1985-86 Resources by Organization/Activity ($000)



					Activity Total
Broadcasting 214 P-Y		11,837			11,837
Telecommunications 63 P-Y		3,451			3,451
Administration 148 P-Y	2,472		1,027	6,609	10,108
Program	2,472	15,288	1,027	6,609	25,396

D. Planning Perspective

1. Environment

The Canadian Radio-television and Telecommunications Commission continues to face a period of environmental change of considerable significance. Several key factors which affect the Program are outlined below.

The Nature of a Regulatory Agency: As a regulatory agency created by statute, the Commission operates in a complex planning environment. On the one hand, it must adopt a long-term planning perspective to ensure that effective policies are implemented which take into account a rapidly changing environment. At the same time, the Commission must at all times maintain the capacity on a day-to-day basis to examine and rule on a wide variety of broadcast applications and to regulate the rate structures of telecommunications common carriers under Federal jurisdiction. The accomplishment of these tasks requires a long-term plan capable of accommodating a highly reactive mode of operation, as well as a flexible organization and a core of competent, diversified staff members capable of quick mobilization in the face of changing workload demands and new priorities.

These tasks also must be undertaken within a quasi-judicial framework which attaches great importance to public processes and public participation. As such, a vital part of the Commission's work involves the consideration of interventions from the Canadian public chiefly through the medium of public hearings. These hearings take place throughout the year in all parts of Canada and provide a forum at which members of the public can comment on applications or on matters relating to specific policy and regulatory issues.

Technological Change: The Canadian broadcasting system is facing an increasingly competitive environment. Revolutionary technological innovations are making it possible to bring a great variety of entertainment and information into the home. The rapid development of satellite technology, combined with the development and expansion of cable television systems, has dramatically increased the number of channels of television programming available to the viewer. In addition, regulated conventional and discretionary programming services will have to compete increasingly in the future for the viewer's attention with non-regulated domestic services such as videocassette recorders, micro-computers, home computers and video games, and additional foreign services such as direct-to-home satellite broadcasting.

Such rapid technological change requires that the Commission carefully review existing policies to ensure that the objectives of the Broadcasting Act are being met in the most effective manner in this new environment. In particular, rapid change and uncertainty make it even more important that the Commission eliminate unnecessary regulatory barriers to flexibility and innovation. This is being accomplished by placing greater emphasis on the supervisory, rather than the regulatory powers vested in the Commission by the Broadcasting Act.

The single most significant effect of new communications technology in telecommunications has been an increase in competition - both in terms of new players in the communications industries, and in terms of new products and services, many of which are unregulated but compete with traditionally regulated carriers. For example, the integration of microelectronic and digital technology into the telecommunications system has led to lower costs (and thus lower barriers to entry into monopoly markets) and a range of product and service substitutes to those offered by regulated carriers. Competition between regulated carriers and unregulated companies has occurred or will occur in established and emerging markets such as business equipment, cellular radio, electronic mail and a range of computer communications services. The development of integrated services and the potential for billions of dollars in revenues in the integrated information services industry has increased the demand for entry into the voice and data communications markets controlled by regulated carriers, as well a demand from carriers to enter new markets such as the computer communications field and electronic publishing fields. The Commission has moved from a primarily reactive mode in telecommunications into a planned program of broad rule making aimed at addressing the broad policy issues that have arisen as a result of technological change.

Economic Impact: During the term of this Expenditure Plan, the work of the Commission will continue to be affected by the government's guidelines on price increases, particularly in the area of cable television subscriber rates and in the rates and tariffs of telecommunications carriers. During the current year the Commission will be assessing the potential regulatory implications of important economic considerations such as the fluctuation in inflation and interest rates and, in the case of cable television rates, the financial implications of new cable television services authorized by the Commission. Careful consideration will be given to new policies designed to allow the communication industry to take advantage of the somewhat improved economic climate to strengthen its financial position and its contribution to communication policy objectives.

2. Initiatives

The work undertaken by the CRTC is governed by the fact that quasi-judicial bodies are both proactive and reactive and must be capable of adapting and adjusting as required. During 1985-86 the Commission intends to continue developing broadcasting and telecommunication regulatory policies in specific areas and to review previously established regulatory policies. The Commission will develop and implement a new approach to regulation in the telecommunications industry involving a broad rule-making approach to industry structure that recognizes the similarities to all federally regulated carriers of many of the issues affecting market entry and the behaviour of regulated companies in competitive markets. The impact on operational activities is described on pages 22 to 39.

3. Program Effectiveness

The overall effectiveness of the Program can be analyzed in terms of several sub-objectives (see page 15). Generally, these sub-objectives focus on addressing the performance of the Canadian broadcasting industries in terms of Canadian ownership and control, programming, accessibility to the national broadcasting system, responsiveness to technological change and the telecommunications industry in terms of its rates and tariffs and the provision of service in relation to a growing degree of competition and expansion of traditional markets.

Although the Program contributes to the achievement of these sub-objectives through the exercise of its regulatory mandate, several other factors exist which are influential. Thus the information which follows reflects the cumulative effect of decisions not only by the CRTC but also by such other influences as the broadcasting and telecommunications industries, their suppliers, their clients and various interest groups.

Canadian Ownership and Control: Since the creation of the Canadian Radio Television Commission in 1968, the regulatory influence of the Program has significantly reduced foreign ownership and control to the extent that there are no broadcasting or cable companies where foreign ownership exceeds the 20% level specified in a Cabinet Directive. As well, there are no longer any foreign directors involved in broadcasting undertakings.

Accessibility to the National Broadcasting System: Over the last several years there has been a significant expansion in the number of broadcast facilities and in the volume of business generated by them. Figure 6 illustrates the growth for AM/FM radio stations, television broadcasting facilities, cable television undertakings, Subscriber Television (STV) and Multi Transmitter Undertakings (MTU).

Figure 6: Growth of Broadcasting and Cable Television Undertakings (1978-1983)

	March 31, 1983		March 31, 1978	
	Number of licensed stations/systems	Revenues $ Millions	Number of Licensed stations/systems	Revenues $ Millions
AM Radio	754	490[1]	722	309[1]
FM Radio	786		323	
Television	1,442	951[2]	933	500[2]
Cable Television	853	550(est)	526	252
STV & MTU	284	N/A	N/A	N/A
	4,119	1,991	2,504	1,061

1 Excludes CBC Radio
2 Includes CBC Television

In 1981, the CRTC licenced CANCOM to operate a multiple-channel television and radio broadcasting network via satellite to distribute a variety of Canadian television and radio signals to remote and underserved areas of Canada. In 1983, the Commission had approved CANCOM's application to amend its network licence by adding the distribution of signals in scrambled form of the three commercial and one non-commercial U.S. networks (the 3 + 1) signals to its package of Canadian services.

To date, the Commission has authorized more than 200 undertakings, reaching over 860 small communities in remote and underserved areas across Canada to distribute the CANCOM signals.

It is nearly universal that Canadians now have access to at least one Canadian radio and one Canadian television service. Over 90 percent of all Canadians can receive at least three Canadian television services. Over 70 percent of Canadians have access to three or more US broadcast services off air.

Another area in which major growth has occurred is cable transmission. Canada at present enjoys one of the highest levels of accessibility to cable television services. This level has risen from 75.7% in 1978 to 80% in 1983.

A related aspect of accessibility is the coverage of French language broadcasting. There are now French language radio stations in most major urban centres in Canada and in areas of significant francophone representation. This affords most Canadians the opportunity to receive broadcasts in the official language of their choice.

Canadian Content in Broadcasting: Section 3 of the Broadcasting Act requires that "the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources."

The Commission has established definitions for Canadian programming for each broadcast medium and, by regulation and conditions of licence, it obliges licensees to ensure that prescribed amounts of Canadian content are broadcast. For example, in the case of television stations and networks, 60% of programs must meet the definition of Canadian content. Following a process of public consultation and further discussions with representatives of the broadcasting and production industries, the Commission put into effect the criteria for Canadian program recognition in April 1984. The Commission monitors television programming to verify that the Canadian content requirement is met. Effective October 1984 the assessment period for the computing of Canadian Content will be changed from an annual to a semi-annual basis. A related goal therefore is to ensure that Canadian programs are reasonably distributed throughout all time periods, regardless of time of day or year.

Responsiveness to Technological Change: The last decade has witnessed rapid advances in computer technology, satellite transmission/reception techniques and communications/broadcasting technologies. The future promises even greater rates of progress. While it is impractical to list all the Program's responses to this rapidly evolving area, one example of CRTC efforts is the decision to permit greater competition in the terminal equipment market which has resulted in favourable prices for customers purchasing telephones and other business terminal or interconnecting devices.

Section II
Analysis by Activity

A. Broadcasting

Objective

To support the Commission's decisions and policies in ensuring that the Canadian broadcasting system is effectively owned and controlled by Canadians and makes available high standard, varied and comprehensive programming that provides reasonable, balanced opportunity for the expression of differing views on matters of public concern; that broadcasting service in English and French is extended as public funds become available; that facilities are provided for educational broadcasting; and that the regulation and supervision of the Canadian broadcasting system is flexible and readily adaptable to scientific and technical advances.

Resource Summary

The Broadcasting Activity accounts for approximately 47% of the total 1985-86 CRTC expenditures and 50% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Secretariat	3,296	48	3,387	51	2,526	48
Broadcasting Directorate	7,628	154	7,768	158	6,924	149
Research	913	12	768	13	598	11
	11,837	214	11,923	222	10,048	208

Approximately 81% of the total activity expenditures are for personnel costs. This rises if fees and payments for external contract assistance are included.

Broadcasting licence fee revenues for 1985-86 are estimated at $30.0 million (see page 44) and are credited to the Consolidated Revenue Fund.

Past Financial Performance:

Figure 8 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Secretariat	2,526	48	2,926	40	(400)	8
Broadcasting Directorate	6,924	149	7,290	154	(366)	(5)
Research	598	11	741	13	(143)	(2)
	10,048	208	10,957	207	(909)	1

Explanation of Change: The decrease in actual expenditures from 1983-84 Main Estimates of $909,000 or 8% results from conducting fewer public hearings than originally anticipated; from postponing the studies on Standards and Practices in Pay Television; and from administrative restraint measures.

Description

The Broadcasting Activity:

- advises and provides recommendations to the Commission on the development of policy, regulations and on operational matters;
- analyses and evaluates proposals and applications submitted to the Commission in the context of the objectives of the broadcasting policy for Canada and the Commission's policies and regulations; and
- monitors the Canadian broadcasting system to determine the adequacy of present services, future requirements, and to ensure compliance to conditions of licence and regulations.

The Activity consists of three major areas: Secretariat, Broadcasting Directorate and Research.

Secretariat: The Secretariat is the official point of contact between the Commission and the public. It formally acknowledges submissions; plans and schedules public hearings and meetings of the Commission; and coordinates the drafting of decisions and policy statements which are issued over the signature of the Secretary General of the Commission.

Broadcasting Directorate: Broadcasting Directorate operations include the evaluation and analysis of applications for new licences and the renewal and/or amendment of existing licences in preparation for public hearings. The analysis of applications is extensive and may encompass programming, technical, financial, economic, marketing and/or ownership matters. This is the regulation function. Broadcasting analysis includes the exploration of issues raised by programming, the monitoring of correspondence and licensees' logs, visits to broadcasting and cable services, and policy evaluation to adapt the system to new technology. This is the supervision function.

Research: Section 18(1) of the Broadcasting Act states: "The Executive Committee may undertake, sponsor, promote or assist in research relating to any aspect of broadcasting and in so doing it shall, wherever appropriate, utilize technical, economic and statistical information and advice from the Corporation or departments or agencies of the Government of Canada".

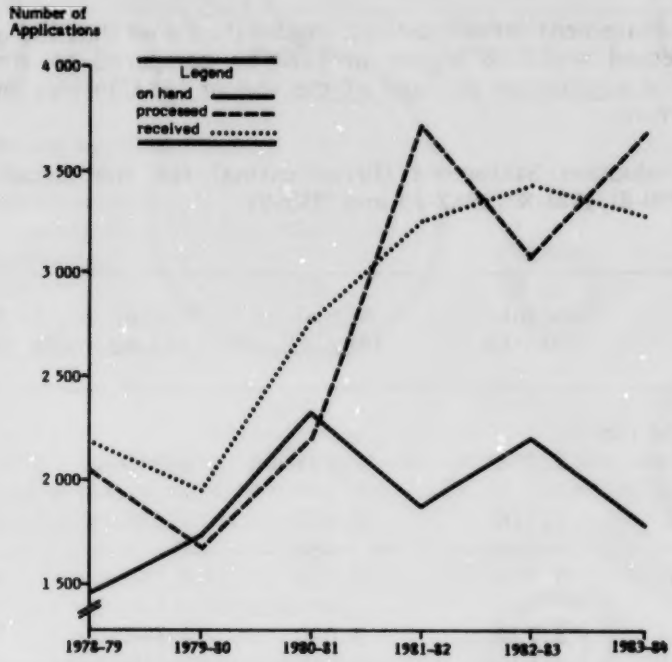
Performance Information/Resource Justification

The workload of the Broadcasting Activity falls within three areas: broadcasting licensing, monitoring the broadcasting system, and developing broadcasting policies. All three areas, which are largely reactive in nature, must respond to external demands and considerations such as licensing applications received from the broadcasting industry, technological advances, Cabinet directives and the size of the broadcasting industry.

Broadcast Licensing: Over the past seven years the Commission's authorized person-years have declined from 492 to 440 while its broadcasting workload has increased by over 50% (see Figure 9). This has led to administrative reforms including a matrix or project mode of organizational structure for each public hearing. The CRTC has been reducing significant licencing backlog through administrative reform procedures. The Chairman is strongly committed to eliminating superfluous regulation and paper burden. The matrix structure complicates workload measurement and resource justification.

Figure 9 shows the number of broadcasting applications received, processed, and on hand, from 1978-79 to 1983-84 as of March 31 of each year.

Figure 9: Applications Received, Processed and On Hand



In the area of broadcast licensing, four types of applications are received for consideration by the Commission; 1) applications for new broadcast transmitting or receiving undertaking; 2) applications to amend any provision of an existing licence and requests for approval of changes to certain aspects of operations of a licence; 3) renewals; and 4) applications to effect changes in ownership, assets or control or network applications. Figure 10 shows the broadcasting licensing application workload for a three-year period.

Figure 10: Broadcasting Licensing Application Workload

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
New licences	229	232	404
Amendments to licences	2,734	1,927	1,915
Licence renewals	383	893	423
Ownership and Networks	658	610	574
Total applications received	4,004	3,662	3,316

The 1985-86 workload includes the renewal of both French and English language TV licences, most FM stations and the CTV network.

The Production Statement (Broadcasting), Figure 11, shows that the number of applications processed was 21% higher in 1983/84 compared to the year before. The number of application on hand at the end of 1983/84 was lower by 18% from the year before.

Figure 11: Production Statement (Broadcasting) for the fiscal years 1980-81, 1981-82, 1982-83 and 1983-84

	Actual 1983-84	Actual 1982-83	Actual 1981-82	Actual 1980-81
Application on hand at the beginning of the year	2,238	1,891	2,350	1,721
Applications received	3,316	3,427	3,239	2,801
Total to be processed	5,514	5,318	5,589	4,522
Applications processed	3,729	3,080	3,698	2,172
Applications on hand at the end of the year	1,825	2,238	1,891	2,350

A significant change in the Commission's processing procedures in relation to the selection of processing routes being utilized has greatly contributed to the overall decrease in processing time. The volume of broadcasting applications processed without a public hearing or public notice increased to 25% of all applications processed in 1983-84 compared to 10% in 1981-82. Figure 12, the Comparison of Average Processing Time shows that the average time taken to process applications has decreased constantly since 1980-81.

Figure 12: Comparison of Average Processing Time (in calendar days)

	Actual 1983-84	Actual 1982-83	Actual 1981-82	Actual 1980-81
Broadcasting applications processed by:				
Public Hearing	262	299	280	338
Public Notice	188	191	303	253
With Hearing/ Notice	109	80	109	140
Average of the three processes	197	237	266	289

Developing broadcasting policies: In carrying out its responsiblities for broadcasting policy development, the CRTC is focussing its current efforts on the following areas of concern:

- Canadian content;
- FM and AM regulations;
- Cable television;
- Specialty programming;
- Pay-television;
- Non-programming
- Sex-role stereotyping in broadcasting; and
- CANCOM

Canadian content: Following a process of public consultation and further discussion with representatives of the broadcasting and production industries the Commission issued revised criteria for the "Recognition for Canadian Programs" effective April 1984. In order to ensure the maximum possible degree of uniformity among the government agencies concerned, the Commission based its criteria of what constitutes a "Canadian program" on the Capital Cost Allowance point system and criteria applied by the Canadian Film and Videotape Certification Office of the Department of Communications. Further meetings were held during 1984 with most major english language licensees. Potential hearings if required are scheduled for the early part of 1985 on Canadian content related issues.

FM and AM regulations: In June 1984 the Commission published the proposed amendments to its FM and AM regulations, involving changes in definition of popular music, station format and foreground programs and announced that it would consult with French-language broadcasters to set up a working group to review their special circumstances with regard to the production foreground programs. These proposed amendments including a more simplified FM promise of performance will be taken into account by licensees in their licence renewal applications which are scheduled to be heard during winter and spring of 1985.

Cable television: The Commission is currently reviewings its policy on the distribution of audio services on the cable audio service, including Canadian AM radio signals, U.S. FM signals, the audio portion of over-the-air television and pay television signals, closed-circuit audio services, control signals and other similar uses of the cable audio service. In May of 1984, the Commission has released a draft of the proposed cable television regulation which essentially sets out the conditions pertaining to the carriage of audio services and the criteria for the mandatory priority and optional carriage of these services, and introduces new definitions for a "local AM station" and a "local FM station". The Commission intends to hold a series of consultative meetings regarding the various aspects of community radio. These consultations will be followed by a public hearing in 1985.

In 1983, the Commission approved an amendment to the Cable Television Regulations which would increase the number of closed captioned programs available to the hearing impaired. In 1984, it also proposed steps to make cable television regulations more flexible, one of which gives local Canadian AM and FM signals, broadcast in stereo, priority carriage on cable, and another which would ensure the carriage of the stereo audio feed of television services. A further proposed change would streamline the processing of applications involving increases in monthly rates for cable companies with less than 3,000 subscribers and in installation fees for all cable systems. As well other classes of licencees would be allowed to change their installation fees without CRTC approval. The Commission is considering the possibility of amending further the Cable Television Regulations to take into account recent broadcasting developments, such as the licensing of satellite-delivered programming services, the CRTC decision on tiering of discretionary services and its new policy on the carriage of audio signals by cable. The Commission is also considering the need for licensees to share the community channel with other compatible programming of a non-commercial nature.

The Commission's present policy on the cable carriage of distant Canadian signals does not permit unrestricted access by cable television systems. The Commission has followed a procedure of selective authorization for particular signals on particular cable systems. With the advent of an increasing number of satellite delivered signals, the Commission has decided to conduct a review of this policy and has received public comments on the issues associated with increasing the distribution of distant Canadian television services on cable systems. The Commission will study these before deciding whether or not to hold a public hearing.

Specialty programming: In 1983 the Commission issued a call for applications for a national satellite-to-cable interfaith religious programming service. As a guide for prospective applicants, the Commission established criteria covering various matters, including ownership, management, Canadian content and funding for such a religious programming service. In 1984 the Commission established a regulatory framework governing the introduction of speciality services in Canada and licenced two applicants, CHUM Limited, to provide a music video service and The Sports Network to provide an all-sports service. Because of the absence of any French language specialty service, the Commission urged cable licensees serving predominantly francophone communities to consult the Canadian specialty licensees with a view to providing

French-language services in their markets. It also decided to permit cable carriage of certain non-competitive foreign specialty services subject to specific linkage requirements and stated that cable licensees would be permitted to carry these non-Canadian services, as soon as they signed affiliation agreements with the new Canadian specialty licensees. As well, the CRTC issued in June 1984 a call for applications for the establishment of a Canadian programming service directed at Canadian youth. A public hearing was held in the fall of 1984 to cover the topics of Youth, Religious and other specialty programming. The Commission intends to hold a public hearing in 1986 after the specialty services have been in operation for two years, to review with all parties involved, the measures taken to ensure that the new specialty services effectively contribute to the realization of the objectives of the Broadcasting Act.

Pay-television: Pay television is characterized by risk and uncertainty and the need to be responsive and adaptable to a very dynamic environment. The Commission has stated its intention to maintain a sensitive and flexible approach with minimal regulatory constraints. It continues to believe that a flexible regulatory approach will maximize opportunities for the funding of Canadian programs and foster vigorous new proposals in this domain. The CRTC will, therefore, continue to be responsive to new proposals in this domain, provided they are consistent with its objectives for a distinctive Canadian pay television service. The Commission has approved the "merging" of First Choice and Super Channel.

With respect to the pricing of pay television services, the Commission is concerned by the relatively high subscriber fees and is encouraging both distributors and exhibitors to find ways to reduce the level of fees. The CRTC will also continue to place great importance on the financial integrity of applicants and viability of proposed services.

Non-programming services: In 1983, the Commission announced that, in response to information from cable industry representatives that their non-programming experiments had not advanced significantly, and that there was not sufficient data available to allow any adequate assessment of the potential impact of the new services, it would not be appropriate to have a hearing on non-programming cable services before 1985. Licensees wishing to continue their experiments, or to introduce new non-programming services, are permitted to do so until December 31, 1985, at which time the Commission proposes to schedule a hearing on the matter.

Sex-role stereotyping in broadcasting: The CRTC established a Task Force on Sex-Role Stereotyping to develop recommendations for a more realistic and positive portrayal of women in radio and television. The Commission accepted the recommendation of the Task Force requiring broadcasters to submit reports by 1 September 1984, on the initiatives taken to deal with the problem of sex-role stereotyping. The Commission intends to place these reports on the public file and to assess the success of the self-regulatory programs over a two-year period. The Commission's final report, which will be submitted for public comment, will be released by the spring of 1985.

CANCOM: In July 1983, the Commission had approved CANCOM's application to amend its network licence by adding the distribution of signals in scrambled form of the three commercial and one non-commercial U.S. networks (the 3 + 1 signals), to the package of Canadian services which it was licenced to deliver by satellite. In February 1984, the Commission issued a notice for the purposes of clarifying its guidelines with respect to the carriage of the 3 + 1 signals and of ensuring that a balance be maintained between Canadian and U.S. services.

To date, the Commission has authorized over 200 undertakings, totalling approximately 850,000 channel subscribers, to distribute the 3 + 1 CANCOM U.S. network signals. The majority of these undertakings are also authorized to carry the basic CANCOM Canadian package.

Monitoring the broadcasting system: Workload in monitoring the broadcasting industry is directly related to the number of licensed undertakings in operation during the year. Figure 11 shows the number of licensed undertakings.

Figure 13: Licensed Undertakings

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Number of licensed undertakings	4,766	4,535	4,119

Figure 14 sets out the number of public hearings which relate to broadcasting expected to be held between 1983-84 and 1985-86.

Figure 14: Number of Public Hearings

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Licence applications	32	31	25
Policies/Issues	3	4	2
	35	35	27

B. Telecommunications

Objective

To support the Commission's decisions and policies in ensuring that the rates charged by federally-regulated telecommunications carriers are just and reasonable and that carriers do not make any unjust discrimination or give any undue preference in the provision of their services and facilities.

Resource Summary

The Telecommunications Activity accounts for approximately 14% of the total 1985-86 CRTC expenditures and 15% of the total person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Telecommunications	3,451	63	3,441	64	2,749	55

Past Financial Performance

Figure 16 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 16: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Telecommunications	2,749	55	3,353	60	(604)	(5)

Explanation of Change: The decrease in actual expenditures of $604,000 or 18% from 1983-84 Main Estimates results mainly from difficulties in recruiting qualified candidates to fill vacant positions and conducting fewer public hearings than originally anticipated.

Description

Telecommunications staff perform financial, economic and technical analysis in support of major rate applications, issue proceedings and tariff filings; ensure that the accounting methods and costing procedures employed by federally-regulated carriers are consistent with the requirements of the Commission; review the capital construction programs and quality of service of the federally-regulated carriers; investigate complaints or inquiries from users of telecommunications services and monitor developments in regulatory jurisdictions, in the courts and in legislation throughout Canada and the United States.

Performance Information/Resource Justification

The major workloads of the Telecommunications Activity involve processing of applications, handling of complaints and carrying out issue proceedings. As with the Broadcasting Activity, workload is largely dependent on external demands.

Most applications are concerned with specific carrier tariffs and deal with changes to the rates, terms or conditions for the provision of telecommunications services. Other application categories include applications for general rate increases which affect a majority of services offered by the carrier, share issue applications, agreement applications between telecommunication carriers including agreements between federally- and provincially-regulated carriers. Major regulatory policy proceedings have become the major focus of the telecommunications agenda. Figure 17 sets out the applications workload for a three-year period.

Figure 17: Major Activity Workload

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Tariff filings	810	805	750
General rate increases	4	3	4
Share issues	1	1	3
Agreements	50	50	50
Issue or policy proceedings	8	8	4
Total applications	873	867	811

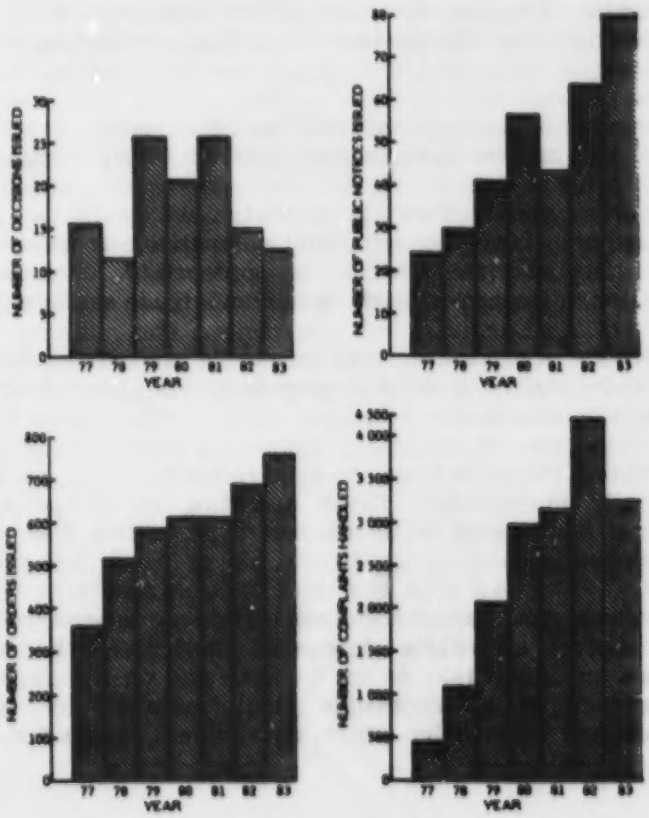
The handling of complaints involves those of residential and business subscribers. Figure 18 shows the workload for the three-year period.

Figure 18: Telecommunications Complaints Workload

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Complaints	4,300	4,000	3,231

Figure 19 shows the Telecommunications regulatory activity over the past seven years in four major areas.

Figure 19: Telecommunications Regulatory Activity



Public Hearings: In Telecommunications it would be misleading to suggest that the number of public hearings or public hearing days provides an accurate reflection of the amount of staff time involved in a proceeding. For example, in the case of general rate increase proceedings the time from application to release of decision is set at 180 days. Included in work associated with these applications is analysis of evidence, preparation of interrogatories and analysis of interrogatory responses, hearing time and the preparation of lengthy and complex decisions. In addition the Commission has adopted a paper hearing approach to some proceedings such as for the problem of Radio Common Carrier/Cellular Radio Interconnection and Enhanced Services that removes the requirement for oral hearings but requires the same extensive analysis of rounds of submissions, preparation of internal briefings and preparation of decisions. Although these proceedings usually involve months of staff work they do not appear under time spent in the hearing process.

The major new issues confronting the Commission in telecommunications involve: the degree of competition, if any, that should be permitted in traditional monopoly markets; the entry of regulated carriers into emerging markets (computer communications, electronic publishing); and the rules governing the behavior of regulated carriers in competitive markets. Among the problems confronting the Commission in this technologically dynamic environment are:

- determining in which areas the public interest is best served by competitive market forces rather than regulatory monopoly;
- determining the appropriate allocation of costs for carriers that participate in both monopoly and competitive markets and further determining whether it would be appropriate to require structural separation in the provision of some competitive services;
- determining appropriate rules governing the entry and behavior of regulated carriers into emerging (e.g. computer communications) competitive markets;
- determining the objectives and requirements, if any, for regulation of essentially monopolistic firms operating in competitive markets (terminal equipment) or in markets in transition from monopoly to competition; and
- determining the impact of competition on inter-service subsidies which support affordable residential service, on the cost of doing business, on innovation on user choice and on the development and maintenance of an accessible public network for the efficient movement of information (voice, data, video), goods and services.

The Commission has commenced a number of proceedings that will address the status of competition in the telecommunications industry. The emergence of the telecommunications industry as a key component of economic growth and a major cost of doing business has increased pressure for more competition and lower prices in a number of products and services. Emphasis on less regulation and increased competition has become a major aim of government policy in many regulated industries. The major issue proceedings which the Commission will address in 1985-86 are:

- interexchange competition which deals with long distance competition;
- Cost Inquiry - Phase III which concerns costing methodology for existing services; and
- structural separation which deals with the provision of certain competitive services by affiliated companies.

The increased pressure on the Commission from technological change, increased competition and expanding or evolving markets has led the Commission to adopt a new approach to regulation. The traditional approach to regulation has been reactive; that is, the treatment of specific applications pertaining to market entry or the behavior of regulated companies in particular markets on a case by case basis. The Commission has adopted a broad rule-making approach to industry structure that recognizes the similarities to all federally regulated carriers of many of the issues affecting market entry and the behavior of regulated companies in competitive markets. By setting its priorities in favour of the fundamental structural issues of industry wide significance, the Commission considers that it will be able to reduce uncertainty as to the direction of regulation and competition and reduce the costs associated with case by case regulation in terms of the resources of the Commission and participants in the regulatory process. Although issue hearings on industry structure could signficantly increase its workload in the medium term, solutions to structural problems could ultimately contribute to less regulation in the long term.

While the traditional approach to rates and service costing continues, precedence is being given to the structural proceedings. This has involved delaying major rate hearings for Bell and B.C. Tel into 1985 and expanding CNCP's application to compete in the provision of long distance service to a general proceeding on long distance competition.

C. Administration

Objective

To make decisions pertaining to applications within the framework of the objectives outlined in the Broadcasting Act, the Canadian Radio-television and Telecommunications Commission Act, the Railway Act, and other related legislation.

Resource Summary

The Administration Activity, as defined by the CRTC, is a broad term which in the Commission's case incorporates all costs and person-years other than those assigned to the Broadcasting and Telecommunications activities. It therefore includes the Executive (the Chairman, two Vice-Chairmen and Commissioners), the Legal Directorate and the Corporate Management Directorate.

The Administration Activity represents 39% of the total 1985-86 CRTC program expenditures and 35% of the total person-years.

It should be noted that whereas Corporate Management utilizes 106 person-years, 76 of these are operational or operational support.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive Management	2,472	26	1,922	26	1,814	24
Legal Directorate	1,027	16	985	17	946	17
Corporate Management Directorate	6,609	106	7,249	110	8,020	113
	10,108	148	10,156	153	10,780	154

Of the total Activity expenditures, 74% are for personnel costs. This figure rises if the cost of contracted assistance is included.

Past Financial Performance

Figure 21 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 21: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Executive	1,814	24	2,046	25	(232)	(1)
Legal Directorate	946	17	946	16	-	1
Corporate Management Directorate	8,020	113	7,318	128	702	(15)
	10,780	154	10,310	169	470	(15)

Explanation of Change: The increase in actual expenditures over 1983-84 Main Estimates of approximately $470,000 or 4.6% results mainly from capital expenditures to replace obsolete furniture, to acquire equipment previously leased and for word processing equipment.

Description

The Administrative Activity is comprised of three major areas: Executive, Legal Directorate and Corporate Management Directorate.

Executive: is comprised of the Chairman, two Vice-Chairmen and six Commissioners who form the Executive Committee, and ten part-time members. The Executive Committee makes decisions with respect to all telecommunications matters and all broadcast licensing matters except revocations. The full Commission, including both full and part-time members, makes decisions involving the revocation of broadasting licences and also determines general broadcasting regulations and rules of procedures. Part-time members do not participate in deliberations on telecommunications matters.

Legal Directorate: The CRTC's General Counsel and his staff provide legal services to the Commission on all matters relating to the interpretation and implementation of the CRTC Act, the Broadcasting Act, the Railway Act, the National Transportation Act, and related federal and provincial legislation. Counsel advise the Commission with regard to the legal implications of all

proposals; conduct questioning and advise on procedural matters at public hearings; recommend and carry out legal proceedings instituted by or against the Commission; and draft regulations and amendments thereto.

Corporate Management Directorate: is responsible for the management of the Commission. Within it are located such central services as personnel, administrative services, finance, audit and evaluation, information management, corporate and strategic planning, computer services and statistical information.

Performance Information/Resource Justification

The major workloads of the Executive and Legal Directorate areas are displayed. in Figure 22.

Figure 22: Major Workloads of the Executive Management and Legal Directorate

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Public Hearings			
Telecommunications applications	6	9	4
Broadcasting applications	32	31	25
Policy Issues	3	4	2
Decisions and/or orders			
Broadcasting	973	926	1,130
Telecommunications			
Rate Applications	4	3	4
Tariff applications	810	805	750
Other	59	59	57

The following table, Figure 23, shows the relationship of the Corporate Management resources to the total program cost.

Figure 23: Relationship of Corporate Management to CRTC Total Program ($000) and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Total	25,396	425	25,520	439	23,577	417
Corporate Management	6,609	106	7,249	110	8,020	113
% of Corporate Management to Program Total	26	25	28	25	34	27

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

CRTC expenditures by object are presented in Figure 24.

Figure 24: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	17,570	17,070	15,501
Other personnel costs	30	30	20
Contribution to employee benefit plans	2,435	2,199	2,328
	20,035	19,299	17,849
Goods and Services			
Transportation and communication	1,260	1,368	1,346
Information	1,409	1,854	1,547
Professional and special services	1,469	1,696	1,545
Rentals	433	433	264
Purchased repair and upkeep	215	215	173
Utilities, materials and supplies	391	377	356
All other expenditures	10	10	8
	5,187	5,953	5,239
Total operating	25,222	25,252	23,088
Capital	99	193	419
Transfer Payments	75	75	70
Total expenditures	25,396	25,520	23,577

2. Personnel Expenditures

Figure 25: Authorized Person-Years and Salary Provision

	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Order-in-Council Commissioners	9	9	9	50,530 - 96,300	76,736
Management					
Management Category	35	35	33	50,530 - 96,300	63,128
Scientific and Professional					
Auditing	5	4	5	27,934 - 68,070	49,551
Economics, Sociology and Statistics	16	17	16	14,570 - 65,080	44,249
Engineering and Land Survey	9	8	8	23,306 - 76,130	51,753
Law	12	12	12	20,523 - 88,120	52,461
Administrative and Foreign Services					
Administrative Services	66	64	64	13,912 - 57,987	37,907
Computer Syst. Admin.	9	9	10	18,766 - 61,433	40,477
Financial Administration	8	11	11	13,853 - 57,980	43,709
Information Services	4	2	2	13,579 - 57,980	44,103
Personnel Administration	4	5	5	13,330 - 63,870	41,052
Program Administration	78	80	76	13,912 - 57,987	39,071
Commerce	39	39	36	15,635 - 60,465	49,100
Technical					
Drafting and Illustration	2	2	2	15,557 - 40,310	29,039
Electronics	2	3	3	16,619 - 51,950	33,767
Social Science Support	5	6	8	12,635 - 57,764	40,582
Administrative Support					
Data Processing	2	2	3	13,352 - 37,130	28,243
Clerical and Regulatory	81	84	91	12,932 - 31,743	22,365
Secretarial, Stenographic and Typing	39	40	42	12,636 - 31,946	22,979

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 26: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants towards research under Section 18 of the Broadcasting Act	75,000	75,000	10,500
Contributions			
Summer Canada-Student Employment Program	-	-	10,651
New Employment Expansion and Development (NEED) Program	-	-	48,442
	75,000	75,000	69,593

B. Cost Analysis

Net Program Cost

The CRTC's 1985-86 Estimates include authorities to be voted and statutory authorities. Also to be taken into consideration are services provided without charge by other departments which include $2,139,000 for accommodation by Public Works, $42,000 for services provided by Supply and Services, $286,000 for employee insurance premium and costs provided by Treasury Board.

Figure 27: Net Cost of Program for the Year 1985-86 ($000)

	1985-86				
	Expenditures	Add Other Costs	Less Receipts Credited to Consolidated Revenue Fund	**Total Net Cost**	1984-85 Total Net Cost
Canadian Radio-television and Telecommunications Commission Program	25,396	2,467	30,000	**(2,137)**	2,565

C. Revenue Analysis

Licence fees are payable annually by all broadcasting undertakings in accordance with the Commission's Broadcasting Licence Fee Regulations except for those specifically exempted by the Regulations. These exemptions are:

- rebroadcasting transmitting stations;
- student carrier current broadcasting undertakings; and
- broadcasting undertakings carried on by the Canadian Broadcasting Corporation.

The annual fees are calculated as follows:

- for radio broadcasting undertakings, $25 plus 1 1/2% of annual fee revenue exceeding $300,000;
- for television broadcasting undertakings, $25 plus 1 1/2% of annual fee revenue exceeding $1,000,000; and
- for broadcasting receiving undertakings (cable television) $25 plus 1 1/2% of annual fee revenue exceeding $75,000.

Receipts are credited to the Consolidated Revenue Fund and estimated licence fee revenues for 1985-86 and 1984-85 and actual revenues for 1983-84 are shown in Figure 28.

Figure 28: Revenues Received ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Broadcast licence fees	30,000	25,000	21,780

Canadian Transport Commission

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Canadian Transport
Commission

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $64,719,000 in 1985-86 for the Canadian Transport Commission. The remaining expenditures, estimated at $774,819,000 for certain payments to railway and transportation companies and contributions to employee benefit plans will be made under existing statutory authority.

Votes - Wording and Amounts

Financial Requirements by Authority

Vote (thousands of dollars)		1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Transport Commission		
100	Operating expenditures	40,288	37,645
105	Grants and contributions	24,431	23,700
(S)	Payments to Railway Companies under the Western Grain Transportation Act	654,400	-
(S)	Payments to Railway and Transportation Companies under the Railway Act	59,540	444,730
(S)	Payments to Railway, Marine and Trucking Companies under the Atlantic Region Freight Assistance Act	56,444	45,500
(S)	Contribution to employee benefit plans	4,435	3,831
	Total Program	839,538	555,406

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Transport Commission	
100	Canadian Transport Commission - Operating expenditures	40,288,000
105	Canadian Transport Commission - Contributions, including contributions for the purposes set out in Subsection 20(1) of the Railway Relocation and Crossing Act except those related to the construction, reconstruction and improvement of a grade separation where payment was not ordered prior to September 1, 1977	24,431,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer Payments	Total	
Air Transport	150	7,591	15		7,606	8,197
Railway Transport	307	17,580	24	751,118	768,722	492,319
Water Transport	33	1,610	4	571	2,185	1,885
Motor Vehicle Transport	47	1,797	2	43,123	44,922	37,860
Research	69	4,177	3	3	4,183	4,201
Management and Administration	233	11,726	194		11,920	10,944
	839	44,481	242	794,815	839,538	555,406

Section I
Program Overview

A. Highlights

The highlights for the Canadian Transport Commission (CTC) in 1985-86 will be the following:

- the Commission will sustain a continuous review of the Air Carrier Regulations, in light of prevailing conditions, to define and implement desirable reductions in the economic regulation of scheduled and chartered domestic air services (see page 25);

- the Commission will continue to relax control of air transport tariffs and services so as to provide more downward pricing flexibility in domestic tariffs (see page 24);

- new responsibilities for the transportation of dangerous goods by rail will be assumed under the Transportation of Dangerous Goods Act (see page 30);

- the first quadrennial costing review under the Western Grain Transportation Act will be undertaken (see page 34);

- the Commission will continue to address the effects of tariff regulation on the competitiveness of Canadian railways as a result of additional rate freedom now available to United States carriers under the Staggers Rail Act (see page 33);

- the Commission will complete an inquiry into possible alternative uses for railway branchlines threatened with abandonment (see page 32).

B. Financial Summary by Activity

Figure 1: Financial Requirements By Activity ($000)

	Estimates 1985-86	Forecast* Expenditures 1984-85	Change	For details see page
Air Transport	7,606	8,941	(1,335)	21
Railway Transport	768,722	729,390	39,332	27
Water Transport	2,185	2,137	48	35
Motor Vehicle	44,922	43,086	1,836	39
Research	4,183	4,071	112	42
Management and Administration	11,920	11,330	590	45
	839,538	798,955	40,583	
Authorized person-years	839	846	(7)	

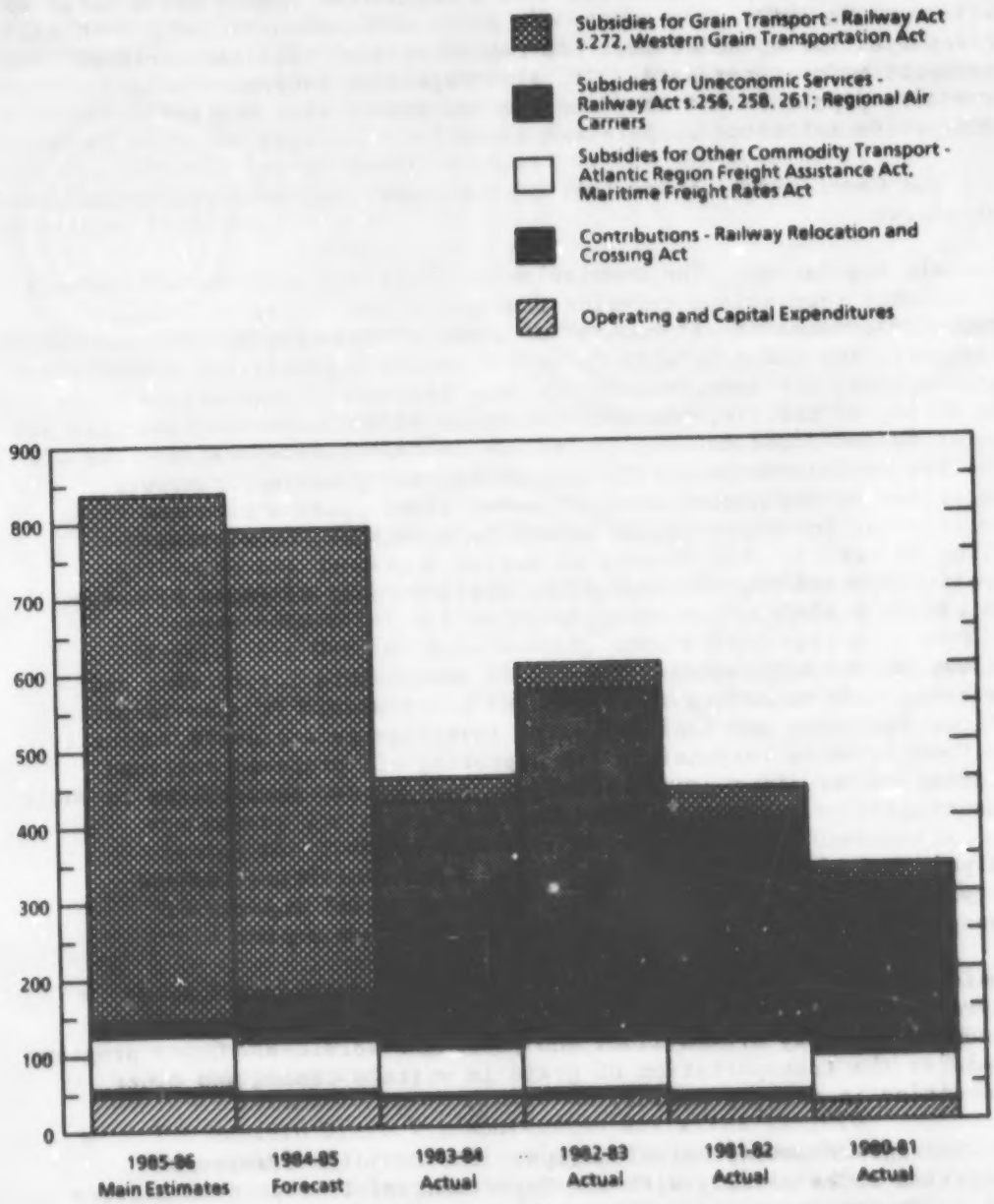
* The 1984-85 forecast is $243.6 million or 43.9% higher than the 1984-85 Main Estimates of $555.4 million (Extracts from Part II of the Estimates, Page 4). The difference is due primarily to the enactment of new legislation in the form of the Western Grain Transportation Act with first year subsidy payments of $578.2 million, partially offset by related reductions of $346.6 million in payments under the Railway Act relating to uneconomic branch line services; increases in subsidy payments under the Atlantic Region Freight Assistance Act and the Maritime Freight Rates Act of $8.8 million and $1.7 million respectively; and additional operating costs of $1.5 million.

Explanation of Change: The financial requirements for 1985-86 are 5.1% or $40.6 million higher than the 1984-85 forecast expenditures. The increase is due primarily to:

- additional payments under the Western Grain Transportation Act — $76.2 million
- decrease in payments under the Railway Act — (38.6 million)
- additional payments under the Atlantic Region Freight Assistance Act — 2.2 million

- additional payments under the Maritime Freight Rates Act — 0.5 million
- discontinuance of operating subsidies to regional air carriers — (1.5 million)
- net increase in operating expenditures including salary revisions — 1.8 million

Figure 2: Gross Expenditures By Expense Category (millions of dollars)



C. Background

1. Introduction

The Canadian Transport Commission is a regulatory agency established by Parliament in 1967, pursuant to the National Transportation Act (NTA). It replaced the agencies that had regulated air, rail and maritime transport before that date. CTC also regulates interprovincial commodity pipelines and has some limited powers with respect to interprovincial motor vehicle transport.

The Commission's operations can be classified into four broad categories:

Economic Regulation: The Commission develops and enforces a framework of economic regulations covering transportation in Canada. This framework extends to all "modes" or types of transportation. For air transport, the CTC regulates fares and issues licences for domestic and international air service. For railway transport, regulations cover the filing of tariffs, the classification of accounts for financial and operating data, and methods of setting certain railway rates. The CTC also has various responsibilities for licensing marine transport operations in designated areas, licensing the construction and operation of inter-provincial commodity pipelines, regulating the filing of tariffs with respect to marine transport and commodity pipeline operations, and regulating the transport of goods by motor vehicle on Sundays.

Railway Safety Regulation: The CTC is responsible for setting and reviewing railway safety standards and procedures. It also inspects railway equipment and facilities and investigates accidents. Finally, the Commission is responsible for approving all proposed railroad crossing construction projects and, in some cases, contributes to their financing.

Analysis and Advice: The Commission's responsibilities include carrying out research into the economic and social aspects of transportation and advising the Minister in these areas.

Subsidy Administration: The CTC administers a number of subsidy programs. Certain of these programs subsidize the operation of uneconomic railway branch lines and passenger services. Other programs subsidize the transportation of grain in western Canada and other commodities in eastern Canada.

Intragovernmental Relationships: The Canadian Transport Commission works closely with the Department of Transport on matters such as transport subsidy policy, the movement of dangerous goods by rail, transportation of the handicapped, and the development of uniform motor carrier regulations (the latter in concert with provincial

governments as well). As noted above, the CTC has responsibility for economic regulation of air, rail and marine transport, as well as rail safety and technical regulation. However, Transport Canada is responsible for safety and technical regulations in the air and marine modes. Therefore, the two organizations maintain liaison to ensure proper coordination. The Commission also works with other government departments (notably External Affairs and Customs and Excise), both in negotiating international air agreements with foreign governments, and in representing Canadian interests within international organizations concerned with the regulation of ocean shipping. Liaison is maintained with the National Energy Board in regard to the development of commodity and combined pipelines and the regulatory guidelines associated with them.

2. Legal Mandate

The Commission's roles are set out in several Acts. The principal ones are as follows:

- the National Transportation Act requires the Commission to regulate transportation, to investigate acquisitions of commercial interests in the transportation area when objections are raised, and to conduct research into the socio-economic aspects of transportation;

- the Aeronautics Act specifies that the Commission must license commercial air services, examine and file tariffs, develop Air Carrier Regulations, ensure that operators comply with regulations, carry out investigations and surveys, and advise the Minister of Transport on air transportation matters;

- the Railway Act requires the Commission to monitor railway equipment, operations and services, to promote safety, to examine the discontinuance or subsidization of uneconomic operations or services, to prescribe a uniform "classification of accounts", and to verify certain railway costs and prescribe certain rail rates;

- the Transport Act gives the Commission responsibility for licensing water carriers in designated areas and for examining and filing tariffs between rail or water carriers or shippers; and

- The Western Grain Transportation Act gives the CTC responsibility for designating grain dependent lines, setting annual rate scales, making payments to railways for the movement of western grain and monitoring investment and maintenance plans for grain dependent lines.

A complete list of statutes administered by the Commission may be found in Section III (see page 55).

3. Program Objectives

The objectives of the Commission are:

- With due regard to national policy aimed at achieving an economic, efficient and adequate transportation system, to regulate the development and operation of those elements of the transportation sector that come under federal jurisdiction in order to protect the interests of the users of transportation, to maintain the economic well-being and growth of Canada, and to coordinate and harmonize the operations of transport carriers.

- To regulate the safety of railway transport services in Canada, so that they are operated in a manner that minimizes the risk of personal injury to employees and the public as well as damage to property.

- To develop and provide information and advice to the federal government on the economic and social aspects of all modes of transport within, into or from Canada.

- To administer, in an economical and efficient manner, certain federal government programs for the subsidization of transport services.

4. Program Organization for Delivery

Activity Structure and Organization: The CTC program is divided into six activities. Four activities relate to the major transport modes (i.e., rail, air, water, and motor vehicle transportation). Two others -- the Research activity and the Management and Administration activity support the program.

The Commission's organization is structured according to the major transport modes, with separate committees regulating air, rail, water and motor vehicle transport. Although certain other committees exist within CTC, they do not have their own resources. Instead, they draw upon resources of modal committees, as required. The Commodity Pipeline Transport Committee considers applications for building and operating commodity pipelines. The International Transport Policy Committee, collaborates with modal committees in considering the economic and legal aspects of international transport. The Review Committee deals with applications for reviews of the decisions or orders of any of the modal committees.

The Commission's organization also includes a number of branches that provide services to all committees. The Traffic and Tariffs Branch handles all matters concerning the regulation of tariffs (except for air transport), and it administers several subsidy programs. The Research Branch studies economic and social issues relating to transportation in Canada. Other branches provide legal, management and administrative services to the Commission.

Figures 3 and 4 illustrate the relationship between the Commission's activities and its organization structure.

Most of the CTC's 800 employees work in the National Capital Region. However, the Railway Transport Committee has over 100 staff members working in six regional offices in Moncton, Montreal, Toronto, Winnipeg, Calgary and Vancouver, and the Air Transport Committee has staff in Vancouver, Edmonton, Winnipeg, Toronto, Montreal and Moncton. In addition, the Commission operates a Western Division, in Saskatoon, with a staff of 18 that handles various regulatory functions of concern to western Canada.

Figure 3: Canadian Transport Commission Organization Structure

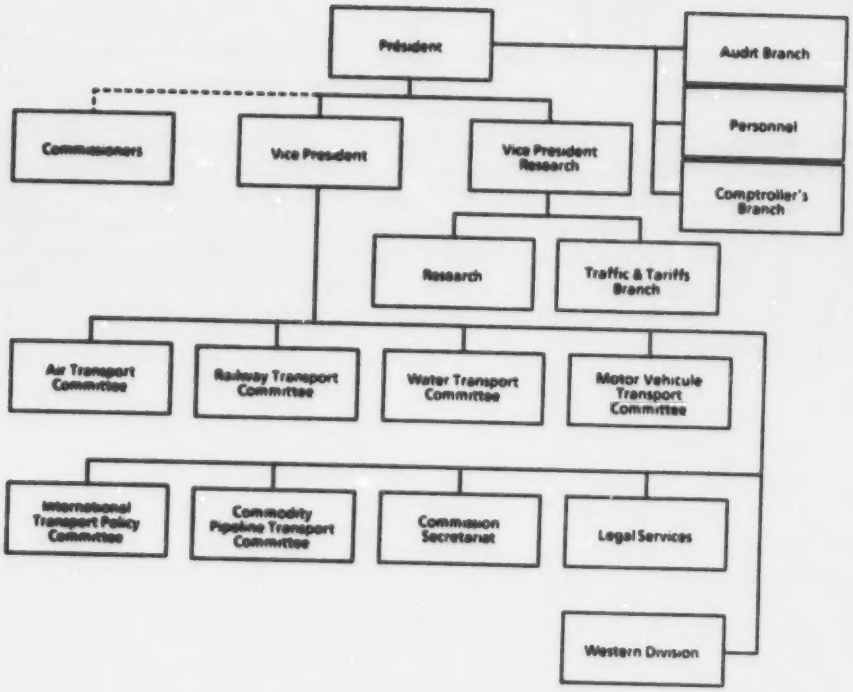


Figure 4: 1985-86 Resources By Organization/Activity ($000)

Organizational Element \ Activity	Air Transport	Railway Transport	Water Transport	Motor Vehicle Transport	Research	Management & Administration	Organization Total
Air Transport Committee 149 P-Y	7,540 149 P-Y						7,540
Railway Transport Committee 246 P-Y		738,358 246 P-Y					738,358
Water Transport Committee 30 P-Y			1,464 30 P-Y				1,464
International Transport Policy Committee 2 P-Y			109 2 P-Y				109
Motor Vehicle Transport Committee 4 P-Y				236 4 P-Y			236
Research 69 P-Y					4,183 69 P-Y		4,183
Traffic & Tariffs 95 P-Y		29,668 51 P-Y	612 1 P-Y	44,686 43 P-Y			74,966
Western Division 18 P-Y	66 1 P-Y	696 10 P-Y				563 7 P-Y	1,325
Management and Administration 226 P-Y						11,357 226 P-Y	11,357
Activity Total ($000)	7,606	768,722	2,185	44,922	4,183	11,920	839,538
Activity Total (P-Y)	150	307	33	47	69	233	839

D. Planning Perspective

1. Environment

The demand for regulatory decisions is influenced by many factors, which are characterized by complex interrelationships, have a high degree of unpredictability and which are quite outside the Commission's control. The Commission does not have any option under the law but to respond to this demand as and when it arises. Accordingly, the Commission must develop and maintain a capacity to handle the demand in a timely and judicious manner. The factors that must be considered in the planning process are discussed below.

Economic Climate: The general climate, as well as specific sectoral economies, influence the volume, type, destination and frequency of goods and passengers requiring transportation, thus impacting on the nature and levels of service proffered by carriers. This in turn affects the number and nature of licence applications, tariff filings, company merger or acquisition proposals and other matters of economic regulation, as well as the number and nature of complaints and interventions to which the Commission must respond. The number of transportation services eligible for subsidy and the amount of subsidization claimed are also influenced by the economic climate. In view of the medium-term economic outlook, the CTC expects that the demand for regulatory decisions will remain high, as companies adjust to a more complex and competitive business environment.

Technological Change: As new technology is introduced to the transportation sector, the Commission is called upon to regulate the impact on economic performance and, in the case of railway transport, on safety. Normally, the nature and pace of this technological change is such that this factor is not a major influence on planning in the Commission, although a number of innovations in the railway transport industry (cabooseless trains, high speed passenger trains) promise to have a significant effect in that regard over the term of this Expenditure Plan.

Regulatory Climate: Regulatory change in the United States (particularly the rail and trucking modes) has raised concern about the resulting impact on Canada. As well, the Canadian federal government is concerned with the influence that economic regulation has on transportation costs. The Commission has undertaken initiatives to revise the regulatory framework in respect to air transportation, and is working with the provinces in their review of inter-provincial motor vehicle regulation to assist in ensuring uniformity. A review is underway with respect to the impact in Canada of U.S. rail deregulation. The CTC is also examining the nature and operation of "multimodal" transport services (services utilizing more than one form of transportation, e.g., rail and truck) to ensure that the regulatory framework is appropriate in these circumstances. It is expected that

issues of regulatory reform will continue to be examined throughout the term of this Expenditure Plan.

Government Policies: Decisions by the federal government, particularly on transportation policy and, in general, on economic policy, directly affect the Commission. Over the term of this Expenditure Plan, the Commission expects that many regulatory decisions will have to be made in response to new or revised policies on such matters as air transport, grain transportation, and railway passenger and freight services.

International Events: Initiatives by foreign governments or international organizations arise continuously, often unexpectedly. When they do, a Canadian position is required. Accordingly, the Commission is called upon to provide a regulatory perspective, particularly in the case of air and marine transport. In the truck, rail and air modes, Canada-U.S. transborder transport matters continue to require input from the Commission.

2. Program Effectiveness

Economic Regulation: The Commission's economic regulatory action is carried out according to criteria designed to promote viable, competitive and stable carriers that serve the public adequately and contribute to the economic well-being and growth of Canada. These criteria are applied according to the circumstances specific to each case. Therefore, regulatory effectiveness cannot easily be defined in measurable terms. This customized approach to regulation means that program effectiveness measures must be indirect.

Railway Safety Regulation: Several factors (in addition to the Commission's regulatory and inspection activities) affect railway safety -- e.g., the volume of traffic, technological developments and the type of goods being moved. It should be recognized, therefore, that changes in the level of railway safety cannot be attributed solely to actions taken by the CTC. Figures 5 and 6 indicate recent trends in derailments and crossing accidents. It should be noted that while the aggregate number of accidents has increased somewhat, the rate, in relation to traffic and goods moved (gross tonne miles), continues to decline.

Figure 5 : Mainline Derailments

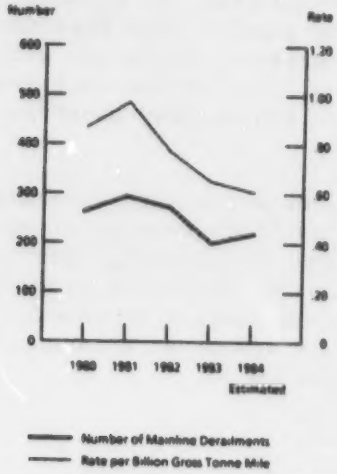
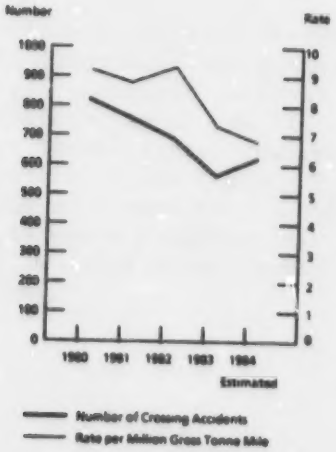


Figure 6: Railway Crossing Accidents



Analysis and Advice: Federal government transportation policies and program decisions take into account economic and regulatory implications. The information and advice that the CTC provides are inputs to those policies and decisions. In judging the effectiveness of those inputs, one could rely on the evaluation of the results of policies and program decisions themselves to indicate the effectiveness of the Commission's advice and information.

Subsidy Administration: Generally, the Minister of Transport formulates policy on transportation subsidies. The Commission advises the Minister on these matters and administers subsidy programs in accordance with terms and conditions specified by the government. Figure 7 gives a general indication of the recipients of subsidy programs administered by the Commission.

Figure 7: Subsidy Programs Administered By The Canadian Transport Commission

Program	Estimates 1985-86 ($000)	Recipients	Beneficiaries
Maritime Freight Rates Act Subsidy	14,428	Railways	Producers, shippers, railways in the "select territory" (the Atlantic provinces and Gaspé region).
Atlantic Region Freight Assistance Act Subsidies	43,123 12,750 571 56,444	Highway carriers Railways Water carriers	Shippers, transportation industry in the "select territory" (the Atlantic provinces and Gaspé region), consumers and producers in eastern Canada.
Railway Act Subsidies			
• For operation of uneconomic Branch Lines	9,240	Railways	Communities throughout Canada located along specific branch lines identified as uneconomical but being operated.
• For operation of uneconomic Passenger Services	9,900	Railways	Train passengers residing in communities throughout Canada using passenger services (other than VIA).
• For grain and flour moving to export through Eastern Ports	40,400	Railways	Flour mills, grain producers, railways, small water carriers on the Great Lakes, Atlantic and Georgian Bay ports and transfer elevators.
Western Grain Transportation Act Subsidies	634,400	Railways	Western grain producers, communities and grain facilities located along "grain dependent" lines.
Total Subsidies	784,812		

Section II
Analysis By Activity

A. Air Transport

Objective

To promote, through economic regulation, a safe and effective national air transportation system that meets the air travel needs of Canadians and visitors to Canada with little need for direct operating subsidies.

The Air Transport Activity also has the following sub-objectives:

- to regulate the entry and exit of air carriers for the provision of commercial air services so as to meet the needs of Canadians and visitors to Canada for air travel through an efficient, financially viable air carrier industry;
- to regulate tariffs for the provision of commercial air services so as to ensure that they are just, reasonable and non-discriminatory and, when applicable, consistent with Canada's international and bilateral undertakings;
- to enforce the economic regulations promulgated for the establishment and operation of commercial air services to protect the travelling public and the interests of licensed carriers;
- to develop, process and promulgate regulatory additions and amendments to maintain a relevant, effective environment for the economic regulation of the air carrier industry;
- to develop and process information and advice to the Minister of Transport on the development and operation of commercial air services, any matter relating to civil aviation, and on the regulatory aspects of air transport; and
- to administer federal government subsidies for the operation of commercial air services in the public interest.

Resource Summary

The Air Transport Activity accounts for 17.0% of the total program expenditures (excluding transfer payments), and 0.9% when transfer payments are taken into account. This activity accounts for 17.9% of the total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Licensing	3,587	68	3,484	67	3,219	67
Tariffs	1,567	34	1,540	35	1,292	33
Enforcement	1,126	23	762	17	130	3
Regulatory Analysis and Policy Advice	756	14	889	15	898	15
Regional Air Carriers Subsidy	-	-	1,500	-	1,500	-
Management and Secretariat	570	11	766	14	652	11
	7,606	150	8,941	148	7,691	129

Description

Under the National Transportation Act, the Canadian Transport Commission is responsible for developing and enforcing economic regulations for the civil aviation industry, as provided for in the Aeronautics Act, and as set out in the Air Carrier Regulations.

The Air Transport Committee carries out the bulk of the regulatory work from the Commission's national headquarters in Ottawa. There are, however, six regional offices to assist in the enforcement of the Air Carrier Regulations, and the Western Division, in Saskatoon, handles certain aspects of the licensing of local air carriers in the western provinces.

The Air Transport activity includes the following sub-activities:

Licensing: Licensing commercial carriers to provide air service is an essential element of the economic regulation of the industry.

Licensing protects both the interests of consumers by ensuring that carriers meet standards, and the interests of licensed carriers by maintaining fair competition. Domestic and international operators and those providing scheduled and charter passenger services are subject to licensing. When an operator applies to the Commission for a licence, licence amendment, or a permit, the Commission, in most instances, issues a Decision or Order. If the Decision or Order is favourable and the carrier meets stipulated conditions (if any), the Commission will issue a licence, an amendment to a licence or a permit. Licence documents specify what points the air carrier may serve, the size of the aircraft that may be used, and any restrictions that the Air Transport Committee may impose on the operator.

Tariffs: Every commercial carrier must file a tariff with the Commission specifying the charges and "conditions of carriage". The Commission reviews these tariffs to protect the consumer and other carriers by ensuring that the conditions of carriage and fares are just and reasonable, and that the travel conditions on special fares are appropriate and consistent. Tariff regulation also requires that the CTC investigate any complaints or allegations of malpractices involving air carriers.

Enforcement: Commercial carriers who may be operating illegally or carriers that are operating without a licence are investigated. These investigations are intended to stop any unauthorized person or company from operating commercial air services and to ensure licensed operators comply with regulations. Where operators fail to comply, the Commission may impose penalties, or the Crown may prosecute.

Regulatory Analysis and Policy Advice: The CTC provides advice on current economic issues affecting the air carrier industry and civil aviation in Canada and develops appropriate economic regulations. The Committee monitors the industry and the policy environment to identify the need for any additions, deletions or changes either to the Air Carrier Regulations, or to the policies and practices of the Air Transport Committee. In addition, the Committee carries out investigations and surveys and makes recommendations to the Minister of Transport on all matters relating to commercial air services. This advice may be provided on direction from the Minister or on the Committee's own motion, and may relate to draft policy proposals, international negotiations, proposed amendments to the Aeronautics Act or other matters.

Subsidy Administration: Under government policy, only limited direct operating subsidies of commercial air carriers are envisaged. This sub-activity involves:

- administering and paying subsidies to Quebecair and Eastern Provincial Airlines under the Regional Air Carrier Policy (although these subsidies are scheduled to be discontinued in 1985, approval is being sought for their extension); and

- providing administrative services to Transport Canada for the Prairie and St. Leonard Air Services subsidies.

Performance Information/Resource Justification

Licensing: The licensing sub-activity consumes 68 person-years. To a large extent, workload depends upon the volume and complexity of applications for licences that individuals and companies submit. Licensing procedures involve Public Notice, Pleadings, Public Hearings (in some cases), issuing Orders and Decisions, issuing Licences and providing applicants with various avenues of appeal. The target for 1985-86 is to process 98% of all applications within five months after receipt of a complete application. The remaining 2% represents the most complex applications that will require a Public Hearing or involve the resolution of legal issues thus extending the time for processing. Figure 9 illustrates the licensing workload.

Figure 9: Decisions, Orders, Licences (Domestic)

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Decisions				
Public Convenience and Necessity (PC&N)	175	290	251	284
Non-PC&N	518	402	344	535
Transfers	206	144	124	93
Orders	1,420	1,900	1,261	1,051
Licences	593	641	528	787
Temporary Authorities and Waivers	363	393	339	-

Permits are issued to air carriers to operate charter services. Subsequent applications for specific charter flights are also reviewed. Figure 10 illustrates the workload in this area.

Figure 10: Charter Applications and Flights

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Applications	2,100	2,100	2,078	2,059
Flights	23,500	25,140	23,128	22,296

Tariffs: Reviewing and filing tariffs involves 34 person-years. Work in this area is also largely reactive, and involves examining all tariffs, conditions of carriage and service schedules filed with the Committee. Zones of flexibility were established in accordance with the Committee's report following the domestic air fare hearing in the Spring of 1984 that allow carriers to adjust fares on one day's notice rather than the 30 days' notice as was previously the case. Fares outside the zones of flexibility must now be reviewed on 14 days' notice. These two adjustments have made a major improvement in the level of service. Figure 11 identifies trends in tariff filings and is representative of workload in this area.

Figure 11: Tariffs

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Tariff Filings	234,700	208,200	140,135	151,573
Departures from Air Carrier Regulations (ACR's)	3,000	2,500	2,795	2,797
Complaints	550	500	374	351
Charter Contracts	250	250	684	1,461
Orders	160	130	90	123

Enforcement: The enforcement sub-activity consumes a total of 23 person-years. In 1984-85, additional resources were approved to expand the enforcement program capability of the Committee. This will allow the Committee to provide more effective enforcement of licence conditions and tariff regulation which will likely result in an overall increase in all types of cases investigated. Figure 12 illustrates the responses to complaints and observed illegal action in recent years.

Figure 12: Enforcement

	Estimated 1985	Forecast 1984	Actual 1983	Actual 1982
Cases referred to RCMP	160	150	161	127
CTC administrative action	240	126	102	69
Warnings	60	34	61	42
Unfounded Complaints	50	24	43	31
Total	510	334	367	269

Regulatory Analysis and Policy Advice: A total of 14 person-years and $756,000 is assigned to this sub-activity. In 1985-86, the Commission will study a number of issues, including domestic unit toll operations, methodology for the establishment of reference fares and guidelines for the provision of upward pricing, financial documentation, fares, resaleable charters, international air policy and will prepare for international bilateral negotiations.

During calendar year 1983, 12 sets of amendments to the Air Carrier Regulations (ACR's) were approved by the CTC, and a similar number is anticipated for 1984. This should remain stable in 1985-86, however the amendments are expected to be of a more complex nature because of the trend toward lessening economic regulation in southern Canada while retaining a comparatively more regulated regime in the North.

In respect of the move towards decreased economic regulation in southern Canada, the Commission anticipates that it will be called upon during 1985-86 to respond to reports and recommendations emanating from the House of Commons Standing Committee on Transport dealing with such issues as subsidy policies and the role of Air Canada. The Commission also considers it probable that its advice and input will be sought concerning development of draft amendments to the National Transportation Act and the Aeronautics Act.

Management and Secretariat: This sub-activity is assigned 11 person-years.

The Secretariat is responsible for the work associated with Committee Meetings, and the administrative elements of Public Hearings. In addition, the Secretariat prepares the Orders and Decisions of the

Committee, and the Secretary signs all official correspondence on behalf of the Committee.

The Management group includes the office of the Executive Director and a small staff unit to oversee the personnel, financial and administrative services needs of the Committee.

B. Railway Transport

Objectives

To regulate the operation of railway transport services in Canada to protect the interests of the users of transportation, to foster Canada's economic well-being and growth, and to coordinate and harmonize the operations of transport carriers.

To regulate railway transport services so that they are operated in a manner that minimizes accidents and the resulting fatalities, injuries, and property damage.

To develop methods for determining railway costs; and to process payments for subsidizing uneconomic services required in the public interest, and for subsidizing the transportation of certain commodities.

Resource Summary

The Railway Transport Activity accounts for 39.4% of the total program expenditures (excluding transfer payments), and 91.6% when transfer payments are taken into account. This activity accounts for 36.6% of the total person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Safety Regulation	18,929	154	18,434	157	16,554	153
Quality of Service	1,236	22	1,240	21	1,522	27
Traffic and Tariff Analysis	29,668	51	28,493	51	23,421	50
Economic Analysis and Subsidy Administration	717,703	64	680,037	66	362,458	68
Management and Secretariat	1,186	16	1,186	15	969	16
	768,722	307	729,390	310	404,924	314

Description

This activity is carried out by Railway Transport Committee staff at headquarters and the regional offices, and by the rail transport components of the Traffic and Tariffs Branch and the Western Division. Railway Transport includes the following sub-activities. Note that the sub-activities have been modified from those reported in 1984-85 to more accurately describe the work under the Railway Transport activity.

Safety Regulation: Railway Safety Regulation consists of developing and promulgating railway safety regulations; updating standards to ensure that they take into account technological and other changes; monitoring compliance with regulations through the investigation of accidents, the inspection and quality control of equipment, infrastructure and operations (e.g., rolling stock, track and compliance with operating rules); and monitoring the movement of dangerous goods.

The Railway Transport Committee must approve the design and quality of all construction or reconstruction of railway/highway crossing projects (underpasses, overpasses, level crossings, etc.). The same is true for electrical projects such as warning lights and signals. Such projects must be approved by the CTC before work starts and when it has been completed. Partial funding (up to 80%) is provided on some of these projects under the provisions of the Railway Relocation and Crossing Act.

Quality of Service: The Commission investigates complaints from the public regarding railway services. As part of this work, railway and station operations are routinely inspected and the quality of passenger services monitored. The Commission is also addressing the rail transportation needs of the handicapped.

When railways wish to abandon branch lines, close or centralize stations, remove track or consolidate freight services, the Commission reviews their applications for permission to do so. These reviews ensure that any changes in service are not detrimental to the public interest. Hearings are held where necessary.

In addition, the Western Division administers the program for financial audits and conducts engineering inspections in support of Transport Canada's branch line rehabilitation program.

Traffic and Tariff Analysis: The work of this component includes examining and filing railway tariffs in accordance with statutory provisions; establishing rates for moving canola products, and grain and flour under Section 272 of the Railway Act; administering the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act which provide for subsidies to railway companies for westbound traffic originating in the "select territory" and local traffic

originating and terminating within the "select territory" (the four Atlantic provinces and the Gaspé Region); conducting investigations respecting agreements, contracts and arrangements of a traffic and tariff nature entered into between shippers and carriers in connection with formal applications, inquiries and hearings being conducted by the Railway Transport Committee; resolving complaints received by the Commission on traffic and tariff matters, including agreements, contracts and arrangements of a traffic and tariff nature and related services and conditions of carriage and developing and maintaining a comprehensive rail traffic database in support of modal committee requirements.

Economic Analysis and Subsidy Administration: The work in this component includes: developing a framework for railway accounting called the Uniform Classification of Accounts; auditing the railways' accounts to determine the extent to which they have adhered to this framework; promulgating costing regulations and auditing and approving the railways' methods of calculating their costs; determining costs for use in setting rates under the Railway Act; and auditing CP and CN charges to VIA which in turn determine the level of funding VIA Rail receives from the Minister to pay CN and CP for the services they provide.

Within this sub-activity, costing methodologies to be used by railways are established. The railways' costs, revenues and losses for each subsidized branch line or passenger service are verified in order to ensure that payments to railways under Sections 256, 258 and 261 of the Railway Act reflect losses incurred by them, in accordance with CTC costing regulations for operating uneconomic branch lines and passenger services (other than VIA Rail). These lines and services are subsidized if the losses as determined by the CTC are likely to continue in the future and the service is considered necessary to the public interest.

In addition, the CTC administers responsibilities under the Western Grain Transportation Act, including the establishment of the cost-based rate scale, costing reviews and monthly payments to the railways. Under Section 272 of the Railway Act, costs are determined to form the basis for setting rates and subsequently making payments to railways to move grain and flour for export from inland points east of Thunder Bay to an Eastern port.

Performance Information/Resource Justification

Safety Regulation: This sub-activity consumes 154 person-years and $18,929,000.

Monitoring the extent to which railways comply with regulations utilizes 46 person-years. The level of monitoring is based on the percentage of population that should be inspected in order to be

confident that regulations are being respected and also on levels of compliance in previous years. In 1985-86, emphasis will continue to be given to checking the railways' quality control procedures. In addition, a number of specific questions will be addressed, including the safety implication of cabooseless trains.

The CTC will assume expanded responsibilities in the area of dangerous goods transportation as regulations pursuant to the 1980 Transportation of Dangerous Goods Act are phased in. Emergency response to and investigation of dangerous goods accidents and incidents will intensify, as will the inspection programs concerning railway cars and facilities handling dangerous goods. Currently, 26 person-years are assigned to the dangerous goods activities under the Railway Act, the National Transportation Act and the Safety Containers Convention Act. Consideration is being given to augmenting this resource base in order to assume the expanded responsibilities under the Transportation of Dangerous Goods Act.

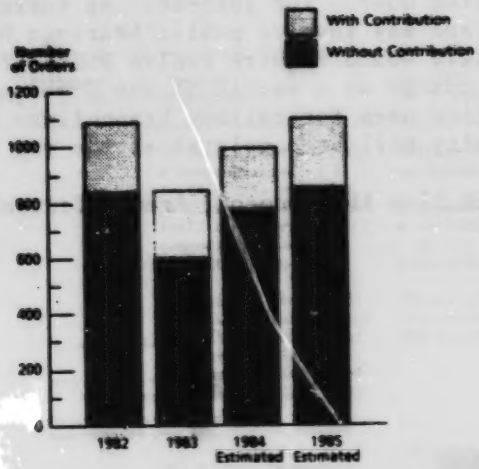
Work was begun in 1984-85, and will continue into this fiscal year, on reviewing the Uniform Code of Operating Rules (the basic document covering the safe operation and control of railways under CTC jurisdiction), as well as standards concerning safety inspections and qualification standards for railway personnel.

In 1985-86, 50 person-years will be allocated to the railway/highway crossing and construction program. This program contributes to safety and reducing crossing accidents by granting approval for the improvement of crossings. It is expected that about 1,100 applications will be received and processed within an average elapsed time of 6 months. Of these applications, approximately 250 will be approved for funding under the Railway Relocation and Crossing Act. Currently, $10 million is allocated per year for funding these projects. Specific initiatives for use of these funds in 1985-86 include the following:

- upgrading of signboards at public crossings ($1.5 million);
- upgrading of all warning device light units presently installed at railway/highway crossings ($.5 million per year over three years); and
- upgrading of warning device gate barriers ($1.5 million).

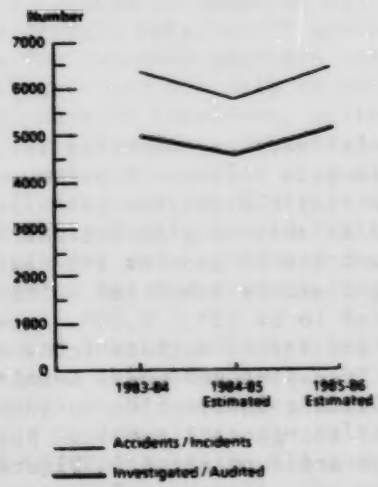
Figure 14 shows the number of orders issued concerning railway/highway crossing projects in recent years.

Figure 14: Railway/Highway Crossing Projects



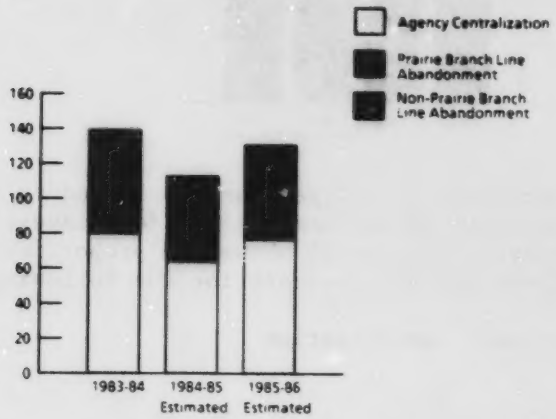
Resources for accident investigations are linked to accident trends and the seriousness of accidents. Accident investigation utilizes 19 person-years. Figure 15 shows the proportion of accidents investigated in 1983-84 and the forecast for the following years.

Figure 15: Accident Investigation



Quality of Service: Figure 16 illustrates the number of branch line abandonment and agency centralization applications processed in recent years and the anticipated number for 1985-86. As these applications require investigation and may involve public hearings before a decision is rendered, they usually would require twelve months to process. These estimates could change as a result of the Commission's inquiry into possible alternative uses for railway branchlines threatened with abandonment. The inquiry will be completed at the end of June 1985.

Figure 16: Branch Line Abandonment, Agency Centralization



Traffic and Tariff Analysis: Railways are expected to file about 61,000 tariffs in 1985-86 which will consume 10 person-years to examine and process. Processing of subsidy claims from railways under the Maritime Freight Rates Act and Atlantic Region Freight Assistance Act will require 5 person-years in order to process 260 claims within 15 days average from the time the claim is submitted. The value of these subsidies in 1985-86 is expected to be $27,178,000. (see figure 7 on page 19). Studies of traffic and tariff matters (consuming 27 person-years) assist the Minister of Transport and modal Committees in their decision-making as well as providing information to industry, federal and provincial departments, and the general public. Specific initiatives for 1985-86 by type are summarized in Figure 17.

Figure 17: Traffic and Tariff Analysis 1985-86

Area	Resources P-Y	Resources ($000)	General Objective	Specific Initiatives 1985-86
Traffic Studies	7	323	To develop and maintain a comprehensive rail traffic data base and to disseminate data on traffic patterns, commodity flows and freight revenues.	Further development of data base, including: • expanded level of detail; • inclusion of railways other than CN and CP; and • expanded motor vehicle data.
Tariff Studies	13	9	To verify, develop and disseminate information respecting freight and passenger tolls and tariffs, conditions of carriage and levels of service.	Review provisions of the Western Grain Transportation Act in conjunction with the Railway Transport Committee.
Complaints and Applications Studies	7	21	To investigate traffic and tariff complaints and applications, and mediate and resolve complaints between shippers and carriers.	Continue enquiry into regulations affecting freight traffic inter-switching between railways under federal jurisdiction.

The Staggers Rail Act, which was passed by the United States Congress in 1980 extensively deregulated United States railroad pricing. This has created fundamental differences between the Canadian and United States freight rate tariff systems, which in turn has begun to cause problems for Canadian carriers and shippers. For example, United States rail carriers are able to enter into confidential contracts with shippers or receivers, while Canadian rail carriers must publish and make available for public inspection all tariffs and tolls. In 1984, the CTC completed a series of public hearings on this issue, and reported its findings to the Minister of Transport. It is expected that this matter will generate considerable demand over the next few years for investigations and regulatory decisions, as Canadian carriers and shippers adjust to the new economic regime.

Economic Analysis and Subsidy Administration: A total of 64 person-years are allocated to this component. Of these, approximately 50% are required to determine costs, revenues and losses for branch lines, passenger services; to administer the related subsidy programs; to conduct audits of CN/CP charges to VIA and to determine variable costs for freight movements. For example, the audit of railway claims for the financial year 1982 to VIA Rail (the most recent audit fully completed) resulted in a reduction of $6.6 million to the railways'

proposed settlement claims. Resources for subsidy administration are linked to the significance of claims in terms of dollars, the number of applications and claims submitted and the complexity of submitted claims. (Figure 7 (page 19) identifies the amount of subsidy paid under each program.) Some 25% of the resources for this component are required for the establishment of accounting standards, conducting financial and accounting audits through a multi-year cyclical audit program and to providing approved cost of capital rates for all costs determinations for railways.

The remaining 25% of resources relate to work under the Western Grain Transportation Act and special costing projects. The CTC must prescribe, annually, the rate scale for western grain transportation and pay monthly to the railways, the government portion of the rates applicable to the volume of grain moved. To do this, the CTC must determine which branch lines are to be designated "grain dependent", and estimate all other railway variable and fixed costs. In 1985-86, the first quadrennial costing review will be undertaken to determine the total costs for the transportation of grain by rail for Canada. The CTC is also responsible for monitoring railway investment plans and maintenance programs for "grain dependent" branch lines.

C. Water Transport

Objective

To regulate specific sectors of the water transport industry, to provide advice concerning the development and operation of water transport services, and to participate in the negotiation of international agreements in order to protect the interests of users and to maintain the economic well-being and growth of Canada.

Resource Summary

The Water Transport Activity accounts for 3.6% of the total program expenditures (excluding transfer payments), and .3% when transfer payments are taken into account. This activity accounts for 3.9% of the total person-years.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Economic Regulation	384	9	388	10	336	9
Transportation Analysis	428	10	454	10	427	9
International Maritime Transport	346	6	318	6	301	6
Freight Assistance Subsidy to Atlantic Region Carriers	612	1	583	1	498	1
Management and Secretariat	415	7	394	7	383	7
	2,185	33	2,137	34	1,945	32

Description

Canadian public policy towards the water transport industry is largely non-interventionist in character. However, legislation in the field designates certain specific sectors and commercial transactions as being subject to economic regulation, and requires the Commission to carry out public inquiries concerning specific issues, to provide information and advice on a wide range of water transport matters, and to participate in the negotiation of international agreements and in the economic work of international organizations.

Economic Regulation: The Commission's economic regulation of water transportation can best be discussed in terms of four principal areas of responsibilities.

- Under the Transport Act, licensing of water carriers and approval of carriers' tariffs is carried out with the primary aim of ensuring that communities in the sparsely populated areas of the Mackenzie River and Western Arctic have reliable water transport services to supply essential items (food, fuel, etc.). Licensed carriers also play a major role in providing logistic support for northern mining and exploration operations.

- The Shipping Conferences Exemption Act allows "conferences" (associations of international shipping lines) to set uniform rates and coordinate services, subject to legislative provisions. The CTC maintains tariff filings and a record of agreements, conciliates disputes and ensures compliance.

- Regulatory investigations are carried out under the National Transportation Act if objections are raised to proposed acquisitions of an interest in water carriers by another transportation company, or to the pricing practices of water carriers, in order to ensure that the action is not prejudicial to the public interest. Under the Pilotage Act, the CTC undertakes an inquiry and makes binding recommendations if objections are raised to proposed tariffs.

- Within the "coasting trades" (water transportation between Canadian ports), the aim is to ensure Canadian participation while allowing foreign vessels temporary entry provided that no suitable Canadian ship is available. The CTC advises the Minister of National Revenue on the availability of suitable Canadian ships (custom duties for foreign ships are reduced if no suitable Canadian ship is available).

Transportation Analysis: This sub-activity includes the economic and financial analysis directly related to economic regulation as well as the CTC's advisory function concerning water transportation. It

involves analysing and assessing economic, operational, and regulatory matters that affect the transportation of goods by water (or by means of water and other modes). In coordination with Transport Canada, information and advice is provided on specific problem areas and proposed policy or legislation for both regulated and unregulated sectors, with the aim of achieving efficient and adequate transportation services.

International Maritime Transport: The Commission's role internationally, carried out in conjunction with other government departments, involves responding to regulatory initiatives by foreign governments and international organizations, the negotiation of international agreements and participation in the economic work of international organizations. The aim is to protect Canadian interests on the international scene.

Freight Assistance Subsidy to Atlantic Region Carriers: This sub-activity includes processing and certifying subsidy payments to water carriers under the Atlantic Region Freight Assistance Act (this subsidy program is discussed on page 41).

Performance Information/Resource Justification

Economic Regulation: The Commission's work in regard to the Mackenzie River system involves processing 13-14 licence applications each year, approving tariffs and monitoring provision of service. The goal is to render decisions on licence applications by the end of February in respect of the following navigation season.

While the number of shipping conferences has remained stable at 48 per year, the volume of filings with the CTC has increased; from 33,319 documents filed in 1982 to 39,489 documents filed in 1983. The Shipping Conferences Exemption Act is due to expire in March 1985 and replacement legislation may impact on CTC workload. The level of work concerning acquisitions has remained stable. An increase in the number of tariff challenges, which could result if the pricing policy of Pilotage Authorities significantly change, impacts on workload related to the Pilotage Act.

Coasting trade workload increased sharply with the extension of Canadian jurisdiction to the outer edge of the continental shelf. Activity has stabilized at a relatively high level, with the CTC processing 130-150 applications per year.

Transportation Analysis: In the advisory role, work is concentrated on matters relating to regulatory responsibilities with specific initiatives based on established priorities. In 1985-86, the following specific initiatives are planned in addition to on-going work:

- review and assessment of the performance of Mackenzie River carriers and related regulatory policy issues;

- analysis of the structure and performance of ocean liner services and related matters of deep sea shipping policy; and

- analysis of multi-modal transport, particularly in relation to ownership, and the impact on the provision of container services to Eastern Canada and Canada-U.S. container services.

International Maritime Transport: Work is concentrated on matters concerning the international regulation of shipping. Bilateral shipping arrangements will be given more attention. Based on established priorities particular issues planned to be addressed in 1985-86 include:

- response to unilateral regulatory initiatives by South American countries;

- participation in negotiations concerning shipping relationships between Organization for Economic Cooperation and Development (OECD) member states and between OECD members and third world countries;

- participation in United Nations Conference on Trade and Development (UNCTAD) initiatives and specific aspects of Canadian international law related to third party liability and the liability regime between shippers and carriers concerning cargo.

D. Motor Vehicle Transport

Objectives

To regulate the development and operation of interprovincial and international truck and bus services in order to protect the interests of the users of transportation, to maintain the economic well-being and growth of Canada, and to coordinate and harmonize the operations of transport carriers.

To administer that portion of the Atlantic Region Freight Assistance program that subsidizes the cost of transporting designated commodities, by motor vehicle undertakings from or within the Atlantic Region.

Resource Summary

The Motor Vehicle Transport Activity accounts for 4.0% of the total program expenditures (excluding transfer payments) and 5.3% when transfer payments are taken into account. This activity accounts for 5.6% of the total person-years.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Motor Vehicle Regulation	236	4	221	4	162	3
Freight Assistance Subsidy to Atlantic Region Carriers	44,686	43	42,865	43	39,347	42
	44,922	47	43,086	47	39,509	45

Description

This activity has two components: Motor Vehicle Regulation and Subsidy Administration.

Motor Vehicle Regulation: Under this component, submissions relating to proposed trucking company mergers or acquisitions are examined and recommendations made as appropriate. When someone affected by a proposed acquisition objects on the grounds that it will unduly restrict competition or otherwise be prejudicial to the public interest, the Commission investigates and such investigations may include public hearings.

The Motor Vehicle Transport Committee also examines applications to truck goods on Sundays; examines and files documents on CN Roadcruiser (Newfoundland) bus service tariffs and levels of service, and, from time to time, conducts hearings in these matters. Finally, it works with Transport Canada and the provinces to develop simple and uniform regulations to facilitate inter-provincial truck and bus transportation. With the adoption of the Motor Vehicle Transport Act in 1954, the responsibility for the direct regulation of extraprovincial carriers was delegated to the motor carrier boards of the provinces, which regulate these undertakings just as they do intraprovincial carriers.

Subsidy Administration: The Atlantic Region Freight Assistance Act provides for subsidies for transporting commodities within the "select territory" (the four Atlantic provinces, and the Gaspé Region) and from points within the "select territory" to points west. Subsidy claims from trucking companies are processed, audited, and certified for payment. In some cases, the Commission carries out field investigations and holds discussions with provincial governments. At times, hearings are also held.

Performance Information/Resource Justification

Motor Vehicle Regulation: A total of four person-years and $236,000 are assigned to Motor Vehicle Regulation. Public hearings pertaining to Lord's Day Act applications are only necessary in complex cases or when objections are raised with respect to applications. The other cases are heard through file hearings. In 1985-86, the Commission is expected to handle applications for 30 permanent Lord's Day authorities and 185 temporary authorities. Decisions respecting permanent authorities are usually rendered within 50 days, 28 of which are required for mandatory posting in the Canada Gazette.

All transport companies under the jurisdiction of the Parliament of Canada are required to give notice of a proposed acquisition of another transport business or undertaking. The Commission endeavours to ensure that local populations are aware of transactions that could

affect transportation patterns in their regions through either the establishment of monopolies or of schedules not in the interest of shippers or consignees. Some 40 notices of acquisition are expected to be processed in 1985-86.

Freight Assistance Subsidy to Atlantic Region Carriers: Subsidies are calculated as a percentage of transportation costs; different percentages apply depending upon the commodities, their origin, and destination.

A staff of 43 person-years from the Commission's Traffic and Tariffs Branch handles a volume of approximately 12,500 claims per year. The average time required to process a claim, from its receipt to the issuance of a cheque, is about 55 days. The turnaround time for any given claim varies considerably as a result of many factors (e.g., the number of claims in process, the number of errors in the submissions, the need for further documentation).

Figure 20 illustrates the various freight assistance subsidy programs to all carriers in the Atlantic Region.

Figure 20: Freight Assistance Subsidies to Atlantic Region Carriers

Program	Estimates 1985-86 ($000)	Recipients	Beneficiaires
Atlantic Region Freight Assistance Act Subsidies			
Intra Segment:			
Truck	25,576	Highway carriers	Shippers, transportation industry in the "select territory" (the Atlantic provinces and Gaspé region), consumers and producers in eastern Canada.
Rail	5,542	Railways	
Water	571	Water carriers	
Westbound Segment:			
Truck	17,547	Highway carriers	Producers, shippers, railways, truckers in the "select territory" (the Atlantic provinces and Gaspé region).
Rail	7,208	Railways	
Total Subsidies	56,444		

E. Research

Objective

To develop, analyse and provide information and advice on the economic and social aspects of all modes of transport within, into or from Canada.

Resource Summary

Research accounts for 9.3% of the total program expenditures (excluding transfer payments), and 0.5% when transfer payments are taken into account. This activity accounts for 8.2% of the total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Research	4,183	69	4,071	71	3,708	67

Description

Research provides support to the Commission and its committees; responds to requests from the Minister of Transport for studies on subjects of concern to the government; carries out studies on its own initiative; and participates in interdepartmental working groups. Most work is associated with the Commission's research mandate, pursuant to Sections 7(4) and 22 of the National Transportation Act. The studies concern all modes of transportation. They involve analysis and expertise in economics, statistics, sociology, systems analysis, finance, regulation and various institutional arrangements and constraints.

Three major categories of research work are carried out: studies that respond to requests to deal with current problems; analyses of potential transport issues before they become current; and methodological or background studies that contribute to the first two types of research projects.

The Research activity includes five areas:

Freight Studies: deal with movements of bulk commodities and agricultural products, primarily by rail and commodity pipelines.

Passenger Transport Studies: specializes in airline research, international air transport, and other kinds of passenger transport.

Transport Industries Analysis: concentrates on marine economics, shipping issues, multimodal transport and trucking.

Economic and Social Research: carries out projects requiring professional expertise in economics, statistics, and sociology, and acts as a support group in these areas.

The Office of the Coordinator, Transportation of the Handicapped: carries out research on the economic and social aspects of regulatory issues relating to transportation of the handicapped, provides advice, and makes recommendations to the modal committees.

Commission policy is to make as much of its research as possible available to the transport sector and the general public by publishing reports to increase the public's knowledge and understanding of the Canadian transport system and transportation issues.

Performance Information/Resource Justification

The end products of research are information and advice relevant to decision-making by the modal committees of the Commission or the Minister of Transport and the general public. Resource requirements are based on the need to maintain the ability (in terms of the mix and quantity of expertise) to anticipate issues and to respond to the demand for information and advice, the level of which is estimated from a knowledge of issues that face the Commission or the federal government.

Research is a service. Its performance is judged on the extent to which it produces appropriate, timely and accurate studies to assist the decision-making of the Commission or the Minister of Transport.

Major research projects planned for 1985-86 are outlined in Figure 22.

Figure 22: Research Projects 1985-86

Area	Resources P-Y	Resources ($000)	General Objective	Specific Initiatives 1985-86
Pricing, Subsidies Capacity	17	950	To identify capacity, equipment, and investment needs, and the different combinations of pricing subsidy and institutional changes to meet these needs; to examine new pricing tools and their impact on users carriers.	Tracking of impact of regulatory reform on air fares, level of service, and financial health of air carriers. Studies of rail productivity and means of increasing efficiency. Studies of transport system capacity and means of increasing it, especially in Western Canada. Studies of rail passenger service, including means of improving VIA's performance. Studies on the need for, and the consequences of, a Canadian merchant marine.
Service Costing	8	580	To develop costing methodologies, both to satisfy legislative or policy requirements or as inputs to other projects.	Participate in reviewing methodology for measuring cost of capital for railways. Develop methodology for costing airline services. Develop costs of marine transport of selected commodities and routes.
Competition Regulation	28	1,403	To examine the extent to which competition can be substituted for regulation, and impacts for regulation of changing environment, leading to new regulatory tools and approaches.	Studies of possible changes in national transportation policy and the regulatory implications. Studies of the role of liner conferences in deep-sea shipping and the consequences for rate structures. Regulatory tools for - air services in northern and remote regions - setting bus rates in Newfoundland - commodity pipelines
Intermodal Transport	5	500	To examine coordination of various modes, including their regulation and development.	Extend a simulation model of western grain transportation and use it in review of the Western Grain Transportation Act. Examine the relative advantages of routing overseas traffic through various ports.
International Agreements	6	350	To develop advice for External Affairs regarding impact for Canada of various international transport agreements.	Support for air bilateral agreement negotiations. Evaluation of marine and multi-modal proposals (UNCTAD).
Transport Demand	5	400	To provide information for various types of transport services.	Assist in identifying needs of disabled travellers and the measures that could be taken to help them. Develop better forecasting methods and models for freight and passenger traffic.
Total	69	4,183		

F. Management and Administration

Objective

To decide on regulatory matters required of the Commission; and to develop and operate central management processes and administrative services in support of the Commission's work.

Resource Summary

Management and Administration accounts for 26.7% of the total program expenditures (excluding transfer payments), and 1.4% when transfer payments are taken into account. This activity accounts for 27.8% of the total person-years.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Commissioners and Regulatory Support	5,379	88	5,341	88	4,971	88
Corporate Management	6,541	145	5,989	146	6,397	156
	11,920	233	11,330	234	11,368	244

Description

The Management and Administration activity comprises the following components. Note that the sub-activities have been modified from those reported in 1984-85 to more accurately describe the work under the Management and Administration activity.

Commissioners and Regulatory Support: This component consists of the Executive Branch (President, Vice Presidents, Commissioners and their staffs), Legal Services, and Secretariat, both at Headquarters and in the Western Division. The activities undertaken by this component are those directly related to the regulatory process (i.e., regulatory decision making, legal advice, hearing arrangements, etc.).

Corporate Management: This component consists of the Comptroller's Branch and the Personnel Branch. The Comptroller's Branch has

responsibilities in the areas of planning, evaluation, financial and material management, accommodation, telecommunications, records management, word processing and EDP systems. The Personnel Branch provides advice and assistance on all matters pertaining to human resources management, classification and staffing, training and development (including official languages and affirmative action programs) and staff relations.

Performance Information/Resource Justification

Hearings: A major focus of the Executive, Secretariat and Legal Services is the hearing process. Regulatory decisions are based on the outcomes of hearings. The appropriate modal committee determines whether or not a public hearing (as distinct from a file hearing) is necessary in light of the issue involved. Figure 24 illustrates the number of public hearings in recent years. In 1984-85, the Commission experienced a significant increase in the number of issues concerning regulatory reform and technological change, whose resolution required public input. Hearings of this nature are normally more complex, involving more sitting days and multiple locations, than hearings on a specific application or on complaints. It is expected that this greater level of activity, in terms of the number and complexity (hence the cost) of the hearings, will continue in 1985-86.

Figure 24: Public Hearings

	1984-85		1983-84		1982-83	
	Hearings (forecast)	Hearing Days	Hearings	Hearing Days	Hearings	Hearing Days
Air Transport	7	45	9	39	14	39
Railway Transport	23	214	28	117	25	50
Water Transport	4	29	3	9	2	6
Motor Vehicle Transport	1	2	2	4	3	3
Commodity Pipeline Transport	-	-	-	-	1	1
Review Committee	-	-	-	-	1	1
Sub total:						
Modal Committees	35	290	42	169	46	100
Western Division	9	27	3	7	14	23
Total Commission	44	317	45	176	60	123
Estimated Cost to the CTC of Public Hearings	$1,168,000		$520,000		$388,000	

Corporate Management: In addition to on-going work in the personnel and financial areas, this component conducts program evaluations in accordance with the CTC's approved program evaluation plan.

In 1985-86, program evaluations will be completed on the transportation of dangerous goods by rail program and the railway/highway crossing and construction program. Evaluations will be initiated on the air enforcement and railway quality of service programs.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditure by Object

Figure 25 displays CTC costs by type of expenditure. The major types of expenditures, salaries and transfer payments are further analysed in Figures 26 and 27.

Figure 25: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	31,673	30,296	28,104
Contribution to employee benefit plans	4,435	3,928	4,131
Other personnel costs	33	-	-
	36,141	34,224	32,235
Goods and Services			
Transportation and communication	3,324	3,329	2,761
Information	808	870	715
Professional and special services	3,193	3,173	2,596
Rentals	318	337	222
Purchased repair and upkeep	170	89	98
Utilities, material and supplies	483	425	454
All other expenditures	44	59	34
	8,340	8,282	6,880
Total operating	44,481	42,506	39,115
Capital	242	414	546
Transfer payments	794,815	756,035	429,498
Total expenditures	839,538	798,955	469,159

2. Personnel Expenditures

Salaries represent the largest component of CTC costs aside from contribution payments to transportation companies. Figure 26 displays the number of person-years and average salary of each category of employees.

Figure 26: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Management						
Governor-in-Council Appointments	17	17	18	50,350	96,300	75,602
Management	42	40	39	50,350	96,300	61,696
Other	2	2	-			
Scientific and Professional						
Auditing	20	19	16	27,934	68,070	43,742
Economics, Sociology and Statistics	101	95	98	14,570	65,080	46,306
Engineering and Land Survey	32	31	32	23,306	76,130	51,514
Law	16	16	16	20,523	88,120	42,444
Scientific Regulation	5	5	5	14,786	68,070	50,938
Other	1	1	1			
Administrative and Foreign Service						
Administrative Services	63	59	61	13,912	57,987	34,080
Commerce	7	7	4	15,635	60,465	41,997
Computer Systems Administration	10	10	13	18,766	61,433	34,542
Financial Administration	21	21	26	13,853	57,980	40,317
Information Services	7	7	6	13,579	57,980	36,582
Personnel Administration	10	10	12	13,330	63,870	36,153
Program Administration	129	119	115	13,912	57,987	35,329
Other	-	-	4			
Technical						
Engineering and Scientific Support	17	17	17	14,041	50,866	42,842
Social Science Support	34	34	35	12,635	57,764	32,876
Technical Inspection	55	55	52	12,635	57,691	40,270
Other	2	2	3			
Administrative Support						
Clerical and Regulatory	157	159	156	12,932	31,743	21,661
Secretarial, Stenographic, Typing	89	84	88	12,636	31,946	21,877
Other	2	2	2			

NOTE: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range columns show the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

The Commission has responsibility for administering various transfer payments in the form of contributions and statutory payments as detailed in Figure 27.

Figure 27: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Regional Air Carrier Subsidy - payments are made to two regional air carriers to subsidize their operations on specific routes in remote areas:			
Eastern Provincial Airlines	-	-	866
Quebecair	-	-	634
	-	1,500	1,500
Maritime Freight Rates Act - Payments are made to the Railway Companies operating in the select territory designated by the Act, in order to reduce the tariffs they would otherwise charge to shippers and thus make goods from the territory more competitive. Estimated payments to each company for traffic moved during the calendar year 1985 are:			
Canadian National Railway Company	13,016	12,515	10,064
Canada and Gulf Terminal Railway	163	157	123
Canadian Pacific Railway Company	701	674	807
Dominion Atlantic Railway	265	255	300
Quebec Central Railway	72	69	82
Canadian Pacific Express Company Limited	211	203	172
	14,428	13,873	11,548
Railway Relocation and Crossing Act - Contributions towards the cost of safety related work at public crossing of railway lines at grade	10,000	10,000	9,039

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contribution to the Lakehead Harbour Commission towards the operating costs of the Thunder Bay Rail Issues Task Force in which eight industry and goverment agencies are participants	3	19	-
New Employment Expansion and Development	-	-	85
Summer Canada - Student Employment Program	-	-	113
Total Voted Contributions	24,431	25,392	22,285
Statutory Payments			
Payments to railway and transportation companies of amounts determined pursuant to Sections 256, 258, 261 and 272 of the Railway Act (R.S. c.R-2)			
Prairie Branch Lines			
Canadian National Railway	2,400	17,040	148,217
Canadian Pacific Railway	-	17,500	134,520
Class II Railways	-	-	674
	2,400	34,540	283,411
Non-Prairie Branch Lines			
Canadian National Railway	2,470	4,270	21,203
Canadian Pacific Railway	4,370	5,180	15,896
	6,840	9,450	37,099
Passenger Train Services (other than VIA Rail)			
Canadian National Railway	3,000	2,900	3,659
Class II Railways	6,900	11,100	2,486
	9,900	14,000	6,145

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Eastern Grain/Flour Rates:			
Canadian National Railway	24,000	23,900	25,547
Canadian Pacific Railway	16,400	16,280	6,698
	40,400	40,180	32,245
Total All Sections:			
Canadian National Railway	31,870	48,110	198,626
Canadian Pacific Railway	20,770	38,960	157,114
Class II Railways	6,900	11,100	3,160
Total Railway Act Payments	59,540	98,170	358,900
Payments to Railway Companies of Amounts Determined Pursuant to the Provisions of the Western Grain Transportation Act (S.C. 1980-81-82-83 c.168)	654,400	578,200	-
Payments to railway, trucking and marine companies under the Atlantic Region Freight Assistance Act (R.S. c. A-18)			
Westbound segment - a subsidy to reduce costs of transporting goods from the Maritimes and Gaspé regions to destinations in Canada west of these regions. Payments are:			
- Truck (all goods)	12,775	12,283	13,340
- Truck (designated commodities)	4,772	4,587	4,110
- Rail (designated commodities)	7,208	6,930	4,003
Intra segment - a subsidy to reduce costs of transporting designated commodities originating and terminating at points within the Maritimes and Gaspé regions. Payments by mode of carrier are:			

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
- Truck	25,576	24,594	20,626
- Rail	5,542	5,329	5,772
- Water	571	550	462
Total ARFAA Payments	56,444	54,273	48,313
Total Statutory Subsidies	770,384	730,643	407,213
Total Transfer Payments	794,815	756,035	429,498

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B. Cost Analysis

Net Program Cost

The CTC 1985-86 Estimates include authorities to be voted and statutory authorities. Also to be taken into consideration are services provided without charge by other departments such as accommodation by Public Works ($3,443,000) and services provided by Supply and Services ($81,000), Treasury Board ($564,000) and the Department of Labour ($5,000).

Figure 28: Net Cost of Program for the Year 1985-86

	1985-1986			1984-85
	Expenditures	Add Other Costs	Total Cost	Total Cost
Canadian Transport Commission Program	839,538,000	4,093,000	843,631,000	803,242,000

C. Federal Statutes either administered by the CTC or which confer a duty or a function on the CTC

Aeronautics Act
Atlantic Region Freight Assistance Act
Air Canada Act
Canadian National Railways Act
Canadian Pacific Railway Act
Canada Shipping Act
Energy Supplies Emergency Act
Government Railways Act
Lord's Day Act
Maritime Freight Rates Act
Motor Vehicle Transport Act
National Energy Board Act
National Transportation Act
Pilotage Act
Railway Act
Railway Relocation and Crossing Act
Shipping Conferences Exemption Act
St. Lawrence Seaway Authority Act
Statutory Instruments Act
Teleferry Act
Transport Act
Western Grain Transportation Act

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Consumer and Corporate Affairs Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Consumer and
Corporate Affairs Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $181,641,000 in support of the Department of Consumer and Corporate Affairs for 1985-86. The remaining expenditures, estimated at $11,721,000 for pensions and other employee benefits and the Minister's salary and motor car allowance will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Consumer and Corporate Affairs		
1	Operating Expenditures	111,642	125,773
5	Capital Expenditures	5,683	-
10	Grants and contributions	64,316	109,689
(S)	Minister of Consumer and Corporate Affairs - Salary and motor car allowance	42	41
(S)	Contributions to employee benefit plans	11,679	10,709
	Total Program	193,362	246,212

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Consumer and Corporate Affairs	
	Department	
1	Consumer and Corporate Affairs - Operating Expenditures	111,642,000
5	Consumer and Corporate Affairs - Capital Expenditures	5,683,000
10	Consumer and Corporate Affairs - The grants listed in the Estimates and contributions	64,316,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized Person-Years	Budgetary			Total	
		Operating	Capital	Transfer Payments		
Consumer Affairs	1,071	48,405	5,373	1,816	55,594	53,521
Corporate Affairs	582	26,600	92	-	26,692	25,049
Combines Investigation and Competition Policy	264	15,596	57	-	15,653	15,307
Metric Commission	-	-	-	-	-	13,247
Assistance Program for Urea Formaldehyde Foam Insulation Homeowners	120	7,243	-	62,500	69,743	115,674
Administration	430	25,519	161	-	25,680	23,414
	2,467	123,363	5,683	64,316	193,362	246,212

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 1 - Consumer and Corporate Affairs - Operating expenditures	127,145,000	131,220,584	125,036,192
Vote 5 - Consumer and Corporate Affairs - The grants listed in the Estimates and contributions	56,689,000	126,527,716	125,264,745
Statutory - Minister of Consumer and Corporate Affairs - Salary and Motor Car Allowance ..	39,100	40,975	40,975
Statutory - Contributions to Employee Benefit Plans	10,178,000	11,329,000	11,329,000
Statutory - Refunds of amounts credited to revenue in previous years	-	89,564	89,564
Total Program	194,051,100	269,207,839	261,760,476

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Following are highlights for the current year for the Consumer and Corporate Affairs Program.

- In essence, the Department's role is to help create a legal and regulatory environment that is conducive to a strong and growing economy in which the interests of producers and consumers are fairly balanced. Consistent with emphasis on restraint, improved effectiveness and productivity, the Department's mission, then is to nurture private sector initiatives and to encourage productivity and competitiveness while at the same time ensuring the effectiveness of its consumer protection and advocacy role.

  In order to do so, the Department will continue to pursue legislative reform so as to modernize its laws in several areas, including Competition Policy, Patents, Copyright and Bankruptcy, and regulatory reform affecting traded goods. It will seek to stimulate the development and adoption of new technology by Canadian business through wider dissemination of patent information; to advance the concerns of Canadian consumers through continued stimulation of private sector and voluntary organizations; and to improve management effectiveness on several fronts, including office automation.

- The Consumer Affairs Activity will continue to apply legislation to promote a safe and equitable marketplace; actively search for resolution of marketplace problems by non-legislative means; cooperate and consult with the private and voluntary sectors in the implementation of voluntary compliance programs and other cooperative initiatives; reassess and adjust policies to reflect the evolutionary character of the law; and support consumer assistance initiatives of voluntary groups, business and business associations.

  In the Weights and Measures sub-activity, projections for 1985-86 indicate compliance rates should increase by approximately 4% over 1983-84 and coverage of the device population should reach 90% (based on a two-year inspection cycle). The sub-activity expects to have completed a national data base of the device population by the end of 1985-86. The Electricity and Gas sub-activity will continue to focus on meeting its legislated workload and no significant change in the current

compliance of some 95% is currently forecasted. In the Consumer Products sub-activity, concentrated efforts will continue to be made to resolve product problems as these are identified and greater emphasis will be placed on upper levels of trade. The Product Safety sub-activity will pursue initiatives which are currently underway, particularly in the field of domestic fires and toxic chemicals, and will react to new problems as these emerge. The Consumer Services sub-activity will carry out projects to encourage business in improving customer relation policies, will provide technical and financial assistance to consumer groups and will encourage all marketplace actors to respond to specific vulnerable consumer populations needs (page 24).

- In Corporate Affairs, efforts will continue toward maintaining acceptable quality and levels of service through automation and continued efforts to enhance management practices. The Bureau of Corporate Affairs intends to deal with its traditional demands for statutory services while enhancing its contribution to industrial development by actively encouraging technology transfer and refining its relationship with the business community. In the Bankruptcy and Corporations sub-activities and the Industrial Design area, workloads and outputs are expected to increase: in the Copyright area, workloads and outputs will remain stable and although Patent and Trade Mark applications may increase, personnel attrition will result in a decline of outputs (page 32).

- The Combines Investigation and Competition Policy Activity will process 900 complaints and complete 289 preliminary investigations in areas other than Marketing Practices; the Marketing Practices sub-activity will process 13,900 complaints and complete 3,300 preliminary investigations. The Regulated Sector sub-activity will focus its efforts on the growing number of specific regulatory proceedings which impact on major areas of the economy with the purpose of helping to define the parameters of regulation at the federal level.

  The Activity will provide full support to improving the market environment through changes to competition policy law which, when passed by Parliament, will effect major changes to the enforcement of competition law in Canada. Prior to passage, work will be required to develop effective enforcement policies and programs, and to ensure full public knowledge of the content and scope of the new provisions (page 40).

- In the Assistance Program for Urea Formaldehyde Foam Insulation (UFFI) Homeowners Activity, with approximately 73% of homeowners expected to have completed the corrective measures of their choice by April 1, 1985, it is anticipated that the remainder, a maximum of 12,500, will make claims in 1985-86 (page 50).

- The Bureau of Policy Coordination will continue to pursue its policy development activities, including policy research, analysis and consultations in support of legislative reforms to modernize departmental laws. Contributions will also be made to extra-Departmental discussions on policy questions affecting consumer interests. Strategic Planning activities will be further developed in 1985-86, including a review of consultation and communications aspects of policy reforms.

  The Program Evaluation and Internal Audit work will continue to support government-wide productivity initiatives. The completion of an evaluation of the Consumer Products sub-activity could result in proposals for the revision of the regulations affecting traded goods.

  With the phasing-out of the Metric Commission in March 1985, residual metric endeavours will be the responsibility of a small metric office established in the Bureau of Policy Coordination.

  As part of its ongoing efforts to improve productivity, the Administration Activity will continue automating its systems. Also within this Activity, higher workloads are expected in the Office of the Assistant Deputy Registrar General in both the Conflict of Interest Group and the Registration Division from ongoing responsibilities, and from implementation of approved recommendations from the Sharp-Starr Task Force on conflict of interest and post-employment guidelines (page 54).

- Revenue is generated mainly through fees for legal metrology inspections, patents, trade marks, copyrights, incorporations and bankruptcies, as well as from fines and forfeitures. This revenue is credited directly to General Revenues and is not available for use by the Department. Consultations have been initiated with a view to implementing significant revisions to fee structures in the areas of patents, trade marks, incorporations, and inspections of weighing and measuring devices. It is anticipated that 1985-86 revenue will exceed the 1984-85 forecast revenue by $38.4 million (see Supplementary Information, page 66).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details see Page
Consumer Affairs	55,594	54,061	1,533	24
Corporate Affairs	26,692	25,133	1,559	32
Combines Investigation and Competition Policy	15,653	15,256	397	40
Metric Commission*	*	10,994	(10,994)	54
Assistance Program for Urea Formaldehyde Foam Insulation Homeowners	69,743	89,675	(19,932)	50
Administration*	25,680 *	26,850	(1,170)	54
	193,362	221,969	(28,607)	
Revenue	69,808	31,388	38,420	66
Person-years	2,467	2,589	(122)	

* The Metric Commission will be dissolved at the end of 1984-85 and a small Metric Office created within the Administration Activity (see Section II, page 54).

Personnel costs represent over 77% of total operating expenditures excluding capital, grants and contributions.

Explanation of Change: The financial requirements for 1985-86 are 13% or $28.6 million lower than the 1984-85 forecast expenditures. This reduction reflects the following major items:

	$ million
• a reduction in salaries, other operating costs and contributions related to the winding down of the Assistance Program for UFFI Homeowners including a reduction of 64 person-years	(19.9)
• a reduction of 33 person-years and a decrease in salary, other operating costs and contributions related to the phase-out of the Metric Commission partially offset by the establishment of a Metric Office	(7.8)
• an increase in salaries and contributions to employee benefit plans due to inflation	4.2

	$ million
• various other items including program reductions (total reduction of 25 person-years)	(5.1)

Explanation of 1984-85 Forecast: The 1984-85 forecast is $24.2 million lower than the 1984-85 Main Estimates of $246.2 million (Extracts from Part II of the Estimates, page 5). The difference reflects the following major offsetting items:

	$ million
• Supplementary Estimates of approximately $5.1 million for:	
- An increase in capital expenditures for the construction of a Volumetric laboratory in the Consumer Affairs Activity	1.0
- An increase in salaries and operating costs for the Assistance Program for UFFI Homeowners including 50 person-years	2.4
- An increase in salaries and operating costs related to various projects in the Corporate Affairs and the Administration Activities including 3 person-years	1.7
• A reduction in contributions required in the UFFI Activity ($26.5 million) and the Metric Commission Activity ($1.5 million)	(28.0)
• Various other items	(1.3)
Net change	(24.2)

B. Recent Performance

1. Highlights

Actual performance for 1983-84 is reported in the appropriate portions of Section II - Analysis by Activity. Following are reports on the major highlights given for 1983-84.

- The Department continued its efforts to modernize marketplace rules of the road through examination of its legal responsibilities. All preparatory work was completed relating to Bill C-29 to amend the Combines Investigation Act and to a White Paper proposing revisions to the Copyright Act, both of which were tabled in Parliament in April 1984. A previously tabled bill to amend Bankruptcy and Insolvency legislation was also reviewed in Parliament during the year (see also Section I, D.3, page 22). A Commission of Inquiry was planned to examine compulsory licensing of pharmaceuticals under the Patent Act, while other aspects of possible patent reform were also being reviewed.

- The operational goals established in the 1983-84 plan for the Consumer Affairs Activity were generally met at the Activity level and variances from the plan did not have a material effect on achievements. Improvements in management information systems, productivity, and service to the public were actively pursued. In the Electricity and Gas sub-activity, regulations pursuant to the new Act were developed which should lead to proclamation of the Act, publication of the regulations and facilitate the pursuit of accreditation with some utilities or meter manufacturers in 1984-85. Compliance rates were estimated at better than 90% for Electricity and some 80% for Gas during 1983-84. Resources for the Weights and Measures sub-activity were not increased to planned levels and thus, less inspections than projected were performed. The number of inspections was, nevertheless 8% higher in 1983-84 than in 1982-83 and the compliance level reached 80%. In the Consumer Products sub-activity, resources continued to be directed to the significant product problem areas (e.g. textile labelling and food additives and preservatives) and a program evaluation scheduled for completion in 1985 was begun. In the Product Safety sub-activity, an emphasis was placed on reducing hazards associated with domestic fires and toxic chemicals and improving the information base on accidents and injuries.

- In the Corporate Affairs Activity, efforts to maintain and where possible improve productivity continued. During the year, the Activity began a review of its resources and ability to maintain productivity and level of service. In terms of workloads, public demand for bankruptcy services was lower

than forecast due to a better economic climate. In the Corporations sub-activity, the population of federally-incorporated companies grew within planned performance, and statutory filings and information requests increased. In the Intellectual Property sub-activity, for the most part, planned performance was achieved.

Organizational restructuring and automation have enabled the Activity to partially compensate for the negative effects of substantial resource reductions combined with increasing workload volumes. Thus, level of service in certain areas has suffered, resulting in larger inventories of Patents and Trade Marks applications and in decreased surveillance activity in the Corporations and Bankruptcy sub-activities. However, efficiency improvements have been achieved thereby avoiding irremediable deterioration of service to the public.

- In the Combines Investigation and Competition Policy Activity, for enforcement areas excluding Marketing Practices, 233 preliminary investigations, 23% over target, were completed but a slippage caused by time utilized to deal with an increase of 270% (2,296 actual vs 850 estimated) in demands for service resulted in completion of 30 formal enquiries, 60% of the target. The targets for Marketing Practices were exceeded as 11,487 complaints were processed and 1,075 investigations were completed. There were 13 interventions completed in the Regulated Sector sub-activity. Court time required more resources than originally anticipated, a matter beyond the Activity's control.

- The Assistance Program for UFFI homeowners has been extended beyond the March 1984 date anticipated for closure during preparation of the 1983-84 Estimates. In addition, more homeowners than anticipated at that time will receive financial assistance. The deadline to register was extended to September 30, 1983. The 1983-84 construction season saw a larger than expected number of homeowners do corrective work and make a claim to the Program. The required budget adjustments were made to ensure that entitlements were respected.

- The Policy Coordination Bureau contributed to the Department's legislative reform priorities through development of proposals for revising the Copyright Act, the Interest Act, the Tax Rebate Discounting Act and the Canada Business Corporations Act. During 1983-84, preparations for amendments to the Interest Act and a White Paper on Copyright were substantially completed. Work on Patent Act reforms continued. To enhance the effectiveness of its communications and liaison activities, Regional Communication Advisors were placed in the

Department's five Regional Offices. In the Program Evaluation area, the evaluations of the Traded Goods and Deceptive Marketing Practices program components were begun.

- The Metric Commission began to decrease its operations as forecast prior to its phase-out at the end of 1984-85.

- In 1983-84, as part of a government-wide thrust towards improved accountability, the Department developed and received Treasury Board approval for an Operational Plan Framework. This document describes how Consumer and Corporate Affairs Canada is managed, for example, by assigning accountabilities, and stating objectives, descriptions and indicators of results. The results of this agreement were reflected in the 1984-85 Expenditure Plan.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Consumer Affairs	49,241	50,246	1,005
Corporate Affairs	23,385	23,693	308
Combines Investigation and Competition Policy	13,988	13,484	(504)
Metric Commission*	11,431	20,266	8,835
Assistance Program for Urea Formaldehyde Foam Insulation Homeowners	137,407	63,469	(73,938)
Administration	26,308	22,893	(3,415)
	261,760	194,051	(67,709)
Revenue	35,323	34,001	(1,322)
Person-years	2,649	2,514	(135)

* For detailed information on the Metric Commission Activity, please refer to the Administration Activity, Section II, page 54.

Explanation of Change: The actual expenditures were 35% or $67.7 million higher than Main Estimates levels. The difference does not take into consideration adjustments to the Main Estimates, following approval of Supplementary Estimates ($73.4 million and 148 person-years) and other adjustments, of which the major offsetting items are the following:

- In the Assistance Program for UFFI Homeowners Activity, the Treasury Board approved additional resources in Supplementary Estimates ($72.4 million and 131 person-years) and a transfer from the Metric Commission Activity ($6.0 million). Operating resources were also transferred from UFFI Activity to the other Activities, mainly in the Administration Activity for work performed by common services on UFFI's behalf.

- In the Administration Activity, operating resources were increased as a result of the transfer from the Assistance Program for UFFI Homeowners (approximately $2.3 million and 19 person-years), from Treasury Board's Vote 10 - Employment Initiatives and from other activities.

- Resources in the Metric Commission were reduced following the Treasury Board approved transfer ($6.0 million) to the Assistance Program for UFFI Homeowners as well as other transfers to different activities.

Taking into account resources authorized by the Supplementary Estimates and other transactions, the department lapsed $7.4 million and 10 person-years of which the major factors are the following:

- cancellation of projects due to the winding down of the Metric Commission Activity ($2.5 million);

- lower contract costs with full scale testing contractors and the Central Mortgage and Housing Corporation, and surplus in contributions in the Assistance Program for UFFI Homeowners Activity ($1.4 million); and

- delays in the Petroleum Inquiry, lower than expected costs for other inquiries under way and other various items in the Combines Investigation and Competition Policy Activity ($1.4 million).

Further details are provided in Section II, Analysis by Activity.

Total departmental revenues amounted to $35.3 million approximately $1.3 million higher than estimated due in large part to the collection of one fine of $1.0 million relating to a Combines Investigation case.

C. Background

1. Introduction

Consumer and Corporate Affairs Canada was created in 1967 to foster a more effective and efficient market system by bringing together in one department the diverse federal programs having control over or an effect on the Canadian marketplace and by tying together the three components of the law, the economy, and the public interest. In essence, the Department's role is to ensure that rules for marketplace behaviour are adequate and properly administered, and to redress the imbalance between producers and consumers through consumer protection and representation. The Department's mission, then, is to maintain and administer an adequate legal and institutional framework for private economic activity. In addition, the Minister, as Registrar General of Canada, issues and registers formal and official documents on behalf of the Government of Canada.

The Department's endeavours complement other federal programs, particularly Agriculture, Communications, External Affairs, National Health and Welfare, and the Department of Justice, and, because of its mandate for the legal structure of the Canadian market system, are particularly concerned with ensuring:

- the effective and efficient administration of marketplace laws and regulations;
- their appropriateness; and
- that Canadian consumers are adequately protected and their interests promoted.

2. Legal Mandate

The duties specified in the Department of Consumer and Corporate Affairs Act, RSC 1970, c. C-27 include functions relating to consumer affairs, corporations, combines and competition policy, bankruptcies and insolvency, patents, trade marks, copyrights, consumer goods standards, legal metrology, and those stemming from the responsibilities of the Registrar General of Canada. Pursuant to the Constitution Act, many of these responsibilities are under federal jurisdiction exclusively.

Under this mandate, the Department administers in whole or in part approximately 70 Acts of Parliament affecting the legal framework of the marketplace. Of that total, the Minister is mentioned in the Canada Gazette as having some or sole responsibility for over 40 Acts. Sole responsibility is assigned to the Minister for 30 Acts. A list of principal laws administered is provided in Section III - Supplementary Information, page 67. In addition, the Assistant Deputy Registrar General administers the Conflict of Interest Guidelines on behalf of the Prime Minister.

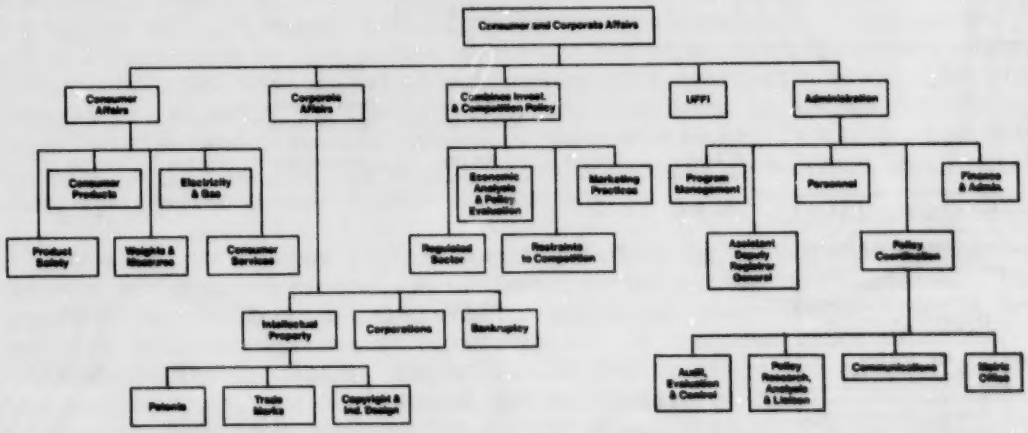
3. Program Objective

The objective of Consumer and Corporate Affairs Canada is "to promote equity, efficiency, openness and competition in Canada's market system, to promote and protect the interests of consumers, and to fulfill the functions of Registrar General of Canada".

4. Program Organization for Delivery

Activity Structure: The Consumer and Corporate Affairs Program consists of five activities, four of which are operational activities having responsibility for specific sub-objectives of the Program. The fifth activity is responsible for the Administration of the Department. These five activities are: Consumer Affairs, Corporate Affairs, Combines Investigation and Competition Policy, Assistance Program for Urea Formaldehyde Foam Insulation Homeowners and Administration. Each activity, where appropriate, is divided into sub-activities related to individual functions of the Department. All activities are organizational units. An outline of the activities and sub-activities is presented in Figure 3.

Figure 3: Activity Structure



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Organization Structure: The headquarters of Consumer and Corporate Affairs Canada is in Ottawa-Hull. The Program is delivered through the headquarters offices and field locations in five geographic regions (see Section III, page 69).

With the exception of Administration, each activity has a head who reports directly to the Deputy Minister. The Deputy Minister, in addition to his overall departmental responsibilities, is responsible for the Administration Activity, so the heads of its components report to him. Within Administration are the central service functions of finance, administration, electronic data processing, personnel and the central government services provided by the Assistant Deputy Registrar General. In addition, the Policy Coordination Bureau headed by an Assistant Deputy Minister is responsible for departmental policy research, analysis and liaison; metric monitoring; communications; and audit and program evaluation. Together, the Deputy Minister and his immediate subordinates form the Departmental Management Committee responsible for overall departmental management and control, while a Policy Committee consisting of the Deputy Minister and the four Assistant Deputy Ministers oversees major policy development.

Figure 4: 1985-86 Resources by Organization/Activity ($000)

Deputy Minister

	Consumer Affairs	Corporate Affairs	Combines Investigation & Competition Policy	Assistance Program for Urea Formaldehyde Foam Insulation Homeowners	Administration	Total
ADM Consumer Affairs	55,594	-	-	-	-	55,594
ADM Corporate Affairs	-	26,692	-	-	-	26,692
ADM Combines Investigation and Competition Policy	-	-	15,653	-	-	15,653
ADM Policy Coordination	-	-	-	-	10,234	10,234
Federal Coordinator, Assistance Program for UFFI homeowners	-	-	-	69,743	-	69,743
Assistant Deputy Registrar General	-	-	-	-	682	682
DG, Finance and Administration	-	-	-	-	9,395	9,395
Director, Personnel	-	-	-	-	3,036	3,036
Program Management	-	-	-	-	2,333	2,333
Total expenditures	55,594	26,692	15,653	69,743	25,680	193,362
Total revenue	3,700	65,008	1,000	-	100	69,808

D. Planning Perspective and Performance Review

1. Environment

It is expected that four major factors will continue to affect the work of the Department in the medium term. The first is the changing structure of Canadian business resulting from increasing international competition in traditional markets and the impact of rapidly developing information, communications and computer technologies. An efficient market system is essential to ensure that the potential benefits of technological innovation in particular sectors are passed through to producers, consumers and workers.

A second factor is the changing consumer environment reflected by the growing complexity of products due to technological change and innovation. A changing demographic structure and new consumption patterns are coupled with consumer concerns about health and safety hazards and the desire to ensure value for goods and services purchased.

The third factor is the changing government/private sector relationship announcing less intervention and regulation and more "facilitative and framework" approaches to managing the economy accompanied by greater public participation in policy and program development. With less direct regulation of business by other government departments and agencies, there will be increasing reliance on the general legislation administered by Consumer and Corporate Affairs Canada to ensure efficient functioning of the market system. The emphasis on program review, restraint, productivity and effectiveness will continue. Workloads in general are expected to remain at current levels or to increase. The Department's capacity to further improve productivity levels is limited by such factors as the labour-intensive nature of most operations, skill shortages, and a changing work environment.

The fourth element is the changing international environment. Concern for greater protection of domestic industries by Canada's Organization for Economic Cooperation and Development (OECD) trading partners will require active participation in the resolution of trade-sensitive regulatory issues (which may be perceived as non-tariff barriers to trade) on a bilateral and multi-lateral basis. Policy and program changes in other countries, for example, those which might result from any U.S.-Canada sectoral free trade discussions, will have implications for Canada, because they can cause major shifts in trade and investment patterns.

2. New Initiatives

Laws and regulations are the major tools available to the Department to carry out its mandate of maintaining order and balance while facilitating efficient operations in the marketplace. A number of initiatives

are planned to modernize and streamline marketplace rules and to communicate effectively with those people who must work within the regulatory framework.

In the Speech from the Throne on November 5, 1984, the Government announced that in dealing with the economy it "would act as guide, mediator and catalyst, becoming less intrusive in the private sector but vigilant over the integrity of the national economy and of national standards". Its three-part strategy was "to restore fiscal responsibility, remove obstacles to growth and encourage new investment".

More specifically, the Throne Speech announced that during the first session of the Thirty-third Parliament, legislative proposals would be introduced "to improve the market environment by changes in competition laws and the regulatory framework of the financial services industry" as well as proposals "to enhance risk taking, innovation and reward among entrepreneurs, especially in the small and medium-sized business sector".

The major priorities and initiatives envisaged by Consumer and Corporate Affairs Canada in 1985-86 are as follows:

Legislative and regulatory reform: The Department will continue efforts to reform legislation and simplify regulations within the Minister's authority as part of the Government's priority to modernize marketplace rules and so facilitate economic development by promoting competitiveness, by facilitating structural change and by encouraging self-regulation. A bill to amend legislation on Competition remains the Department's top legislative priority and will be re-introduced after re-examination and consultation with the private sector. Other business-related bills involve amendments to legislation concerning Canada Business Corporations as well as Bankruptcy and Insolvency, and a review of proposals for federal securities markets regulation. In the area of Intellectual Property and the encouragement of innovation, legislative priorities include bills amending legislation relating to Patents and Copyright. Two areas requiring attention under patent legislation are the patentability of biotechnology and compulsory licensing of pharmaceuticals. In terms of consumer rights and consumer protection, the legislative priorities include amendments to the Hazardous Products and Tax Rebate Discounting Acts and a review of proposals for amendments to the Interest Act.

Regulatory review is a part of the Department's plans. In 1985-86, it is expected that regulations administered under the responsibility of the Consumer Products (formerly called Consumer Fraud Protection) sub-activity will have been completely reviewed. In the same year, it is expected that initial assessment studies will be completed on Marketing Practices including Consumer Products inspection policies and practices, Patents and Bankruptcy. In a broader context, the Combines Investigation and Competition Policy Activity will focus on regulatory reform of financial service industries (including banking, trust, insurance and

securities companies), a sector that is highly regulated by a diverse array of federal and provincial bodies and legislation. New technologies and increasing internationalization of the world's capital markets are rendering obsolete many of the existing legislative and regulatory approaches of the federal and provincial governments. The Activity is working to ensure that the reformed laws and regulations provide a consistent national framework in which market forces can significantly improve the effectiveness of Canada's financial markets.

Encouraging the development and adoption of new technology: This priority will be met through revision of specific provisions of the Patents Act and regulations, so as to facilitate the availability of information regarding existing technologies. Apart from the compulsory licensing of pharmaceuticals and the patentability of biotechnology, both mentioned before, other areas requiring attention are the development of a fee structure comparable to those in other developed countries and the role of the Patent Office in providing technological information to the business community. In 1985-86, it is proposed to offer the expertise of patent examiners, using modern data base and search systems, to help small and medium size businesses obtain and use patent information. Promotional activities will be continued to inform business and research groups of the value of patent information and the availability of the service.

Enhancing the effectiveness of the consumer protection role: The Department intends to continue liaison and consultation with other departments, provincial governments, the private sector, and voluntary sector organizations representing consumer interests. In operations, it will continue encouraging voluntary compliance with consumer protection laws, as well as making representations in areas where significant problems are detected.

Improving management practices and reducing net costs: By the end of 1984-85, the Metric Commission Canada will have been closed. By the end of 1985-86, it is expected that the UFFI Assistance Program will be largely completed. The result will be a considerable reduction in the levels of future departmental estimates. In the same period, departmental fee schedules will be reviewed. In line with its user-pay policy, the Department will adjust its schedules to realistic levels for the services provided. Examples are patents, trade marks, corporations, bankruptcy and legal metrology fees.

In addition to this continued emphasis on economy, in 1985-86 it is expected that an internal task force on Informatics will have completed a review of office automation intended to provide the basis for future departmental directions.

3. Update on Previously Reported Initiatives

In the 1983-84 Department Expenditure Plan, three initiatives were identified. The first initiative involved communications. Communications officers were placed in the five regional offices as planned. Through initiatives from both the Consumer Affairs Activity and the Combines Investigation and Competition Policy Activity, business was and continues to be encouraged to respond more positively to the concerns of the general public, consumers, and the business community itself. A pilot project on toll-free telephone service was begun as planned and it is expected that it will be completed in 1985-86, at which time results will be assessed.

In addition, as part of a government-wide initiative, in 1983-84 the Department began announcing its ideas concerning its legislation as well as ongoing regulations through a Regulatory Agenda published every six months as a Special Supplement to the Canada Gazette, Part I. The intentions announced in the Regulatory Agenda have a time horizon of up to two years and are to elicit public comment and response.

A second announced initiative concerned Competition Policy. A bill to amend the Combines Investigation Act was reviewed as planned in terms of its compatibility with the Government's economic recovery program. The major thrusts of the proposed amendments were: to strengthen current legislation on mergers and conspiracies in restraint of trade; to include powers related to abuse of dominant market position; and to provide for Specialization Agreement exemptions. The amendment process continues to be characterized by extensive and positive consultation with the business sector and legal community. In early April 1984, Bill C-29 to amend the Combines Investigation Act was introduced in the House of Commons, but was not passed prior to dissolution of Parliament. Re-introduction of the bill was a stated priority in the Speech from the Throne, November 5, 1984.

A third specific initiative announced for 1983-84 was the introduction of a bill to overhaul and upgrade the Copyright Act. The Government decided subsequently that more discussions would be necessary and thus, instead of a bill, decided to prepare and table a White Paper. The White Paper was tabled in the House of Commons in April 1984 and the Department is reviewing responses from interested parties with a view to proposing legislative revisions in 1985-86.

Results of more specific plans are provided in the appropriate areas of Section II - Analysis by Activity.

4. Program Effectiveness

As stated earlier, the Consumer and Corporate Affairs Program comprises five activities. Because of the diversity of their operations, each of these activities is in many respects analogous to a separate and individually evaluated program. Accordingly, effectiveness measures for each activity are presented as appropriate in Section II, Analysis by Activity. These indicators address, among other factors, the ability to satisfy statutory obligations.

Evaluation of effectiveness by program component is performed by a Program Evaluation Division following a cyclical seven year plan. In 1983-84, a detailed study led to revisions in the Metric Commission's objectives and priorities and to its phase-out in 1984-85. It is expected that an evaluation of the Consumer Products (Traded Goods) sub-activity will be completed in 1985-86. In 1985-86 as well, the initial phase of an evaluation (known as an Assessment Study) will be conducted in the areas of Marketing Practices, Patents and Bankruptcy. As program evaluations over the planned cycle are completed, they should provide indications of broad program effectiveness of the Department.

Section II
Analysis by Activity

A. Consumer Affairs

Objective

To establish and enforce rules and promote policies to protect, inform, assist and represent consumers, and to maintain equity in market transactions based on measurement.

Resource Summary

The Consumer Affairs Activity accounts for about 29% of the Department's 1985-86 budget. Personnel costs make up approximately 72% of the activity total.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Consumer Services	**5,923**	**88**	5,859	87	5,466	86
Consumer Products	**12,064**	**275**	11,983	275	11,322	271
Product Safety	**4,813**	**89**	4,897	89	4,176	89
Weights and Measures	**15,173**	**335**	15,410	334	12,656	304
Electricity and Gas	**8,295**	**193**	8,388	194	8,077	203
Administration	**3,870**	**91**	3,515	86	4,258	91
Operations	**5,456**	**-**	4,009	-	3,286	-
	55,594	**1,071**	54,061	1,065	49,241	1,044
Revenue	**3,700**		2,600		2,377	

Revenues are not available to the Department as offsets against expenditures. For more details on revenue, see Section III, Supplementary Information, page 66.

Description

Most of Consumer Affairs human resources are located in five regional offices and in field locations across the country (see Section III, page 69).

Consumer Affairs is responsible for initiating or undertaking programs designed to promote the interests of the consumer; promoting and encouraging practices which will improve consumer protection and cooperating with others having similar objectives; assisting the consumer to be informed about goods and services; and providing a framework for the accurate measurement and equitable conduct of trade based on measure. Services are provided under a number of Acts of Parliament (see Section III, page 67).

The Consumer Affairs Activity is organized into five operational sub-activities:

Consumer Services: supports the consumer interest in the implementation and administration of government programs; strengthens the consumer's role in the marketplace by encouraging consumers to organize for collective action and self-help and by encouraging increased awareness of and responsiveness to consumer concerns by business; and ensures that the marketplace adequately serves vulnerable consumers. It administers the Tax Rebate Discounting Act and provides financial and non-financial support to consumer interest groups.

Consumer Products: is responsible for the enforcement of legislation and the administration of voluntary programs to ensure adequate product information is available to facilitate effective consumer choice and to prevent product misrepresentation in the marketplace. Through inspection, trader education and other compliance activities, it aims to detect and prevent fraud and deception in the packaging, labelling, quantity, quality, composition and advertising of a wide range of food and non-food products.

Product Safety: is responsible for the enforcement of legislation and the administration of voluntary programs to protect against hazardous products in the marketplace. Supported by field inspection and compliance activities, it identifies hazards in consumer products, regulates where necessary, and ensures that dangerous products are removed from the marketplace.

Weights and Measures: establishes specifications and examines and approves weighing and measuring devices used in trade, calibrates and certifies measurement standards, certifies test equipment used by industry and government, verifies, through a field inspection program, the accuracy and appropriate usage of all weighing and measuring devices used in trade, verifies the net quantity of commodities sold on the basis of measure and defines units of measurement to be used in trade.

Electricity and Gas: determines units and enforces standards of measurement, establishes specifications for, and approves energy metering devices used in trade, calibrates and certifies measurement standards, verifies meters and ancilliary equipment to ensure accuracy and investigates and arbitrates disputes between buyers and sellers of electricity and gas.

These operational sub-activities are supported by administrative personnel both at headquarters and in the regions:

Administration: includes the Office of the Assistant Deputy Minister, a Management Services Branch, Regional Directors, and Regional Finance, Administration and Personnel units.

Operations: is a centrally controlled budget for capital equipment, legal fees and some materiel for field offices.

Past Financial Performance

Figure 6 shows past financial performance. Operational performance is included in the next sub-section, Performance Information/Resource Justification.

Figure 6: 1983-84 Financial Performance ($000) and Person-Years

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Consumer Services	5,466	86	5,478	88	12	2
Consumer Products	11,322	271	11,759	278	437	7
Product Safety	4,176	89	4,194	90	18	1
Weights & Measures	12,656	304	13,453	325	797	21
Electricity & Gas	8,077	203	7,876	200	(201)	(3)
Administration	4,258	91	4,076	90	(182)	(1)
Operations	3,286	-	3,410	-	124	-
	49,241	1,044	50,246	1,071	1,005	27
Revenue	2,377		4,496		2,119	

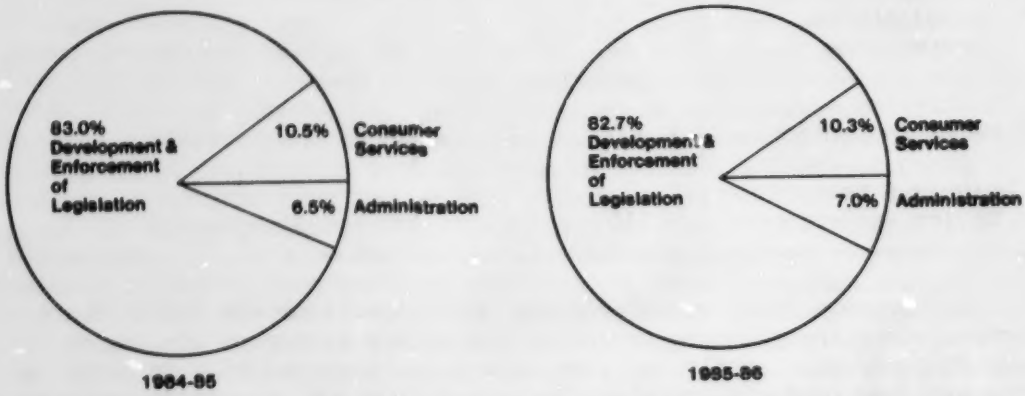
With the exception of resources transferred to other Activities within the Department subsequent to the preparation of the 1983-84 Main Estimates (24 person-years and approximately $1,000,000), the Consumer Affairs Activity spent almost its entire budget in 1983-84.

Two factors contributed to less revenue being generated than projected. First, significant planned increases in Electricity and Gas fees did not take place as a result of limits on such increases being imposed by government policy. Secondly, the general economic slowdown resulted in less meters than projected entering the marketplace.

Performance Information/Resource Justification

Most of the work of Consumer Affairs involves the development and enforcement of regulations under various statutes which deal with accuracy of measurement and equity in trade based on measure, and the safety, quality, quantity and labelling of consumer products (see Figure 7). Enforcement is carried out through an inspection program supported by laboratory testing facilities. Consumer Services, with the exception of the Tax Rebate Discounting Act, takes a non-legislative approach to improving the consumer's standing in the marketplace.

Figure 7: Resource Allocation



Outputs and costs: In three of the sub-activities (Consumer Products, Electricity and Gas, and Weights and Measures), a major part of the work involves the inspection of a wide range of products at various trade levels as well as the inspection, verification and certification of weighing, measuring and metering devices and standards. Effectiveness is assessed as compliance with applicable legislation and the maintenance or reduction of consumer and trader loss. Consumer complaints are also used to identify areas where effectiveness can be enhanced.

The type of inspection performed differs significantly from one sub-activity to the other and results in the diverse "costs per inspection" which are used here to illustrate the relationship between outputs and resources. In addition, unit cost is an aggregate figure representing a wide range of various types of inspections within each sub-activity. For example, domestic gas meters are included with high capacity/high pressure commercial gas meters, and grocery store retail

scales with heavy duty truck scales. In Consumer Products, the inspection of retail, manufacturing and importing establishments involves a very broad range of consumer goods. Thus, unit costs vary considerably between sub-activities depending upon the complexity of inspections, the mixture of devices, meters, products and establishments involved, and priorities (e.g. if priority is given to the verification of complex devices and meters where the greatest potential for inequities exists, the unit cost of inspection will increase).

Figure 8: Outputs and Cost

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Item	No. (000)	Unit Cost $	No. (000)	Unit Cost $	No. (000)	Unit Cost $
Consumer Products Establishment Inspections	39	180	39	179	41	160
Electricity & Gas Meter Inspections	1,900	2	2,100	2	2,000	2
Weights & Measures Device Inspections	310	24	295	26	270	21

The average "unit costs" for various inspections are expected to increase over the planning period as inspection resources are focused on more complex, thus costly and time consuming, inspections. In order to cope with new products entering the marketplace and changes in measurement technology, the Activity will be investing in new equipment and testing facilities. Salary increases in an organization where these account for more than 70% of costs will also contribute to increases in the aggregate "unit costs".

Consumer Products will direct its inspection resources to major non-complying areas (products and establishments) and carry out some 40,000 inspections per year. The sub-activity plans to increase the inspection of products at higher trade levels (thus more complex and time-consuming inspections). This will result in a decrease in the actual number of establishments inspected, but should lead to improved program effectiveness.

Electricity and Gas inspection projections were originally based on the anticipated implementation of the accreditation provisions of the new Electricity and Gas Inspection Act. Original assumptions made relative to accreditation have been modified in light of economic and other environmental changes. Many utilities and some manufacturers are

less interested in accreditation than earlier anticipated. Inspection projections (verifications) have been adjusted accordingly for the planning period.

In Weights and Measures, the sub-activity plans to increase the number of inspections performed by 15% in 1985-86 over 1983-84.

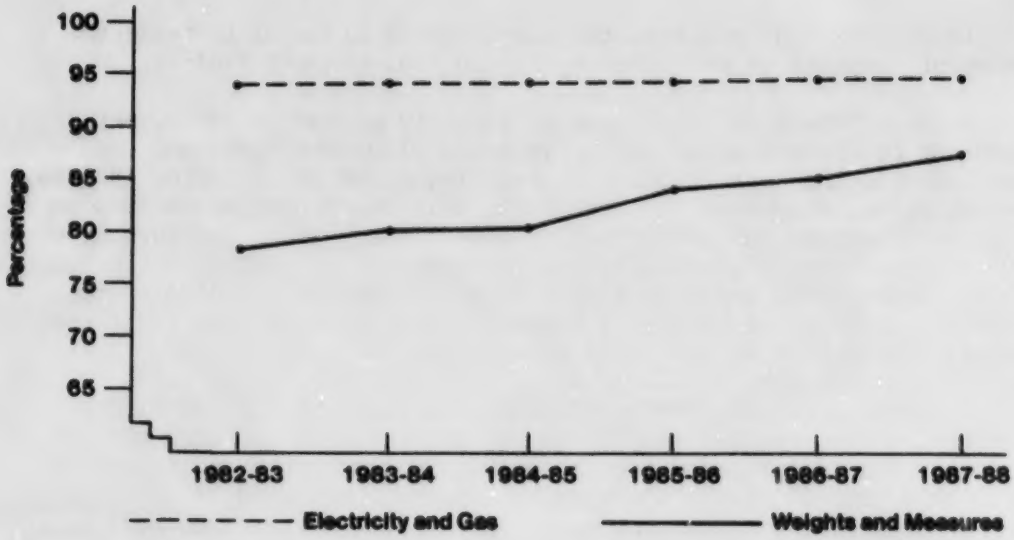
Product Safety will continue to identify product hazards, set standards or promote voluntary programs to eliminate these and ensure compliance in the marketplace with existing standards. During 1983-84, Product Safety conducted research into ignition sources and emissions of toxic gases during the combustion of domestic furniture and further work will continue into 1985-86 which could result in regulatory actions. Product Safety also began to play a lead role in the coordinated research, by several government departments and agencies into toxic chemicals, research which will also extend into 1985-86.

Consumer Services manages the administration of the Tax Rebate Discounting Act, handles complaints and enquiries on consumer matters (Consumer Services handled more than 200,000 complaints and enquiries during the 1983-84 year), and carries out projects aimed at strengthening the consumer movement, encouraging marketplace actions to assist vulnerable consumers, and increasing the responsiveness of business and government to consumer needs. As a result of projects undertaken in cooperation with business in 1983-84, effective complaint handling mechanisms have become more widely established among Canadian retailers and manufacturers. Efforts in that direction will continue in 1985-86 and will be expanded to include the encouragement of other customer relations programs. In addition, systematic mechanisms designed for more effective liaison among consumer-related government activities will be put in place, and initiatives to facilitate the resolution of consumer problems among elderly, disabled and young Canadians by the public, private and voluntary sectors will be expanded.

Consumer Services also administers a grants and contributions program in the amount of $1.8 million awarded to consumer organizations. A new approach to funding, centered on the identification and resolution of consumer issues will be pursued in 1985-86.

Effectiveness: A key measure of effectiveness for three of the sub-activities is assessed as compliance rates, i.e. the percentage of products, meters and devices on the market which are found to meet the requirements of applicable legislation. Data for Consumer Products are not currently available. A Management Information System (MIS) is being implemented which will provide reliable data starting in 1986-87. Electricity and Gas compliance rates are based on partial data and, here too, an MIS will be developed during the upcoming years.

Figure 9: Compliance Rates



The compliance rate indicators are very highly aggregated and will fluctuate according to a number of factors. The level of aggregation provided here is such that the indicators are biased in favour of the larger proportion of the device and meter population which is relatively simple and where compliance is relatively high. The indicators thus do not reflect particular problem areas and lower levels of compliance in such areas as metering installations and complex meters.

In the case of Consumer Products and Electricity and Gas, some reconciliation has been made of compliance and the potential for economic loss. In 1983-84, the dollars at risk (an indexed measure of the economic impact of violations under consumer legislation) in the purchase of food and non-food products was estimated to be $1.4 billion.

It is estimated from known cases that $750 million of inequities exist due to the inaccurate measurement of electricity and gas. Improved compliance rates will reduce dollars at risk, given constant consumption.

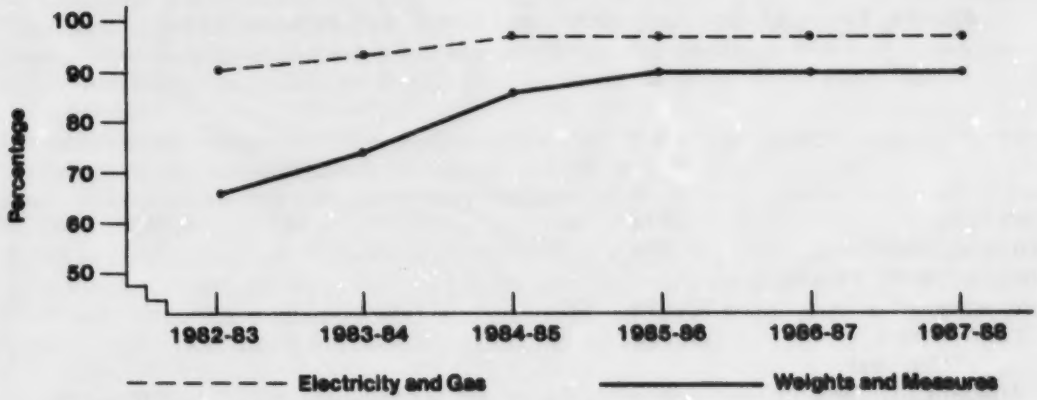
Weights and Measures expects to significantly improve compliance rates as a result of increasing its resource base.

Changes to the method of calculating compliance for Electricity and Gas are being considered to provide more accurate information on the marketplace and these could result in a realignment of compliance projections in future.

For Product Safety, effectiveness is defined as reduction in injury, illness and death due to hazardous products. Thirty-five consumer product areas are banned and 36 are regulated under the Hazardous Products Act. Comprehensive historical data on product-related accidents and injuries have not existed for most product areas. An accident-injury reporting system is being used to assist in risk assessment and the establishment of priorities.

Coverage: Priorities will continue to reflect the need for adequate coverage of the marketplace that is, inspection of the greatest proportion possible of the device and meter population.

Figure 10: Coverage



Weights and Measures' workload is determined by the mandatory initial inspection of new devices for use in trade and by the frequency of inspection of in-service devices required to achieve acceptable levels of compliance. Coverage represents that proportion of the known device population which will be inspected with available resources. Estimates indicate that more than 600,000 weighing and measuring devices are currently being used in trade in Canada. Efforts are underway to determine the accuracy of that number. Based on this estimate, Weights and Measures plans to inspect some 90% of the device population on a two-year cycle by the end of 1985-86.

For Electricity and Gas, the majority of inspection work is mandatory under law. Most of the workload is determined by the number of new meters entering the marketplace and the number of in-service meters due for re-verification. The frequency of re-verification of in-service meters is legislated. Coverage represents that proportion of the meter population due for verification and re-verification which will be inspected with available resources. That proportion is expected to exceed 95% over each year of the planning period.

In Consumer Products, the number of planned inspections is based on an assessment of identified problems and of the resources required to correct these problems.

B. Corporate Affairs

Objective

To provide an institutional framework for the orderly conduct of business, the accumulation of capital, and the protection and promotion of intellectual and industrial property in Canada.

Resource Summary

The Corporate Affairs Activity accounts for approximately 14% of the Department's 1985-86 budget. Personnel costs make up approximately 85% of the activity total.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Bankruptcy	7,214	143	6,384	143	6,069	146
Corporations	2,381	59	2,505	56	2,328	63
Intellectual Property						
Patents	12,618	271	11,537	264	10,841	266
Trade Marks	3,322	84	3,612	82	2,880	99
Copyright and Industrial Design	553	14	536	15	536	15
Administration	604	11	559	11	731	10
	26,692	582	25,133	571	23,385	599

Figure 12: Revenue ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Bankruptcy	3,750	1,375	1,787
Corporations	17,650	8,250	7,804
Intellectual Property			
Patents	25,426	12,984	13,968
Trade Marks	16,802	4,432	4,541
Copyright and Industrial Design	1,380	617	705
	65,008	27,658	28,805

Revenues are not available to the Department as offsets against expenditures. For more details on revenue, see Section III, Supplementary Information, page 66.

Description

The Corporate Affairs Activity comprises four sub-activities: Bankruptcy, Corporations, Intellectual Property and Administration. The Intellectual Property Directorate comprises the Patent Office, the Trade Marks Office and the Copyright and Industrial Design Office.

Eighty per cent of Corporate Affairs' personnel are located at headquarters; Bankruptcy services are provided in 15 locations across Canada (see Section III, page 69).

Bankruptcy: supervises the administration of bankruptcy in Canada, with particular emphasis on ensuring accessibility of service to debtors, monitoring the quality of estate administration by private sector trustees and detecting offences committed as part of insolvency proceedings. The Superintendent of Bankruptcy is responsible for maintenance of Trust Funds related to bankruptcies (see Section III, page 70).

Corporations: is primarily responsible for the incorporation of federal corporations, surveillance of their adherence to the law, and providing public access to corporate information.

Intellectual Property: is responsible for granting equitable exclusive intellectual and industrial property rights, and ensuring that information acquired in exchange for such rights is made available to promote exploitation of innovative technologies in Canada.

Administration: is responsible for overall coordination and administration of the Activity while each of the other sub-activities is charged with the responsibility of administering one or more statutes.

Past Financial Performance

Figure 13 shows past financial performance. Operational performance is included in the next sub-section, Performance Information/Resource Justification.

Figure 13: 1983-84 Financial Performance ($000) and Person-Years

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Bankruptcy	6,069	146	6,360	146	291	-
Corporations	2,328	63	2,120	56	(208)	(7)
Intellectual Property						
Patents	10,841	266	12,878	320	2,037	54
Trade Marks	2,880	99	1,295	32	(1,585)	(67)
Copyright and Industrial Design	536	15	489	15	(47)	-
Administration	731	10	551	11	(180)	1
	23,385	599	23,693	580	308	(19)

The variance in figure 13 between Patents and Trade Marks reflects an internal reorganization. To increase efficiency, the processing functions of these two sub-activities have been consolidated under Patents and were reflected this way in the 1983-84 Estimates. However, in order to produce a more accurate display of activity costs, actual expenditures for Trade Marks processing have been shown against Trade Marks rather than Patents.

The variance in total person-years was totally offset by transfers from other departmental activities required to complete and perfect the electronic trade mark registry.

Figure 14: 1983-84 Revenue ($000)

	1983-84		
	Actual	Main Estimates	Change
Bankruptcy	1,787	1,800	13
Corporations	7,804	6,800	(1,004)
Intellectual Property			
Patents	13,968	15,275	1,307
Trade Marks	4,541	4,010	(531)
Copyright and Industrial Design	705	520	(185)
	28,805	28,405	(400)

The variance in figure 14 for revenues is due to higher volumes in revenue-based operations.

Performance Information/Resource Justification

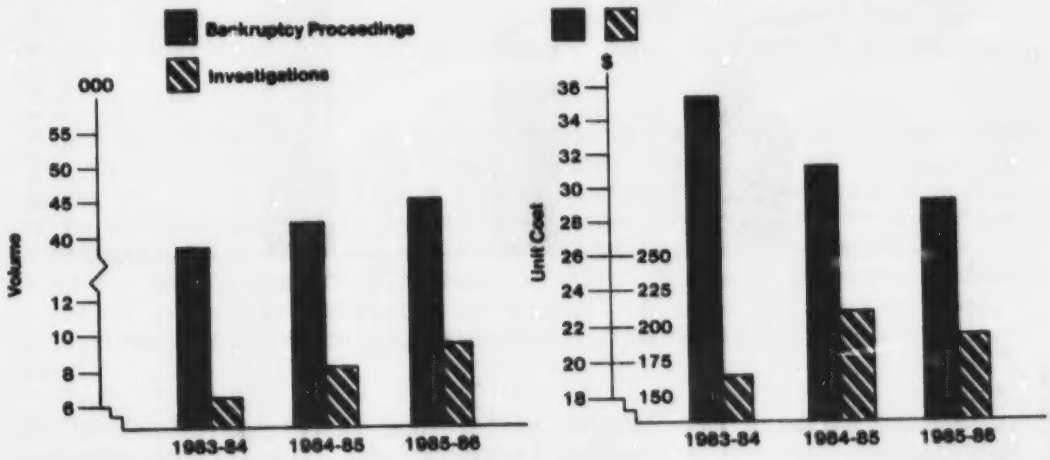
Since all Activity operations involve the enforcement of legislation, resource requirements are contingent upon workloads which are dependent on public demand for services explicitly dictated by statutes, with due account for appropriate levels of service. Because of the heterogeneous nature of such services, a meaningful linkage of results to resources can only be made at the sub-activity level and is hereafter presented for each of Bankruptcy, Corporations and Intellectual Property. Since the 1983-84 Estimates, an operational plan framework has been developed and the performance reported herein is based on these indicators.

Bankruptcy: Bankruptcy's objective is to restore to more productive use those resources which have been locked up in an unsolvent business, to ensure the fair and equitable treatment of debtors and creditors, and to prevent fraud in insolvent estate administration.

The mandatory workload of the Superintendent of Bankruptcy includes the licensing of trustees, the supervision of the administration of insolvencies by those trustees and the registration and public disclosure of bankruptcy proceedings. Because the administration of the Act relies heavily on the private sector working under the supervision of the Superintendent of Bankruptcy, the achievement of program objectives necessitates the ongoing development of policy and guidelines as well as the conduct of monitoring, audits and investigations to ensure compliance and the overall reliability of the bankruptcy system.

Figure 15 shows the workload performance and forecasts for bankruptcy proceedings and investigations.

Figure 15: Bankruptcy Statistics on Mandatory Workload Demands



The graphs demonstrate Activity efforts to maintain the number of investigations reasonably proportional to total proceedings with the same amount of resources.

Public demand for bankruptcy services has declined in the past year and is expected to stabilize and return to more normal growth patterns than have been experienced since 1981-82. Increases in bankruptcy proceedings over the last five years coupled with a 38% decrease in resources in the same period have combined to increase the caseload per employee by 204% since 1978-79. The unit cost reduction is due to an even greater decline in resources available for the investigation function.

Despite efficiency measures implemented during those years, the departmental ability to fulfill its statutory duties in such functions as examination of bankrupts, meetings of creditors, and estate reviews has fallen to only about 13% of requirements.

Corporations: The objective of the Corporations sub-activity is to regulate the creation and existence of federal corporations and maintain order and fairness in the corporate environment. In order to do so, the Corporations sub-activity through its corporate services division, must certify articles of incorporation or amendment, process statutory filings and provide information on corporate status and performance. The sub-activity must also rule on exemptions from statutory requirements and, undertake enforcement and investigations actions subject to availability of resources. Volumes, unit costs and a key indicator of turnaround time for corporate services of activities are shown in figure 16.

Figure 16: Corporations Statistics on Mandatory Workload Demands

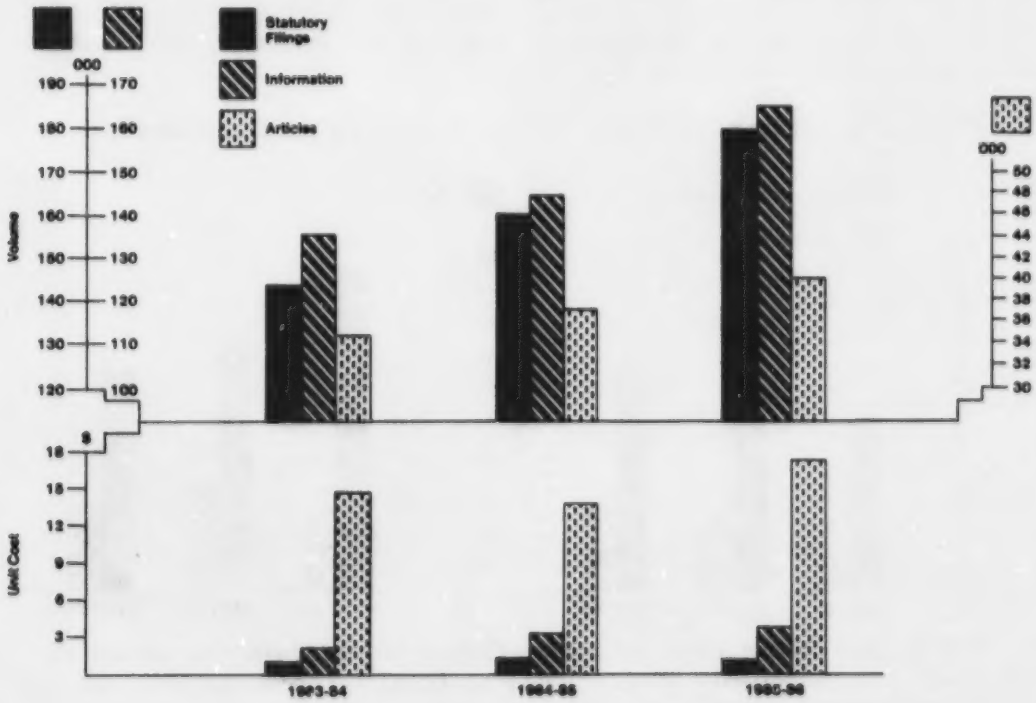


Figure 16: Corporations Statistics on Mandatory Workload Demands (Continued)

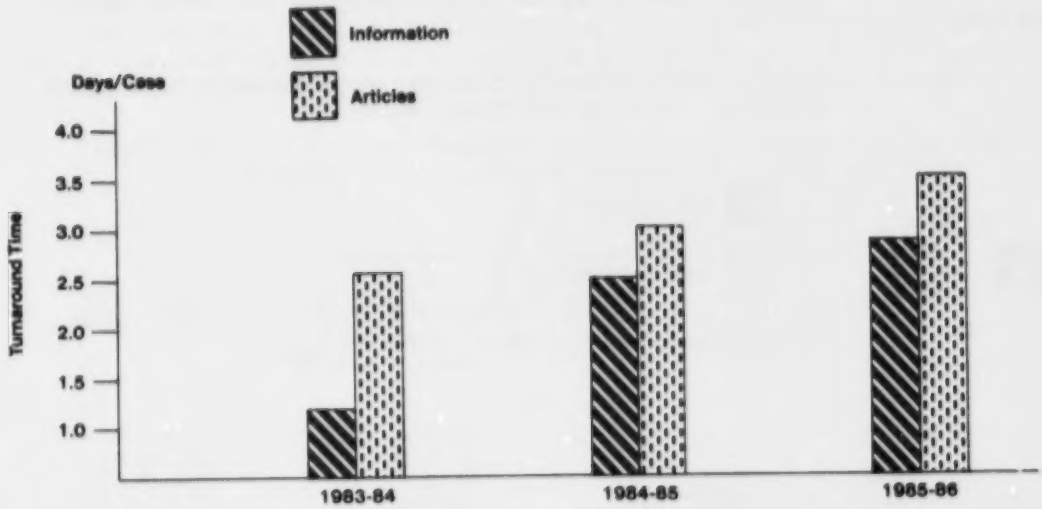


Figure 16 illustrates how the Branch expects to maintain efficiency at an acceptable level despite increasing workload. This will be achieved through automation and at the expense of level of service in article processing and information dissemination where reply time will continue to increase, enforcement where surveillance will be limited and investigations where activity will be strictly reactive.

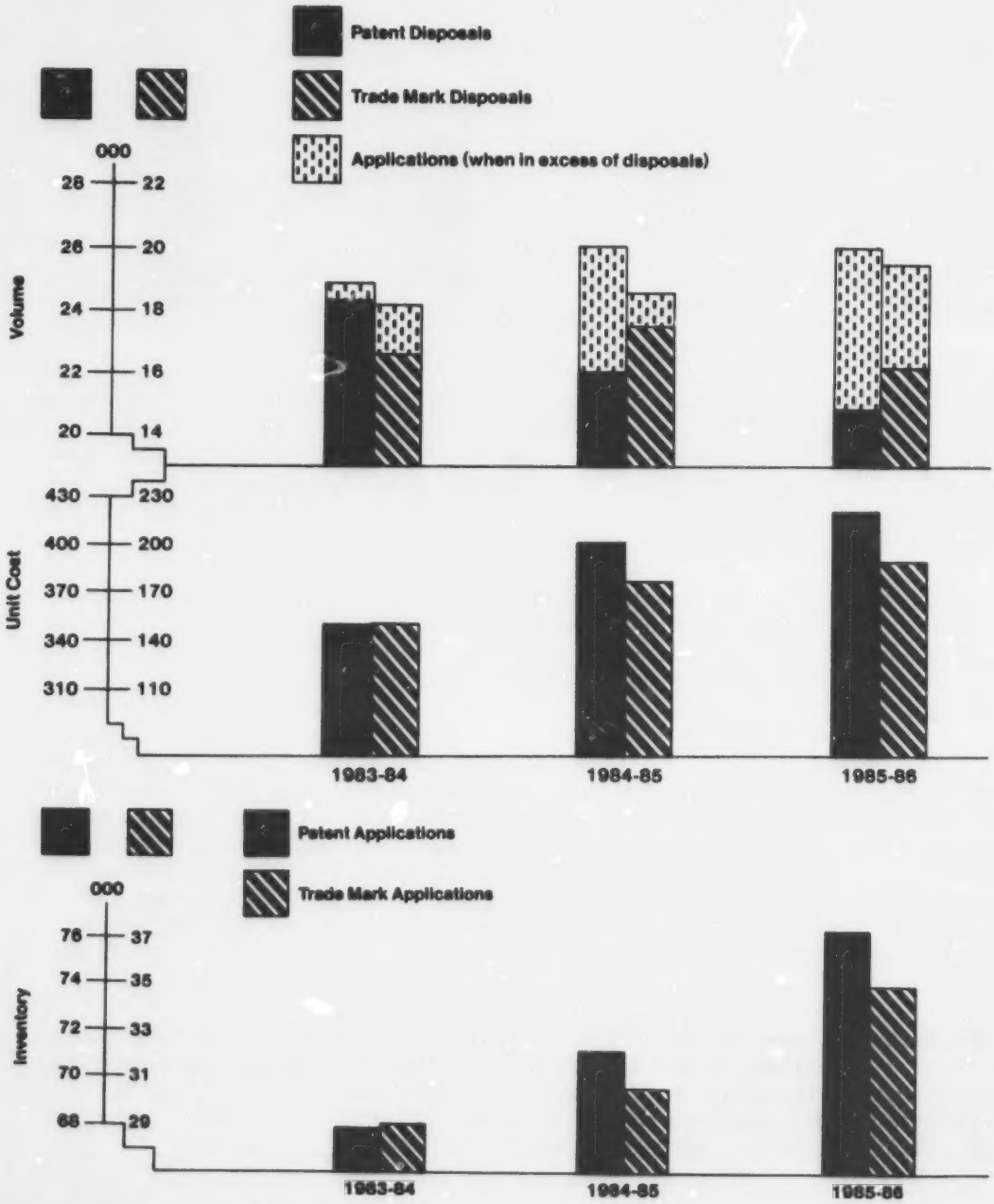
The growth in the population of federally-incorporated companies, which was within expectations, combined with the effect of the dissolution program, accounts for the statutory filing increases. The increase in information dissemination was largely due to automation of Corporate records.

In the Enforcement and Investigation operations to which approximately 17% of resources are devoted, 128 cases were referred to court for failure of companies to file statutory documents. Automation accounts for an increase of 79% in follow-up actions directed towards companies in default. Three hundred and ninety-eight exemption requests were ruled on, an increase of 17% over the plan. However, turnaround time to process a request has suffered as a result of these volume increases. Thirty-one investigation requests were worked on during the last fiscal year.

Intellectual Property: To achieve its objective of granting equitable, exclusive intellectual and industrial property rights and facilitating technological information dissemination, the Intellectual Property Directorate must examine, grant or reject patent, trade mark, copyright and industrial design applications.

Figure 17 demonstrates volume, unit cost and a key indicator of inventory in the sub-activity. Increasing inventories, when applications exceed disposals, means that total elapsed time to handle applications are increasing.

Figure 17: Intellectual Property Statistics on Mandatory Workload Demands: Patents and Trade Marks



The redeployment of resources to the provision of technology information and technology searches, and anticipated lower productivity associated with the recruitement and training of new examiners to replace retiring examiners will, during 1985-86, result in a 15% decline in the number of Patent disposals when compared to 1983-84 and an increase in the unit costs and inventories in Patents and Trade Marks.

Figure 18: Intellectual Property Statistics on Mandatory Workload Demands: Copyright and Industrial Design

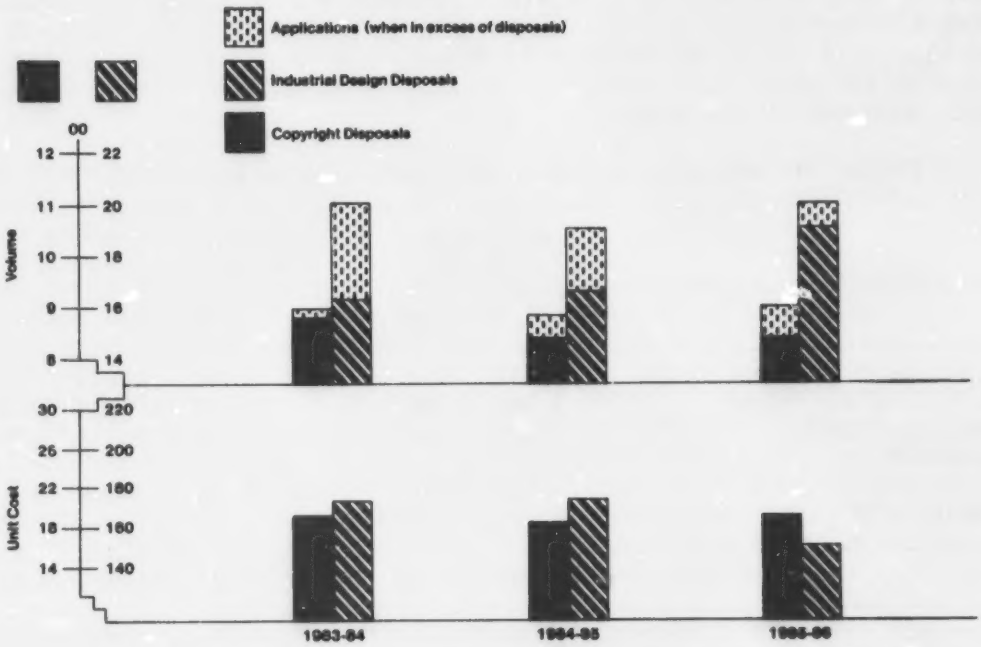


Figure 18 illustrates that a 17% improvement over 1983-84 performance is anticipated for disposals and unit cost in Industrial Design.

Industrial Design's disposal volume was down because of lower productivity associated with less staff on strength; Copyright's disposal cost was higher due to legal fees associated with infringement cases.

C. Combines Investigation and Competition Policy

Objective

To establish and enforce rules governing, and to promote policies improving the efficient and equitable functioning of a competitive and dynamic market economy.

Resource Summary

The Activity accounts for approximately 8% of the Department's 1985-86 budget. The largest item of expenditure is personnel costs, representing some 78% of the Activity's budget; the second-largest expenditure is for legal fees and costs relating to formal inquiries under the Act, some 14% of the budget.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Restraints to Competition	6,033	113	5,846	115	5,863	123
Marketing Practices	3,986	80	4,091	81	2,903	66
Regulated Sector	1,679	27	1,272	21	1,093	17
Economic Analysis and Policy Evaluation	980	18	921	17	596	13
Administration	2,975	26	3,126	27	3,533	27
	15,653	264	15,256	261	13,988	246
Revenue	1,000		1,000		2,380	

Revenues are not available to the Department as offsets against expenditures. For more details on revenue, see Section III, Supplementary Information, page 66.

Description

There are two principal areas of focus: the administration of the provisions of the Combines Investigation Act; and the promotion of competition policy considerations in the development and implementation of economic policy. In effect, the Activity is an economic guardian, seeking to maintain a marketplace that is honest, fair, efficient and competitive.

In addition, the Activity promotes public understanding of the content and scope of the Act and of the economic and social significance of an effective competition policy, and represents Canada's interest in international competition policy issues.

The chief executive officer of the Activity is the Director of Investigation and Research, who reports to Parliament through the Minister. The incumbent is also the Assistant Deputy Minister, Competition Policy, responsible to the Deputy Minister for the resources of the Activity.

The Activity's work includes five areas of emphasis, with principal responsibilities as follows:

Restraints to Competition: involves the administration of the criminal provisions of the Act relating to conspiracy, merger, monopoly, price maintenance and other pricing practices; and the non-criminal provisions relating to matters reviewable by the Restrictive Trade Practices Commission, such as consignment selling, market restriction and tied selling.

Marketing Practices: involves the administration of the provisions of the Act relating to misleading advertising and deceptive marketing practices.

Regulated Sector: involves the representations to boards, commissions and other tribunals on issues relating to economic efficiency and competition in regulated industries.

Economic Analysis and Policy Evaluation: involves development of enforcement policy and economic analysis of competition policy issues in support of the Bureau's policy and enforcement activities; participation in the development of federal economic policy; advice to the Minister on competition policy issues and support to the development of competition-related legislation; representation of Canadian interests relating to competition and trade issues in international forums.

Administration: includes general management, planning and reporting, coordination and central support services and supports amendments to the Combines Investigation Act.

Most Activity personnel are located at headquarters; Marketing Practices maintains 14 offices across the country where more than 70% of this sub-activity's personnel are located (see section III, page 69).

In mid 1984, a pilot project was undertaken to assess the feasibility and benefits of locating staff of the Restraints to Competition sub-activity in the field.

Past Financial Performance

Figure 20 shows past financial performance. Operational performance is included in the next sub-section, Performance Information/Resource Justification.

Figure 20: 1983-84 Financial Performance ($000) and Person-Years

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Restraints to Competition	5,863	123	6,056	117	193	(6)
Marketing Practices	2,903	66	2,889	64	(14)	(2)
Regulated Sector	1,093	17	974	16	(119)	(1)
Economic Analysis and Policy Evaluation	596	13	762	14	166	1
Administration	3,533	27	2,803	30	(730)	3
	13,988	246	13,484	241	(504)	(5)
Revenue	2,380		1,000		(1,380)	

Subsequent to the preparation of the 1983-84 Main Estimates, additional resources were provided through Supplementary Estimates ($862,000 and 14 person-years) for legal fees, misleading advertising and deceptive marketing practices and through internal transfers ($998,000 and a net reduction of 7 person-years). The net lapse amounted to $1.4 million and 2 person-years due mainly to delays in the Petroleum Inquiry and in proceeding with cases held in abeyance pending court decisions relating to the Charter of Rights.

Performance Information/Resource Justification

Demands for Service are mandatory external requirements for the Activity upon which action must be taken. Included are:

Requests for Information: about the scope and coverage of the Act, including contacts by the media and requests for official documents and legal papers from the public, business community and legal profession.

Compliance Requests: from the legal and business communities, that the Activity review a proposed business action and to provide a non-binding opinion as to whether the provisions of the Act would/might be contravened.

FIRA Reviews: are the analysis of proposed merger/takeover proposals submitted to Investment Canada, formerly the Foreign Investment Review Agency, and advice to the Agency about the competitive implications of the proposal.

Education Requests: from the business community, consumer groups and others for speeches/presentations of an educational nature.

Complaints: which are allegations (primarily from the business sector) that the provisions of the Act may have been contravened.

The principal function of the Activity is the enforcement of the Act. Most enforcement actions stem from complaints. A Preliminary Study is undertaken when complaints are received. If there is substantive indication that the Act may have been contravened, a Preliminary Investigation is initiated, in which there are fact-finding discussions with the complainant and others who may be involved with the matter, to define the situation in more detail. Where this investigation indicates that no further action is possible or appropriate, the matter is closed. Where there is confirmation that an offence may have occurred, a Formal Inquiry is initiated. This may involve searches of company premises, interviews or formal hearings, and extensive economic analysis of the issues, with a view to determining whether a prosecution may be warranted. In addition, a Preliminary Investigation and Formal Inquiry may be commenced for civil matters which indicate a possible need for Restrictive Trade Practices Commission to issue an order directing a company or person to undertake or not commence specified action.

On completion of an Inquiry, the case may be discontinued (closed) or, pursuant to the requirements of the Act, it may be referred to the Attorney General or Commission for such action as may be deemed appropriate. Subsequent legal proceedings are then supported by Activity staff, subject to schedules and other requirements of the Attorney General, the Commission and the courts.

For the above components, statistics and performance indicators are presented separately for the Marketing Practices sub-activity. The separation is made due to the considerable difference in the number of matters dealt with by the two groups, which would make aggregation meaningless, and also to reflect the different nature of matters handled. In Marketing Practices, cases tend to be comparatively short in duration (usually being closed/referred to the Attorney General in less than a year). In the rest of the Activity, cases frequently take several years to complete.

The second major work element, the intervention, is the preparation of submissions and evidence to regulatory bodies. While the Act specifically authorizes the Activity to participate in federal processes, there is also a significant need (and growing number of requests) to participate in provincial and municipal proceedings. Some interventions start as a result of complaints received, however most are initiated by the Activity. Also recorded as part of the intervention element are matters which the Activity keeps under observation and study, subsequent to its participation in a specific process: this includes monitoring the effects of regulatory decisions on the state of competition in the

marketplace and maintaining awareness of the overall regulatory process. In some cases, the intervention process leads to participation in the review of regulation at the federal and provincial levels.

Completed matters are presented for Interventions but the total possible workload is not, since areas for intervention far exceed the capacity of the Activity to participate.

Workload and performance information for the Economic Analysis and Policy Evaluation, and Administration sub-activities are not presented. Workload includes economic analysis and policy development, which is dependent on factors outside the control of the Activity and cannot be reasonably forecast; support to the other operations of the Activity (with no outputs comparable to those other operations); and the preparation and coordination of briefings on policy issues for senior executives of the Department.

Figure 21 shows the demands for service that have been and are forecast to be made on the Activity; all such demands are dealt with on receipt. These are not planned discretionary outputs of the Activity. Any increase in demand directly affects the resources available for other work.

Figure 21: Demands for Service: Workload

Activity excluding Marketing Practices				Marketing Practices		
Estimates 1985-86	Forecast 1984-85	Actual 1983-84		Estimates 1985-86	Forecast 1984-85	Actual 1983-84
900	950	1,182	Requests for information	15,600	15,300	18,021
175	150	120	Compliance Requests	1,025	1,000	1,048
970	960	994	FIRA Reviews*	-	-	-
-	-	-	Education Requests	255	245	202
900	850	839	Complaints	13,900	13,225	11,054
2,945	2,910	3,135	Total	30,780	29,770	30,325

* review of proposals submitted to Investment Canada, formerly the Foreign Investment Review Agency.

During 1983-84 in excess of 400 requests for information were processed relating to the now-completed Petroleum Inquiry; hence the downward projection for future years. The Marketing Practices sub-activity requests for information fluctuates from year to year.

Complaints are the primary stimulus to preliminary investigative/enforcement activities. There is a direct linkage between the volume of incoming complaints and the consequent workload of Investigations and Inquiries. Figures 22 and 23 present workload impact data.

Figure 22: Complaint Workload Impact - Activity Excluding Marketing Practices

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Complaints	900	850	839
Preliminary Studies	677	654	631
Complaints of Substance	215	210	205
Preliminary Investigations Commenced	289	276	223

Figure 23: Complaint Workload Impact - Marketing Practices

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Complaints	13,900	13,225	11,054
Complaints of Substance	8,340	7,935	6,644
Complaints of Substance Closed/No Enforcement Action	4,000	3,500	4,205

The decrease in the forecast number of complaints of substance which must be closed without enforcement action is due to the addition of enforcement resources to the Marketing Practices function.

Figure 24 shows projected and actual outputs of the Activity.

Figure 24: Completions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Interventions	60	56	32
Preliminary Investigations excluding Marketing Practices	289	276	223
Formals excluding Marketing Practices	49	41	28
Preliminary Investigations Marketing Practices	3,304	2,879	2,077
Formals Marketing Practices	195	195	144

The increase in projections for interventions follows an internal reallocation of resources to the Regulated Sector sub-activity because of the critical importance of developments within the Canadian regulatory framework. During 1983-84, there were a number of delays in proceeding with formal cases, pending court decisions related to the Charter of Rights; as the issues are resolved, activity will increase.

Marketing Practices sub-activity also completes in excess of 1,000 Information Visits annually. This work element originates as a preliminary investigation; however, a decision is made not to proceed to a prosecution, but rather to inform the business person of the infraction and request voluntary compliance with the Act. This decision is made when proceeding with the case would not benefit the marketplace and would place undue hardship on the company.

The data presented in Figures 21 to 24, reflects the multifaceted approach of the Activity to contributing to an efficient and effective national marketplace through the application of competition policy. The Program of Compliance, whether responding to a specific request from the business community for guidance or resolving an individual complaint, stimulates compliance with the provisions of the Act without the need for enforcement action and reduces the negative impact of competition law on, in particular, smaller businesses. The intervention process contributes to the development of an effective regulatory environment, and in specific issues often leads to enhanced competition within an industry, fewer barriers to entry, and stimulation of technological development and investment. Enforcement of the Act is undertaken where there has been significant detriment, such that businesses have been disadvantaged and cannot compete fairly in the marketplace if a particular situation or practice is allowed to continue.

Figure 25, a key performance indicator, shows the completion rate for formal inquiries and Marketing Practices investigations. For formal inquiries, this figure shows the ratio, expressed as a percentage, of formal inquiries closed during the year compared to the total number of formal inquiries open during the year (i.e. inventory at start of year

plus new formal inquiries initiated). For the Marketing Practices investigations, this figure shows the ratio, also expressed as a percentage, of total cases completed compared to total complaints of substance received. It must be emphasized that these two measures are different, and cannot be directly compared.

Figure 25: Completion Rates

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Activity (excluding Marketing Practices) Formal Inquiries	40%	40%	46%
Marketing Practices Investigations	45%	45%	42%

The increased completion rate in Marketing Practices in 1983-84 and 1984-85 is again due to the addition of enforcement resources to the Marketing Practices function.

As already noted, completed formal inquiries may be discontinued, or referred to the Attorney General or the Restrictive Trade Practices Commission (RTPC) for further consideration and action. Figure 26 presents data in the number of cases so referred.

Figure 26: Referrals

Activity excluding Marketing Practices				Marketing Practices		
Estimates 1985-86	Forecast 1984-85	Actual 1983-84		Estimates 1985-86	Forecast 1984-85	Actual 1983-84
25	25	20	Referrals to Justice/RTPC	195	195	144

Figure 27, a second key performance indicator, presents the ratio of total cases referred to the Attorney General for possible prosecution or to RTPC for further action, compared to total completed investigations of a formal nature.

Figure 27: Referral Rates, Formal Inquiries and Marketing Practices Investigations

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Activity (excluding Marketing Practices)	50%	53%	46%
Marketing Practices	70%	70%	108%

The Referral Rate of over 100% for Marketing Practices was caused by the completion, quite late in 1982-83, of an unusually large number of Investigations. Internal review processes, implemented to ensure that all matters referred are thoroughly documented, made it impossible to refer all of these cases until early in the following fiscal year.

The Attorney General decides whether cases referred will be pursued in the courts, and to a great extent a decision to proceed reflects the quality of Activity investigative work. Therefore, the third measure of Activity effectiveness is the proportion of cases referred which result in proceedings being commenced. This measure appears in Figure 28, together with data on the results of completed court cases. As the Activity does not project results which depend on decisions of the Attorney General and the Courts, Figures 28 and 29 present historical data only.

Figure 28: Court Action

Activity excluding Marketing Practices				Marketing Practices		
81-82	82-83	83-84		81-82	82-83	83-84
24	21	15	Proceedings Commenced	179	179	123
72%	82%	70%	Proceedings Commenced as a % of Referrals	126%	89%	85%
11	16	22	Completed Court Cases	121	169	183
5	11	12	Convictions	94	121	139
6	5	10	Non-Convictions	27	48	44

Marketing Practices exceeded 100% in 1981-82 because an unusually high number of cases referred to the Attorney General in 1980-81 were not proceeded with until the following fiscal year. It should be noted that charges are frequently laid under multiple sections of the Act to enable the courts to decide whether or not a specific or the general

sections of the Act are more applicable to the case in question. In addition to this, some charges are withdrawn where matters are duplicitous. These particular cases are reported as non-convictions.

The value of a successful prosecution relates not only to the sentence handed down against a particular offender, but also to the deterrent effect for the marketplace as a whole. A measure of this deterrent is the average level of fines imposed by the courts. Figure 29 shows total and average annual fines by year, for the Activity.

Figure 29: Results of Court Actions Activity Total

	1981-82	1982-83	1983-84
Total Convictions	99	132	151
Total Fines Levied ($000)	382	1,882	2,071
Average Fine ($000)	3.9	14.3	13.7

Revenue generated (see page 40) and total fines levied are dissimilar in that revenue generated is all monies paid into the Consolidated Revenue fund as a direct result of Activity case work; fines levied are amounts awarded by the courts for convictions under the Act. Fines levied are not necessarily paid in the fiscal year in which they are awarded, and in addition may be appealed successfully by the defendants.

D. Assistance Program for Urea Formaldehyde Foam Insulation Homeowners

Objective

To assist the Canadian public with problems related to urea formaldehyde foam insulation (UFFI) by coordinating all federal government activities related to the foam and by administering a program of financial and technical assistance. Within this objective are the following specific goals:

- to ensure that the public in general, homeowners, the real estate community, and others with particular concerns respecting UFFI have access to up-to-date information on the Assistance Program, on the most recent research findings regarding possible health or other effects of UFFI, on alternative corrective measures and on possible sources of assistance for homeowners;
- to ensure that every eligible homeowner receives necessary testing services and access to technical and other assistance;
- to ensure that every UFFI homeowner who applies and qualifies for a payment under the UFFI Act receives such a payment; and
- to ensure coordination of federal activity in the area of research and delivery of related programs and information.

Resource Summary

The UFFI Assistance Program Activity will account for approximately 36% of the Department's budget in 1985-1986. Approximately 90% of the Program's expenditures are in the form of contributions to affected homeowners, and 4% are designated for Professional and Special Services.

Figure 30: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures	7,243	120	14,675	184	18,308	209
Contributions	62,500	-	75,000	-	119,099	-
	69,743	120	89,675	184	137,407	209
Revenue	-		30		1,018	-

Revenues are not available to the Department as offsets against expenditures. For more details on revenue, see Section III, Supplementary Information, page 66.

Description

This Activity, consisting of the following functions, is carried out by four main operational areas:

Technical Services:

- provides an on-demand formaldehyde screening test for eligible dwellings;
- provides full-scale testing and individualized information on corrective measures; and
- provides training on corrective measures and a registration program for contractors and UFFI homeowners.

Program Delivery:

- processes applications, determines eligibility and oversees the progress of homeowners through the steps of the Program; and
- administers and delivers financial contributions, including advances to homeowners upon receipt of valid requests.

Policy and Communications:

- researches, develops, and coordinates federal government activities and policies relating to UFFI in liaison with other federal departments and with other levels of government and the private sector where required;
- initiates communications strategies and prepares material to convey the required information to various interest groups, giving priority to UFFI homeowners;
- consults with homeowners' representative groups, explains Program policies, and reviews and reacts to their legitimate concerns, to the extent possible; and
- provides toll-free telephone information to the public regarding the Program.

Administration:

- provides all operating and maintenance management to sustain and administer the Activity, through monitoring the budget, contracting professional services, and providing internal administrative support services.

Past Financial Performance

Figure 31: 1983-84 Financial Performance ($000) and Person-Years

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures	18,308	209	19,469	100	1,161	(109)
Contributions	119,099	-	44,000	-	(75,099)	-
	137,407	209	63,469	100	(73,938)	(109)
Revenue	1,018		-		(1,018)	

Due to a higher number of claims than anticipated, additional resources were obtained, subsequent to Main Estimates, through Supplementary Estimates ($72.4 million and 131 person-years), inter-activity transfers (a net increase of $2.5 million and a net decrease of 19 person-years) and adjustment to the contributions to employee benefit plans (increase of $0.4 million). Out of the revised total budget, the actual operating surplus was approximately $0.9 million mainly due to lower than anticipated contract costs for inspection with the Central Mortgage and Housing Corporation and with full scale testing contractors.

The change in contributions was fully offset by Supplementary Estimates items ($69.6 million) and a budget transfer from the Metric Commission Activity ($6.0 million) resulting in a surplus of $0.5 million.

The variance in revenue of $1.0 million was mainly due to an adjustment for the Payables at year end which was established for 1982-83. Payables at year end accounts are provided for the payment for goods and services received but not paid for by the end of the year: the adjustment deletes the balance remaining in the accounts and represents amounts which were unpaid at the time the account was closed.

Fewer homeowners than expected are undertaking corrective measures in 1984-85 resulting in budget adjustments.

Performance Information/Resource Justification

Since its inception, the UFFI Assistance Program has undergone significant and frequent changes. The deadline for registration was extended to September 30, 1983 and more homeowners than anticipated registered giving an approximate total of 57,500.

More contractors than anticipated successfully completed the basic training course and registered, making it possible for more homeowners to get work done during 1983-84 and advance rapidly through the Program. It was these factors that made requests for increased funding necessary for 1983-84. However, in 1984-85, claims for completed work are not being received as rapidly as had been expected. Approximately 12,500 homeowners could complete corrective measures in 1985-86.

E. Administration

Objective

To provide management direction, policy and planning co-ordination and central administrative services to the Department; to encourage and assist the Canadian public and federal government departments in the adoption of the metric system of measurement (S.I.) in Canada; and to fulfill the functions of Registrar General of Canada.

Resource Summary

The Administration Activity will account for approximately 13% of the Department's 1985-86 budget. Within the Activity, 64% of expenditures are for personnel costs.

Figure 32: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Management	2,333	49	2,124	51	2,013	46
Finance and Administration Directorate	9,395	172	11,590	193	12,821	200
Personnel Branch (including Summer Canada)	3,036	70	3,121	86	3,526	96
Office of the Assistant Deputy Registrar General	682	15	638	15	658	15
Policy Coordination Bureau*	10,234	124	9,377	112	7,290	105
Item not required in 1985-86 Metric Commission*	-	-	10,994	51	11,431	88
	25,680	430	37,844	508	37,739	551
Revenue	100		100		743	

* The Metric Commission will be dissolved at the end of 1984-85 and a small Metric Office (18 person-years and approximately $3.1 million) will be created within the Policy Coordination Bureau.

Revenues are not available to the Department as offsets against expenditures. For more details on revenue, see Section III, Supplementary Information, page 66.

Operational Goals: Some specific targets for 1985-86 include:

- the integration of a small Metric Office into the Bureau of Policy Coordination with the phasing out of the Metric Commission;
- continuation of automation to cope with expected higher workloads in the Office of the Assistant Deputy Registrar General in both the Conflict of Interest Group and the Registration Division, and implementation of approved recommendations from the Sharp-Starr Task Force on conflict of interest and post-employment guidelines;
- within Personnel, improving the automated access to and accuracy of personnel management information and coordinating the implementation of the Affirmative Action program; and
- beginning program evaluations in the Marketing Practices and Bankruptcy sub-activities and Patents area and completing one on the Consumer Products sub-activity.

Description

The Administration Activity is made up of five sub-activities:

Program Management: includes the offices of the Minister and Deputy Minister, the Departmental Secretariat and Legal Services.

Finance and Administration Directorate: provides the corporate level planning and control coordination function as well as financial and administrative policy, coordination and services including library services, and data processing.

Personnel Branch: administers the personnel management system within the Department; and provides service to departmental management and employees for the personnel functions of planning and staffing; organization and classification; staff relations and pay and benefits; training; affirmative action; official languages; counselling; occupational health and safety; security and fire and emergency; and personnel management information.

Assistant Deputy Registrar General of Canada: administers the government's Formal Documents Regulations and related statutes and administers, on behalf of the Prime Minister, the Conflict of Interest guidelines for Lieutenant Governors, Ministers, members of their exempt staff and selected officials appointed by the Governor in Council. It also provides guidance on Conflict of Interest matters whenever consulted by departments, agencies, other governments and individuals.

Policy Coordination Bureau: has four operating units: Policy Research, Analysis and Liaison; Audit, Evaluation and Control; Communications; and the Metric Office.

Policy Research, Analysis and Liaison conducts research and analysis in the consumer and corporate affairs areas with emphasis on developing and securing adoption of legislative and regulatory reforms, and provides advice and recommendations relative to departmental policies and other policies emanating from the outside which may be of direct interest to the department's mandate. On the liaison front, the Directorate seeks an efficient and effective representation in the federal, federal/provincial and international fora.

Audit, Evaluation and Control provides the independent review mechanisms of internal audit and program evaluation that apprise the Deputy Minister on the strengths and weaknesses of internal program management and the actual program results being achieved, and how these might be improved.

Communications participates in the planning of departmental programs and develops supporting communications programs essential to their implementation and continuing effectiveness. The Branch also administers central agency policies on such matters as publishing, film exhibit production, federal identity, advertising and special events.

The Metric Office will be created after the phase-out of the Metric Commission. Its purpose is to provide advice and information on metric practices and conversion within and outside Canada, to monitor the progress of the use of metric throughout government, to provide information and maintain public awareness and to liaise and provide assistance and support for the continuing conversion of industry, all levels of government and the general public to the metric system.

Past Financial Performance

Figure 33: 1983-84 Financial Performance ($000) and Person-Years

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Management	2,013	46	1,861	47	(152)	1
Finance and Administration Directorate	12,821	200	9,844	187	(2,977)	(13)
Personnel (including Summer Canada)	3,526	96	2,700	69	(826)	(27)
Office of the Assistant Deputy Registrar General	658	15	670	16	12	1
Policy Coordination Bureau	7,290	106	7,818	104	528	(2)
Metric Commission*	11,431	88	20,266	99	8,835	11
	37,739	551	43,159	522	5,420	(29)
Revenue	743		100		(643)	

* This activity will be dissolved at the end of fiscal year 1984-85.

Subsequent to the preparation of the 1983-84 Main Estimates, some changes were initiated which served to reduce the original resource levels to approximately $41.3 million. An amount of $6.0 million in contributions was transferred from the Metric Commission (due to lower than anticipated claims under the contributions program) to the UFFI Activity to accommodate an increased number of claims on the part of homeowners thereby reducing the initial Main Estimates levels. The initial allocation was also increased by a net amount of approximately $4.0 million and 19 person-years as a result of the transfers from various other activities to accommodate costs for some common services performed on behalf of all activities. Another increase of approximately $200,000 and 13 person-years through Supplementary Estimates and from Treasury Board Vote 10 - Employment Initiatives was also reflected in the resource levels.

Out of the revised total budget, the actual total lapse was approximately $3.6 million and 3 person-years in the Administration Activity including the Metric Commission Activity. This was mainly due to lower than estimated contributions under the Metric Tools Assistance Program and cancellation or reduction in other projects due to the winding down of the Metric Commission Activity.

The variance in revenue of $0.7 million was mainly due to an adjustment for the Payables at year end which was established for 1982-83. Payables at year end accounts are provided for the payment for goods or services received but not paid for by the end of the year: the adjustment deletes the balance remaining in the account and represents amounts which were unpaid at the time the account was closed.

In the 1983-84 Part III of the Main Estimates the following initiatives were forecast:

- The establishment of an information dissemination service in the five regions supported by communication officers;
- Tabling in Parliament of a bill to amend the Copyright Act;
- Presentation of amendments to the Interest Act, the Tax Rebate Discounting Act, and the Canada Business Corporations Act for consideration by the Government;
- Completion of program evaluations in the area of traded goods, deceptive marketing practices, and weights and measures.

In addressing these goals, the Department placed regional communications officers in all five of its Regional Offices; a white paper on Copyright was tabled in April 1984; and policy development work progressed during the year on amendments to the Interest Act, the Tax Rebate Discounting Act and the Canada Business Corporation Act. However, because of other priorities, Cabinet only had time to consider the Interest Act amendments. Program evaluations were begun in the areas of traded goods and deceptive marketing practices. Delays in establishing the Program Evaluation function, as well as a longer evaluation time frame recommended in the initial assessment studies, delayed implementation of the program evaluation plan by one year. The revised plan is now on schedule.

Following is the status of initiatives planned by the Metric Commission for 1983-84. The initiative for the metric conversion of scales was nearing completion in November 1983. However, owing to an Ontario Court decision concerning enforcement of regulations under the Weights and Measures Act in the gasoline industry, a moratorium was introduced on metric regulations under this act. This moratorium prevented implementation of the final step of the program on January 1, 1984, that is enforcement of regulations stipulating advertising of food weighted at the point of retail sale only in metric units.

The Contributions Assistance Program in support to Metric Tools Conversion proceeded as scheduled to the final cut-off date for tool purchases on March 31, 1984. Processing of residual claims continues and completion of the program operations is forecast during the final quarter of 1984-85 as originally planned.

A decision was made to phase out Metric Commission Canada by March 31, 1985. This, of necessity, accelerated the completion of activities and this is now in progress. There will remain some residual activities after the closure date, and responsibility for coordinating and monitoring these continuing conversion activities will rest with a small Metric Office to be set up in the Bureau of Policy Coordination.

Resource Justification

Figures 34 and 35 show the ratio of overhead person-years and overhead costs to the Program total.

Figure 34: Relationship of Administration Person-Years to Total Departmental Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Departmental person-years	2,467	2,589	2,649
Program support person-years	430	457 *	463*
Percentage of total	17.4%	17.7%	17.5%

Figure 35: Relationship of Administration Expenditures to Total Departmental Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Departmental expenditures	193,362	221,969	261,760
Program support expenditures	25,680	26,850 *	26,308*
Percentage of total	13.3%	12.1%	10%

* Excludes Metric Commission.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 36: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	83,468	83,743	79,405
Contributions to employee benefit plans	11,679	10,709	11,329
Other personnel costs	24	24	2
	95,171	94,476	90,736
Goods and services			
Travel and removal	5,108	5,376	5,027
Other transportation and communications	3,451	4,441	4,702
Information	2,361	4,168	3,823
Professional and special services	12,575	21,661	22,443
Rentals	744	806	530
Purchased repair and upkeep	1,295	1,272	1,171
Utilities, materials and supplies	2,629	3,139	2,746
All other expenditures	29	118	177
	28,192	40,981	40,619
Total Operating	123,363	135,457	131,355
Professional and special services	100	-	-
Utilities, materials and supplies	75	-	-
Construction and acquisition of land, building and works	-	1,010	-
Construction and acquisition of machinery and equipment	5,508	4,563	5,141
Total Capital	5,683	5,573	5,141
Transfer Payments	64,316	80,939	125,264
Total expenditures	193,362	221,969	261,760

2. Personnel Expenditures

Consumer and Corporate Affairs is a labour-intensive organization. Personnel costs (including statutory contributions to employee benefit plans) constitute over 77% of budgetary costs, excluding capital, grants and contributions.

Figure 37: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Consumer Affairs	1,071	1,065	1,044
Corporate Affairs	582	571	599
Combines Investigation and Competition Policy	264	261	246
Metric Commission[1]	-	51	88
Assistance Program for UFFI Homeowners	120	184	209
Administration	430	457 [2]	463 [2]
	2,467	2,589	2,649

1 The Metric Commission will be dissolved at the end of 1984-85 and a small Metric Office will be created within the Administration Activity (see Section II, page 54).

2 Includes Summer Employment program.

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Figure 38: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	85	79	80	50,350-96,300	65,165
Scientific and Professional					
Economics, Sociology and Statistics	40	37	45	14,570-65,080	41,956
Scientific Regulation	170	203	168	14,786-68,070	43,757
Other	36	51	43	15,304-76,130	41,688
Administrative and Foreign Services					
Administrative Services	136	139	141	13,912-57,987	35,033
Financial Administration	28	31	29	13,853-57,980	38,504
Personnel Administration	37	29	32	13,330-63,870	37,783
Programme Administration	306	272	285	13,912-57,987	37,872
Commerce	125	125	140	15,635-60,465	45,243
Other	67	87	71	12,766-61,433	34,565
Technical					
Engineering and Scientific Support	9	7	6	14,041-50,866	30,896
Primary Products Inspect.	157	156	156	18,971-48,380	31,762
Technical Inspection	420	404	422	12,635-57,691	32,647
Other	11	17	10	12,635-57,764	30,310
Administrative Support					
Clerical and Regulatory	590	612	597	12,932-31,743	21,070
Secretarial, Stenographic and Typing	174	201	217	12,636-31,946	21,418
Other	37	35	31	12,665-37,130	21,162
Operational	32	32	34	13,253-40,676	22,251
Minister's Exempt Staff	7	9	7		57,143

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the current salary range by occupational group as at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 39 summarizes capital expenditures by type of expenditures.

Figure 39: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Professional and special services	100	-	-
Utilities, materials and supplies	75	-	-
Construction and acquisition of land, building and works	-	1,010	-
Construction and acquisition of machinery and equipment	5,508	4,563	5,141
Total Capital	5,683	5,573	5,141

4. Transfer Payments

Figure 40: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
To various organizations working in the consumer interest	600,000	700,000	700,000
	600,000	700,000	700,000
Contributions			
To UFFI homeowners to cover eligible costs in connection with government prescribed remedial repair	62,500,000	75,000,000	119,099,290
To various organizations working in the consumer interest	1,216,000	989,000	988,416
Items not required			
New Employment Expansion and Development (NEED) program	-	-	280,911
To employed persons required to purchase duplicate measurement sensitive tools because of Metric Conversion	-	4,250,000	4,196,128
	63,716,000	80,239,000	124,564,745
Total Transfer Payments	64,316,000	80,939,000	125,264,745

B. Cost Analysis

The Department's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered to ascertain the net cost of the Program. These other items are services provided without charge by other government departments and revenues generated by the Department that are not credited to the departmental votes. Figure 41 provides an analysis of the net program cost by activity.

Figure 41: Net Cost of Program by Activity ($000)

	Consumer Affairs	Corporate Affairs	Combines Investigation & Competition Policy	Assistance Program for Urea Formaldehyde Foam Insulation Homeowners	Administration	Total Program
1985-86 Estimates	55,594	26,692	15,653	69,743	25,680	193,362
Add: Services Provided without Charge by Other Departments						
Public Works Canada Accommodation	5,441	2,943	1,342	864	2,221	12,811
Supply and Services Canada Cheque Issue Services and Others	105	57	26	12	43	243
Employer's Share of Insurance Premiums	720	391	177	81	289	1,658
Labour Canada Employee Compensation Payments	33	18	8	4	13	76
	6,299	3,409	1,553	961	2,566	14,788
Total Program Costs	61,893	30,101	17,206	70,704	28,246	208,150
Deduct: Receipts Credited to General Revenue	3,700	65,008	1,000	-	100	69,808
Net Cost 1985-86	58,193	(34,907)	16,206	70,704	28,146	138,342
Net Cost 1984-85	56,479	1,561	15,669	90,361	41,817*	205,887

* Includes Metric Commission.

The consideration of other government departments costs and the revenues generated by the Department has the effect of reducing 1985-86 Program costs by 28.5%.

Details on revenue are provided in Figure 42, page 66.

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C. Additional Information

1. Revenue Analysis

Figure 42: Analysis of Revenue ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Electricity and Gas inspection fees	1,800	1,300	1,168
Weights and Measures inspection fees	1,600	1,000	918
Bankruptcy Act levies, receiver service fees, trustee licence fees and other bankruptcy revenue	3,750	1,375	1,785
Special bankruptcy revenue	-	-	2
Incorporation fees, annual return fees and miscellaneous corporate services fees	17,650	8,250	7,804
Patent application fees, patent agent fees, printed patent fees, searches and caveats	25,426	12,984	13,968
Trade mark application fees, advertisement fees, assignment, agent and registration fees and other trade mark revenues	16,802	4,432	4,541
Copyright and Industrial design fees	1,380	617	705
Consumer Products, Weights and Measures and hazardous products fines and miscellaneous revenue	300	300	291
Combines investigation and competition policy fines and forfeitures	1,000	1,000	2,380
UFFI Assistance Program - Registration fees	-	30	365
PAYE Adjustments	-	-	1,330
Registration fees and miscellaneous revenue	100	100	66
	69,808	31,388	35,323

2. **Principal Acts Administered in Whole or in Part by Consumer and Corporate Affairs and for which the Minister has some or sole responsibility - Canada Gazette, Part III, December 31, 1983 for Minister's responsibilities; complete list is in Canada Gazette, Part I, Special Supplement, May 19, 1984**

Responsibility/Subject (* sole responsibility)	**Chapter**
General	
*Consumer and Corporate Affairs Canada	C-27
Assistant Deputy Registrar General	
*Public Documents	P-28
*Public Officers	P-30
Publication of Statutes	P-40 (ss.4, 6)
*Seals	S-6
Policy Coordination	
Interest	I-18 (shared with Finance)
Consumer Affairs	
Bills of Exchange	B-5
Consumer Services	
*Tax Rebate Discounting	1977-78, c.25
Consumer Products	
Agricultural Products Standards, Canada	A-8 (s.7) (shared with Agriculture)
*Consumer Packaging and Labelling	1970-71-72 c.41
Fish Inspection	F-12 (s.17) (shared with Fisheries and Oceans)
Food and Drugs	F-27 (ss.2, 23) (shared with Health and Welfare)
*National Trade Mark and True Labelling	N-16
*Precious Metals Marking	P-19
*Textile Labelling	C-46 (1st Supp.)
Product Safety	
Hazardous Products	H-3 (also Health and Welfare for ss.9,10)
Legal Metrology	
*Electricity Inspection	E-4
*Electricity and Gas Inspection (not in force as of September 1st, 1984)	1980-81-82-83, c.87

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Responsibility/Subject (* sole responsibility)	Chapter
Legal Metrology (cont'd)	
Excise	E-12 (s.28) (shared with National Revenue)
*Gas Inspection	G-2
*Weights and Measures	1970-71-72, c.36
Corporate Affairs	
Bankruptcy	
*Bankruptcy	B-3
*Companies Creditors Arrangement	C-25
*Farmers' Creditors Arrangement (to be repealed)	F-5
Incorporations	
*Boards of Trade	B-8 (1967-68,c.16)
Canada Development Corporation	1970-71-72, c.49 (s.30(3)) (shared with Finance)
*Co-operative Associations, Canada	1970-71-72, c.6
Corporations and Labour Unions Returns	C-31 (s.14) (shared with Labour)
*Corporations, Canada	C-32
*Corporations, Canada Business	1974-75-76, c.33
*Government Companies Operation	G-7
Insurance Companies, Canadian and British	I-15 (ss.4.1, 4.3, 4.5)
Loan Companies	L-12 (s.102)
*Pension Fund Societies	P-9 (ss.4,6,7)
St-Lawrence Seaway Authority	S-1 (shared with Transport)
*Trade Unions	T-11
*Trust Companies	T-16
Winding-Up	W-10 (Part I only) (shared with Finance)
Patents	
*Patents	P-4
*Public Servants Inventions	P-31
Trade Marks	
*"Parliament Hill", use of expression	1972, c.11
*Trade Marks	T-10

Responsibility/Subject (* sole responsibility)	Chapter
Copyright and Industrial Design	
*Copyright	C-30
*Industrial Design	I-8
*Timber Marking	T-8
Combines Investigation and Competition Policy	
*Combines Investigation	C-23
National Transportation	N-17 (shared with Transport and Communications)
Shipping Conference Exemption 1979	1978-79, c.15 (s.12) (shared with Transport)
UFFI Assistance Program	
*Urea Formaldehyde Foam Insulation (Bill C-109)	1980-81-82-83, c.119

3. List of Office Locations

Halifax - Dartmouth
Sydney
Fredericton
Saint John
Moncton
Charlottetown
St John's

Hull
Montréal
Québec
Trois-Rivières
Sherbrooke

Toronto
Hamilton
Belleville

Ottawa
London
Sudbury

Winnipeg
Regina
Saskatoon
Edmonton
Calgary

Vancouver
Victoria
Prince George
Penticton
Kelowna

Note: Some cities have more than one district office.

4. Trust Funds

Unclaimed Dividends

Under Section 125 of the Bankruptcy Act, the Superintendent is the depository for the funds distributed to the creditors but which, for one reason or another, remained unclaimed by the creditors for at least 30 days. At September 30, 1984, the balance in this trust fund stood at $2,415,526.

Undistributed Assets

Also under Section 125 of the Act, the Superintendent receives all funds from trustees which cannot be distributed to creditors. This situation occurs usually when the trustee receives relatively small amounts after he/she has made the distribution to creditors and a further distribution is not economically feasible. The funds so received are available, on request, to the creditors who are entitled thereto. At the end of September 1984 the balance in this fund stood at $1,078,334.

Correctional Service Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Correctional Service
Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $743,329,000 in support of the 1985–86 Correctional Service Program. The remaining expenditures, estimated at $52,503,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Correctional Service Program		
15	Penitentiary Service and National Parole Service – Operating expenditures	574,560	561,075
20	Penitentiary Service and National Parole Service – Capital expenditures	168,769	151,281
(S)	Pensions and other employee benefits	177	170
(S)	Contributions to employee benefit plans	52,326	46,947
	Total Program	795,832	759,473

Extracts from Part II of the Estimates

Votes – Wording and amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Solicitor General	
	Correctional Service Program	
15	Correctional Service – Penitentiary Service and National Parole Service – Operating expenditures, the grants listed in the Estimates, contributions; and (a) authority to pay into the Inmate Welfare Fund revenue derived during the year from projects operated by inmates and financed by the said Fund; (b) authority to operate canteens in federal institutions and to deposit revenue from sales into the Inmate Welfare Fund; (c) payments in accordance with terms and conditions prescribed by the Governor in Council, to or on behalf of discharged inmates who suffer physical disability caused by participation in normal program activity in federal institutions, and to dependents of deceased inmates and ex- inmates whose death resulted from participation in normal program activity in federal institutions; and (d) authority for the Minister, subject to the approval of the Governor in Council, to enter into an agreement with any province for the confinement in institutions of that province of any persons sentenced or committed to a penitentiary, for compensation for the maintenance of such persons and for payment in respect of the construction and related costs of such institutions	574,560,000
20	Correctional Service – Penitentiary Service and National Parole Service – Capital expenditures including payments to provinces or municipalities as contributions towards construction done by those bodies	168,769,000

Program by Activities

(thousands of dollars)	1985–86 Main Estimates					1984–85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Planning and Management	330	21,121	644	.....	21,765	22,151
Custody of Inmates	3,552	149,202	190	.....	149,392	144,427
Education, Training and Employment of Inmates	759	73,084	3,450	.....	76,534	76,947
Offender Case Management	3,357	161,393	720	1,027	163,140	156,958
Health Care	578	43,537	164	.....	43,701	41,404
Technical Services	1,426	120,096	162,615	.....	282,711	257,951
Administration	1,103	57,213	986	390	58,589	59,635
	11,105	625,646	168,769	1,417	795,832	759,473

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary			
Vote 5 - Penitentiary and National Parole Service - Operating Expenditures	508,903,000	510,637,322	489,940,523
Vote 10 - Penitentiary and National Parole Service - Capital expenditures	115,634,000	119,954,000	114,674,822
Statutory - Pensions and other employee benefits	147,000	154,271	154,271
Statutory - Contributions to employee benefit plans	42,339,000	47,123,000	47,123,000
Statutory - Write-off of active assets	—	7,306	7,306
Statutory - Refund of amounts credited to revenue in previous years	—	18,822	18,822
Total Program	667,023,000	677,894,721	651,918,744

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In the current year the Correctional Service Program (CSC) has established the following performance goals:

- to contain escape rates in minimum, medium and maximum security level institutions (see pages 9, 33, and 46);
- to complete the 1985-86 portion of CSC's 10 year Accommodation plan (expenditure requirements estimated at $145 million for 1985-86). This plan is scheduled to be completed by 1990. (See pages 9, 21 and 68);
- to maintain zero growth in constant dollars in the operating cost per offender (see pages 9 and 16);
- to contain the person-year per offender ratio at .576:1 in 1985-86 and at .600:1 by 1990 (see pages 9 and 16); and
- to contain the cost of overtime expenditures at 9.5% or less of regular salary costs (see pages 9 and 16).

2. Financial Summary By Activity

Figure 1: Financial Requirements by Activity ($000)

	Main Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Planning and Management	**21,765**	22,523	(758)	27
Custody of Inmates	**149,392**	140,934	8,458	31
Education, Training and Employment	**76,534**	79,231	(2,697)	35
Offender Case Management	**163,140**	161,289	1,851	43
Health Care	**43,701**	43,119	582	50
Technical Services	**282,711**	248,168	34,543	55
Administration	**58,589**	62,319	(3,730)	60
	795,832	757,583	38,249	
Person-years	**11,105**	10,818	287	

* There has not been significant change from 1984-85 Main Estimates. The 1984-85 forecast is 1.9 million or .2% less than the 1984-85 Main Estimates of $759 million (Extracts from Part II of the Estimates page 4).

Explanation of Change: The financial requirements for 1985-86 are 5% or $38.2 million higher than the 1984-85 forecast expenditures. This increase is due primarily to:

- net effect of a $73 million increase in planned capital expenditures for the provision of inmate accommodation projects and a $45.7 million reduction in other capital project, equipment, and other capital changes. (See page 9, 21, 59 and 68) — $27.3 million
- net effect of an allowance for increases in salary and employee benefit plans ($17.8 million) less offsetting adjustments in salary and other operating costs ($6.9 million) — $10.9 million

B. Recent Performance

1. Highlights

The following relates to the major goals established by CSC for 1983-84.

Containment Of Escape Rates: CSC's goal of containing escape rates from medium and maximum security institutions at 11 and 2 per 1000 inmates respectively was bettered. The 1983-84 rates were 4.42 in medium security and 1.14 in maximum security institutions. The rate of escapes (walkaways) from minimum security institutions was 121 per 1000 as compared to a target of 200 per 1000 inmates.

Ten-Year Accommodation Plan: In 1983-84 a new institution at Drummondville, Quebec, was completed as were two new living units at La Macaza, Quebec, and two 48 cell segregation units at the Kent and Edmonton Maximum Security Institutions. Major construction activity began for the 330 cell Atlantic Institution at Renous, New Brunswick and the 388 cell Donnacona facility in Quebec. The special handling units at Ste. Anne-des-Plaines and at Prince Albert were begun, with commissioning forecast for September 1984. Planning is well advanced for other projects to start in 1984-85 with Master Development Plans reaching final stages for 18 institutions. (See page 21)

Cost Per Offender - Constant Dollars: In 1983-84 the cost per offender in 1981-82 constant dollars decreased by $1,105 to $26,575 as compared to a 1982-83 cost of $27,690. (See page 16)

Person-Year Per Offender: The 1983-84 person-year per offender ratio target of .600:1 was bettered, the actual ratio was .592:1. (See page 16)

Control Of Overtime: Implementation of improved control measures have resulted in a reduction of CSC's overtime expenditures which are expressed as a percentage of salary costs. The 1983-84 goal of 10% was achieved with an actual rate of 8.98%. This resulted in a saving of $5.3 million over 1983-84 main estimates. (See page 10 and 16)

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Planning and Management	18,987	19,421	(434)
Custody of Inmates	130,747	134,095	(3,348)
Education, Training and Employement	62,495	73,463	(10,968)
Offender Case Management	138,287	139,884	(1,597)
Health Care	36,174	38,890	(2,716)
Technical Services	207,419	210,481	(3,062)
Administration	57,810	50,789	7,021
	651,919	667,023	(15,104)
Supplementary Estimates and other authorized changes		10,872	(10,872)
Total Appropriation	651,919	677,895	(25,976)

The lapse of approximately $26 million represents 3.8% of CSC's total appropriation. Approximately $7 million or 27% of this lapse was due to CSC's response to government restraint measures. The $7 million included frozen funds for Salaries of $0.24 million, Other Operating of $4.9 million, Transfer payments of $0.85 million and capital of $1.05 million.

The remaining lapse was due to the following:

- savings related to CSC's efforts to contain or reduce overtime through improved control and monitoring measures; $5.3 million
- reductions in other operating dollars due primarily to lapses in funds for inventory materials in CSC industries operation (see page 36); $6.7 million
- reductions in salary dollars due to lapses in various activities; $2.7 million
- reductions in capital and equipment funds due to slippage in planned construction projects $4.2 million

C. Background

1. Introduction

The Correctional Service of Canada is part of the criminal justice system. This system's operation depends upon its closely inter-related components, which include the body of criminal laws, law enforcement agencies, the judiciary, and correctional services. Jurisdiction over these components is shared and divided among all levels of government. At the federal level, the Correctional Service is a part of the Ministry of the Solicitor General, which also includes the Royal Canadian Mounted Police and the National Parole Board. The judiciary is the responsibility of the Department of Justice.

2. Legal Mandate

The legislative and constitutional framework which guides the Correctional Service of Canada is set out by the Constitution Act 1867, the Criminal Code of Canada, the Penitentiary Act and Regulations, the Parole Act and various international agreements. These include the United Nations Standard Minimum Rules for Treatment of Prisoners and the International Covenant on Civil and Political Rights. In addition to these the Correctional Service of Canada adheres, where appropriate, to the standards developed by the American Commission on Accreditation for Corrections.

Under the provisions of the Criminal Code of Canada, persons sentenced to two years or more are imprisoned in a federal penitentiary. Anyone sentenced to less than two years, however, is imprisoned in a provincial reformatory or jail. The only exceptions occur when a province and the federal government contract to exchange offenders for specific purposes (e.g., moving an offender close to home near the end of his (her) sentence, providing a higher level of security for a provincial inmate).

3. Program Objective

The objective of the Correctional Service of Canada is to "administer sentences imposed by the courts and to prepare offenders for their return as useful citizens to the Community".

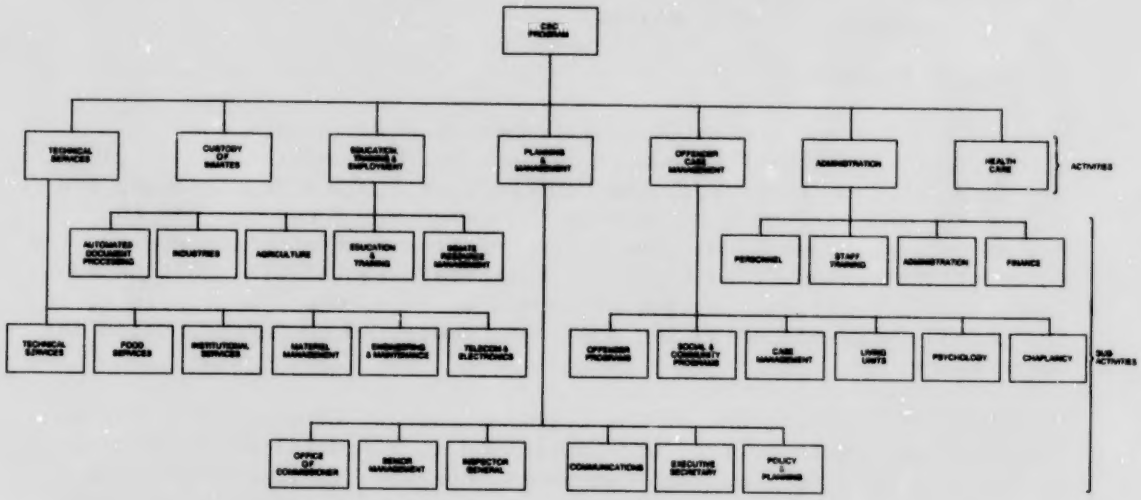
4. Program Organization for Delivery

Activity Structure: The many aspects of administering sentences and preparing offenders for their return to society have been divided into activities each with an objective that contributes to meeting one or both aspects of the program object. Generally however, the Custody of Inmates activity provides for the secure security of inmates, ensures the protection of the public, the staff and the inmates themselves. Education, Training and Employment of Inmates and Offender Case

Management take the lead in preparing offenders for release to the community and for ensuring that other CSC activities generally contribute to preparing inmates for release.

CSC has identified seven activities which best reflect what the Service is doing and how it is working to meet its stated objective. Each activity, where appropriate, is divided into sub-activities. An outline of the activities is presented in Figure 3.

Figure 3: Activity Structure



Organization Structure: The Correctional Service of Canada is organized through three levels of management: national, regional and institutional. National headquarters, located in Ottawa, is responsible for policy development, national planning and the monitoring, evaluation and audit of policy and program implementation.

The five regional headquarters are: Pacific Region - Abbotsford, British Columbia; Prairie Region - Saskatoon, Saskatchewan; Ontario Region - Kingston, Ontario; Quebec Region - Laval, Quebec; and Atlantic Region - Moncton, New Brunswick. These regional headquarters coordinate program implementation within the operating units under their jurisdiction.

At the operation level, the CSC Program is delivered through a total of 122 facilities, 61 parole offices and 61 institutions. Of the 61 institutions, 19 are Community Correctional Centres (CCCs).

The organization administers the programs of the Correctional Service of Canada from coast to coast in as cost-effective a manner as possible; it is designed to provide a clear chain of command and line of accountability for the line managers of the organization; and to differentiate clearly between the management support services and those line activities essential to the achievement of the legislative mandate of the Service.

The Commissioner of Corrections is accountable for the management of the Program. The principal vehicle by which the Commissioner establishes policy decisions and monitors the progress of the Service in relation to the objectives established is a Senior Management Committee- This Committee is composed of the Commisioner, the five regional Deputy Commissioners responsible for the regions, and the branch heads in national headquarters responsible for the various programs identified through seven major activity centres. The Senior Management Committee is essentially a policy making body. The regional Deputy Commissioners have delegated authority in most operational areas including utilization of resources. They are assisted in their decision-making by similar regional management committees which include institutional wardens and parole district directors.

The accountability of managers and the activities for which they are responsible are defined through the activity structure, and the organization is designed to reinforce this accountability.

Each of the activities is represented by an organizational unit at the national and regional headquarters, and at each institution. Figure 4 links the activity structure (Figure 3) to the 1985-86 resources by region.

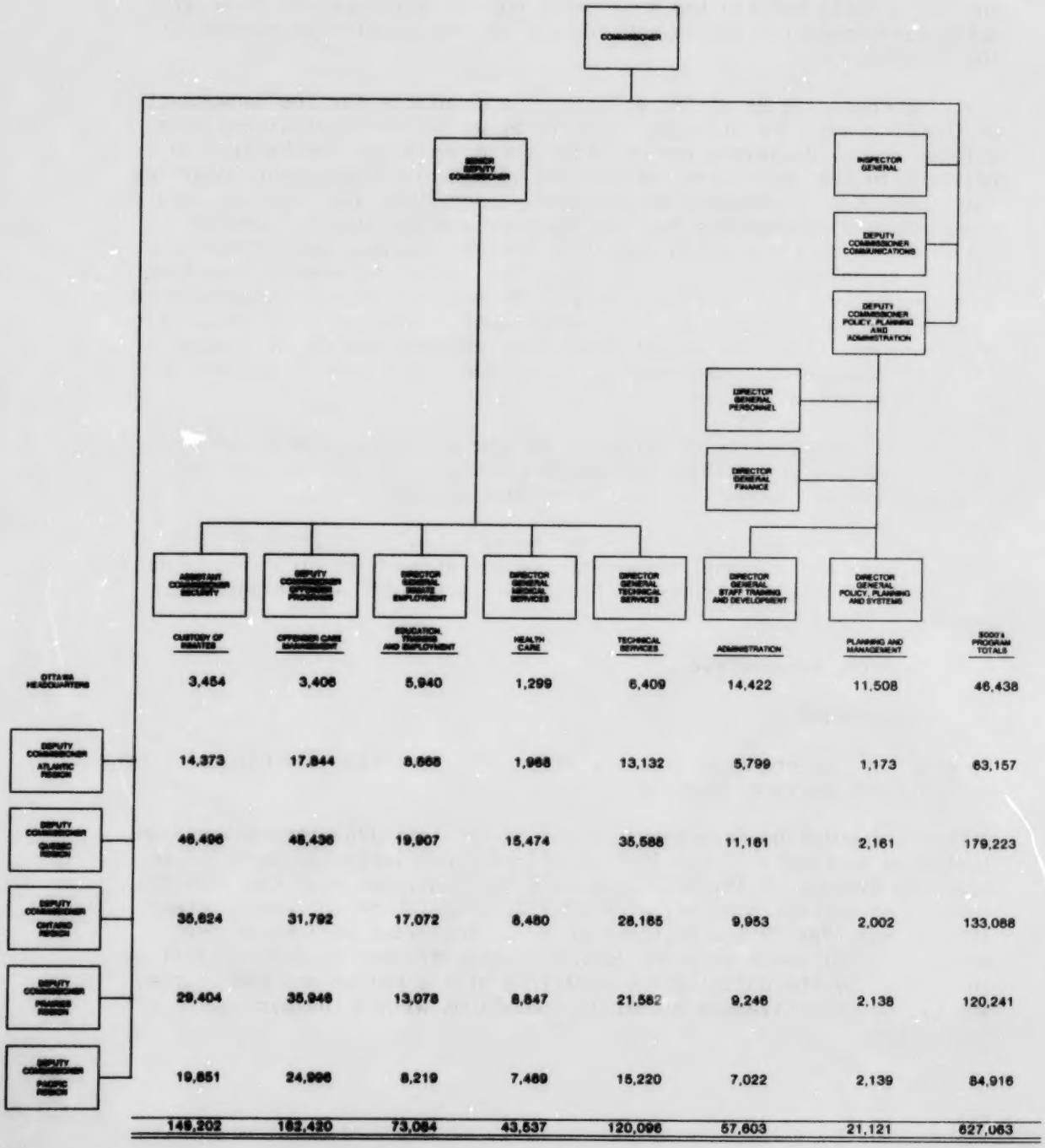
D. Planning Perspective

1. Environment

Several key factors signigicantly affect the direction and nature of the Correctional Services Program.

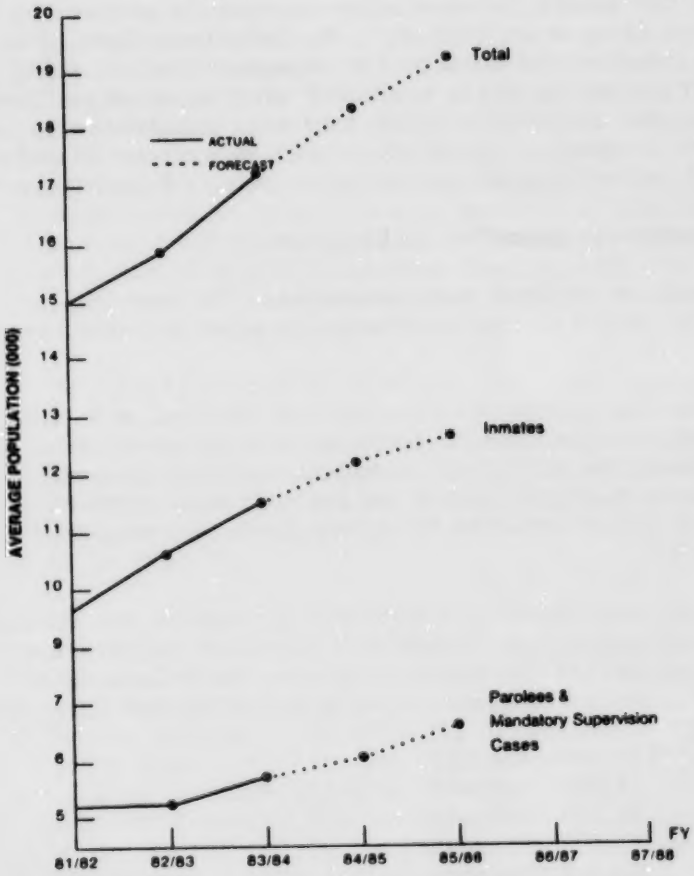
Offender Population Forecasts: Based on the fall 1984 forecast and as indicated in Figure 5, the 1985-86 offender population is expected to reach an average of 19,286. This is a 5.5% increase over the 1984-85 forecasted average population of 18,272. Population increases between 1985-86 and 1988-89 are forecast to be in the order of 3 to 4% per annum. The ultimate size and nature of the offender population will be influenced by the policies and decisions of the police and the courts, and by the effectiveness of parole operations within the system.

Figure 4: 1985-86 Operating Expenditures by Organization/Activity ($000)



	CUSTODY OF INMATES	OFFENDER CASE MANAGEMENT	EDUCATION, TRAINING AND EMPLOYMENT	HEALTH CARE	TECHNICAL SERVICES	ADMINISTRATION	PLANNING AND MANAGEMENT	$000's PROGRAM TOTALS
OTTAWA HEADQUARTERS	3,454	3,408	5,940	1,299	6,409	14,422	11,508	46,438
DEPUTY COMMISSIONER ATLANTIC REGION	14,373	17,844	8,568	1,968	13,132	5,799	1,173	63,157
DEPUTY COMMISSIONER QUEBEC REGION	46,496	48,436	19,907	15,474	35,588	11,161	2,161	179,223
DEPUTY COMMISSIONER ONTARIO REGION	35,624	31,792	17,072	8,480	28,165	9,953	2,002	133,088
DEPUTY COMMISSIONER PRAIRIES REGION	29,404	35,946	13,078	8,847	21,582	9,246	2,138	120,241
DEPUTY COMMISSIONER PACIFIC REGION	19,851	24,996	8,219	7,469	15,220	7,022	2,139	84,916
	149,202	162,420	73,084	43,537	120,096	57,603	21,121	627,063

Figure 5: Offender Population Forecast



Economic and Social Climate: In terms of its ability to continue to deliver quality correctional services, CSC faces an important challenge in the 1980s. Increasing numbers of federal inmates, and the greater fear of crime and its consequences will result in public demands for more traditional correctional services. At the same time, overall economic conditions and greater restraint on public spending will make it increasingly difficult for CSC to expand traditional correctional services at the same rate experienced in the past. In addition, the focus on openness and accountability in government will require policy adjustments in corrections and conditional release as the full impact of access and freedom of information initiatives and the entrenchment of civil rights are felt. As well, CSC will have to respond to pressures for new services and policies to deal with special offender groups.

In the 1980s CSC must continue to be sensitive to provincial concerns and jurisdiction and the need for greater and more direct involvement of the community at all levels.

2. Initiatives

Having considered the environmental factors, Correctional Service of Canada (CSC) does not expect to make major changes in either the nature or direction of the Program in 1985-86. The long-term plan is to systematically refine, improve and enhance the management of existing activities already contributing to the achievement of program objectives. The CSC will undertake new programs only if they will substantially contribute to CSC's effectiveness. Emphasis in 1985-86 will be on refining and expanding initiatives identified in prior years' Expenditure Plans.

3. Update On Previously Reported Initiatives

Exercising more precise control over resources: CSC has identified the following areas for attention in an attempt to provide better control over resources:

- to improve the system for controlling overtime with the goal of containing overtime expenditures at a level of 9.5% or less of regular salaries in 1985-86. Actual overtime expenditures for 1982-83 were 8.6% of regular salary dollars. 1983-84 expenditures were 8.98% and 1984-85 expenditures are expected to be within 9.5%.

- to maintain zero growth in constant dollars in the operating cost per offender (see Figure 6). Constant dollars are calculated using 1981-82 as the base year. The following cost per offender (constant dollars) were achieved or are forecast:

1981-82	$29,658	(Actual)
1982-83	27,690	(Actual)
1983-84	26,575	(Actual)
1984-85	27,352	(Forecast)
1985-86	25,141	(Forecast)

- to reduce and maintain the person-year per offender ratio to .600:1 by 1990. It must be noted that a rapid achievement of the long term goal is due largely to increases in the inmate population without a corresponding increase in CSC's person-years. The person-year per offender ratio will gradually increase to a more normal level as CSC's inmate accommodation building program is implemented and as the person-years associated with this program come on line. The .600:1 ratio continues to be a meaningful goal to be achieved. The following person-year offender ratio were achieved or are forecast:

1981-82	.663:1	(Actual)
1982-83	.626:1	(Actual)
1983-84	.592:1	(Actual)
1984-85	.592:1	(Forecast)
1985-86	.576:1	(Forecast)

- to improve and rationalize CSC's programs through program evaluations. In 1982-83, evaluations were completed for the Family Visits program and Psychiatric Services. In addition, evaluation assessments were completed for Security and Intelligence, Psychological Services, Physical Health Services, Procurement and Stores, Engineering and Maintenance and Institutional Services. During 1983-84 a major analysis of the kinds of psychological services being offered to inmates was undertaken, as a result the thrust of the program was redefined. Several options for program delivery are under study. A Framework was established to identify what aspects of the Social and Recreation Program would be suitable for future evaluation. As a result of previous studies dealing with the training and employment of inmates, several ongoing problem areas were identified for future evaluation activity.

- CSC has continued to maintain the inmate unemployment rate between 6 to 8% over the last several years. The rate is based the number of inmates available for work rather than the total inmate population. (Normally 26-28% of the inmate population is not available for work - for details see page 39 and 40.) The rate of unemployment in 1981-82 was 8%, in 1982-83 6% and 6% in 1983-84.

- CSC is continuing its effort to obtain accreditation (See page 28) from the (U.S.) Commission on Accreditation. In 1982-83 19 CSC facilities were accredited (16 institutions, 7 of which were Community Correctional Centres (CCCs) and 3 were District Parole Offices). In 1983-84, a total of 7 CSC facilities were accredited 4 of which were CCCs. A total of 50 facilities have obtained accreditation as of March, 1984. Although accreditation was formally discontinued in 1983-84, a concerted effort to update CSC policy pertaining to accreditation standards was spearheaded in the latter part of 1983-84.

- CSC is continuing to improve its information systems, both manual and computerized. In 1982-83 development work began on improving the systems related to Financial control, food services, material management and maintenance management.

  A computerized financial system (FINFO/FINCON) which provides on line current financial information and financial management reports was introduced in all institutions in 1982-83 and extended to District Parole Offices in 1983-84. Additional features such as cash forecasting and construction project control were introduced in 1983-84. System costs in 1983-84 were in the order of $950,000 of which $150,000 were development costs (see page 30).

The development of a food service ration control system was completed in 1982-83 and implemented in all institutions in 1983-84. This has improved menu variety and nutrition while reducing the overall cost of rations. Although the number of meals prepared increased by 16% over 1982-83 the cost of rations for 1983-84 was 4% lower than that of 1982-83 in terms of 1981-82 constant dollars.

A material management information system (MMIS) was developed in and pilot tested in 1982-83. During 1983-84, the modules related to inventory control and inventory planning were implemented nationally. Development work is continuing on the procurement module of the system. Once fully developed and implemented, it is anticipated that the MMIS will enable CSC to reduce inventory holdings and operating costs while improving supply services to customers.

A maintenance management system which consists of two subsystems, (a uniform work order system and a preventive maintenance system) is being phased in over a five year period and is scheduled for completion by 1986-87. To date 30 institutions are utilizing both systems and 12 institutions have the uniform work order system only. It is anticipated that this system will result in an increase in productivity and an enhanced level of maintenance at the institutional level.

Figure 6: Actual and Forecast Expenditures per Offender

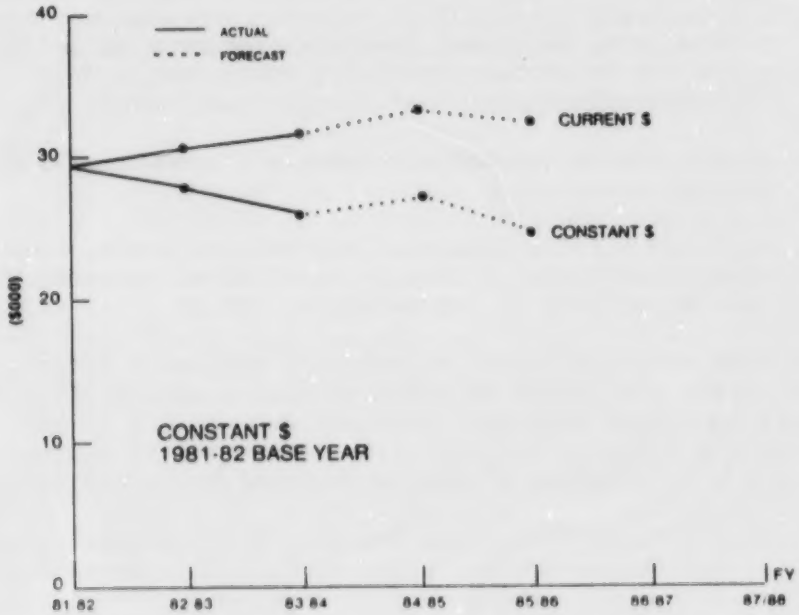
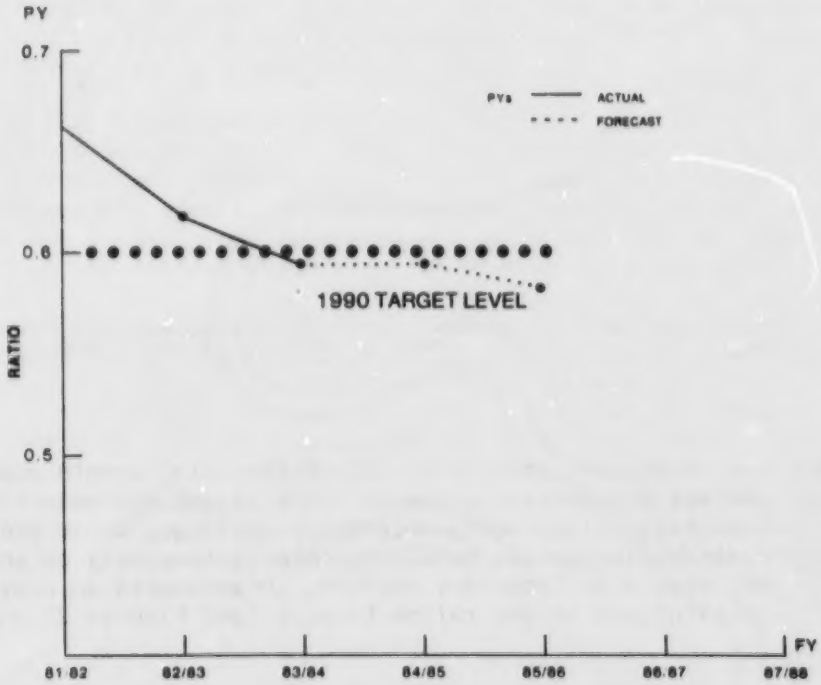


Figure 7: Person-Year/Offender Ratio

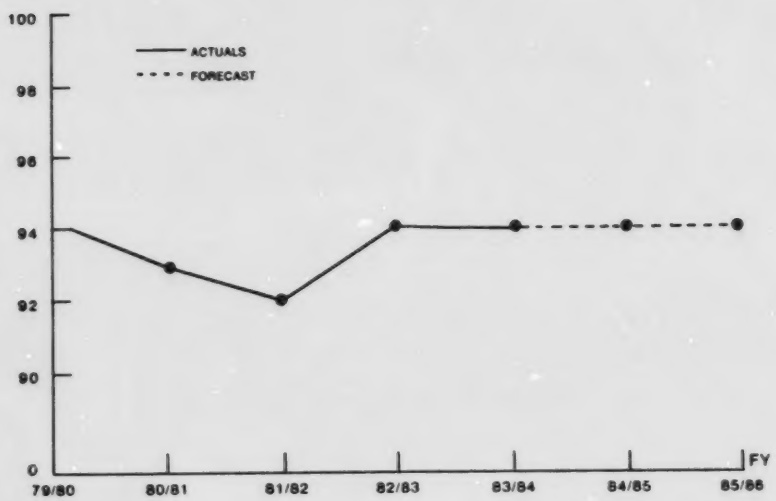


Developing coordinated inmate incentive systems: To motivate and encourage inmate participation in work and training programs CSC will continue to provide work-related programs. In 1985-86 it is planned to:

- produce farm, dairy and livestock production at a level sufficient to produce foodstuffs equivalent to $4.8 million (fair market value);
- produce CORCAN manufactured goods with a value of $14.5 million; and
- establish a fully integrated approach to inmate incentives which incorporates a blend of monetary and non-monetary rewards, such as earned remission.

The reported 1983-84 goal of providing employment for 92% of the available inmate population was achieved with a rate of 94%. Inmate employment trends are displayed in Figure 8.

Figure 8: Percentage of Inmates Employed *



* Excludes approximately 26-28% of the total inmate population who are not available due to segregation, dissociation, hospitalization, being unlawfully at large, under protective custody, in special handling units or temporary detention, on day parole or temporary absence, incarcerated in provincial institutions or who refuse to work (see Figures 29 and 30).

Continuing to improve the Correctional Services Industrial Program (referred to as CORCAN): These efforts are intended to produce revenues which will assist in defraying the overall cost of corrections. Actual and forecast revenues are presented in Figure 9. Additional information on revenues is contained in Section II page 41.

Figure 9: Actual and Forecast Revenues ($000).

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Inmate Employment	20,075	15,650	9,119	11,588	8,632
Other*	10,800	9,850	8,167	7,423	5,808
	30,875	25,500	17,286	19,011	14,440

* Other revenue includes receipts from maintenance of provincial inmates, inmate canteen operations, rental of staff housing and other miscellaneous revenue.

Continuing to improve the quality and quantity of staff training and development courses: CSC implemented a new training delivery system in 1983-84 based on a systems approach to training. The CSC model is based upon the identification of needs and standard curriculum design, with education and validation techniques built in. Training programs have been developed and implemented for courses in crisis management, leadership, supervisor training and middle management development program. Computer assisted learning (CAL) for staff has been introduced on a pilot basis. Forty percent of refresher training in the Prairies Region in 1983-84 was furnished through CAL.

Implementing the Accommodation Plan: CSC has adopted a ten-year Accommodation Plan to be completed in 1990. The Plan is based on projected population demands and inmate profiles, and it takes into account the effects of cascading inmates to lower-security levels. As projected populations and inmate profiles are re-evaluated and updated annually, the details of the Accommodation Plan are also updated annually.

The unprecedented growth in the inmate population that began in 1982 has necessitated a continued revision in both the Long and Short Term Accommodation Plans. The 1981 Long Range Accommodation Plan, essentially a replacement program, would have resulted in a shortfall of over 4,000 cells by 1992/93. Consequently, a National Headquarters Accommodation Planning Committee was established in 1983 to develop, review and assess the impact of alternative planning options for meeting expansion needs. Current plans emphasize the need to provide new accommodation and to reduce overcrowding in 1986, as of 17 October, 1984, 962 inmates were double bunked.

The increased inmate population has required the initiation of additional temporary contingency measures. These provided for a potential increase in 1983-84 capacity of approximately 1,100 beds through the use of trailer units, double-bunking and renovated existing space. (See Figure 59, page 68 for costs related to the accommodation plan.)

Programs for Special Offender Groups: CSC is continuing to develop and implement programs for special offender groups such as violent and protective custody inmates; sex offenders; female, native and long-term offenders. Initiatives include the central handling of dangerous and protective custody inmates, programs for sex offenders, improved facilities and increased learning opportunities for female offenders and the development of a five-year plan to address the special needs and program delivery requirements for native offenders. (For details see page 47).

4. Program Effectiveness

Criteria for measuring the effectiveness of the Correctional Service Program must be related to its basic objective of administering the sentence imposed by the courts and preparing the offender for return to the community.

Criteria for measuring successful incarceration include reducing or eliminating escapes from custody and reducing or eliminating the number of cases in which inmates harm either the public, staff, other inmates or themselves. Recent trends for custody-related incidents are provided in Figure 10. Trends in the rate of escapes in total and by type of institution are presented in Figure 11. (See also page 33.)

Figure 10: Trends in Custody-Related Incidents

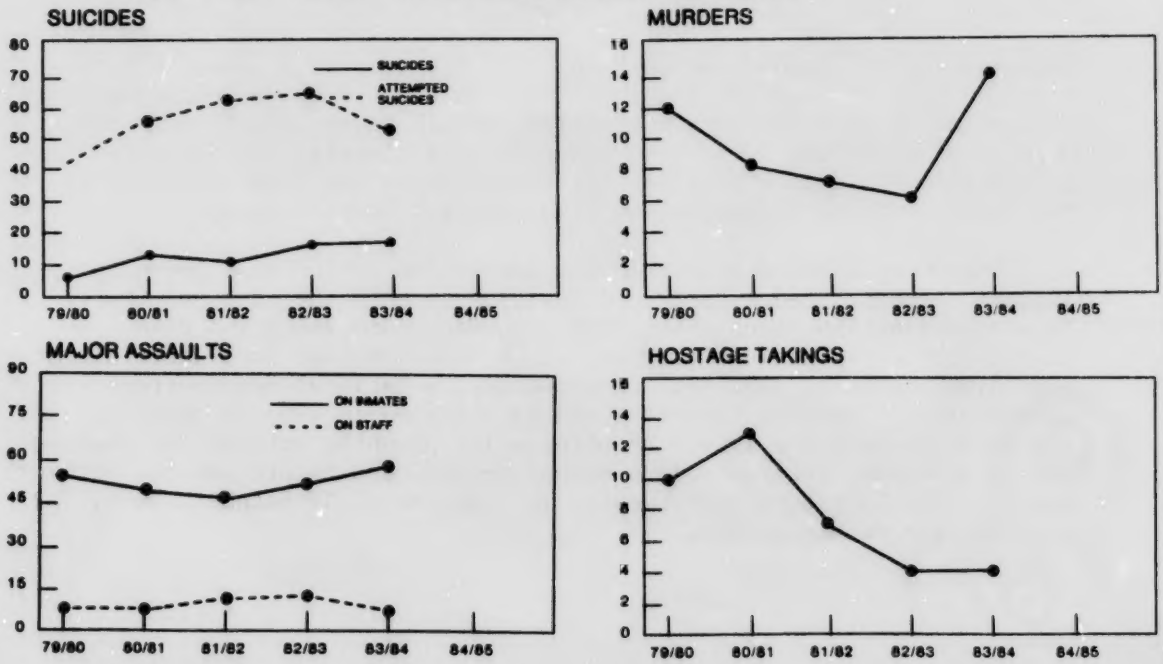
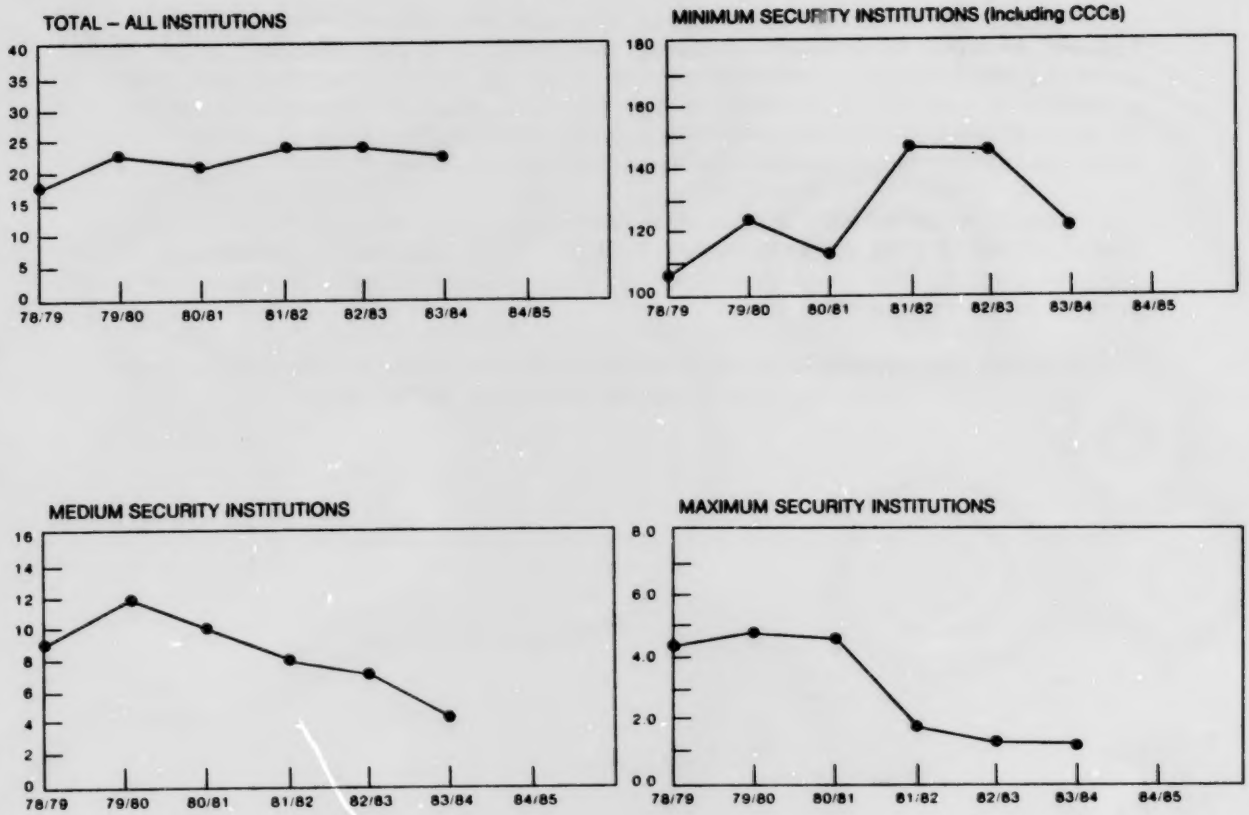


Figure 11: Trends in Number of Escapes (Rates per 1,000 Inmates)

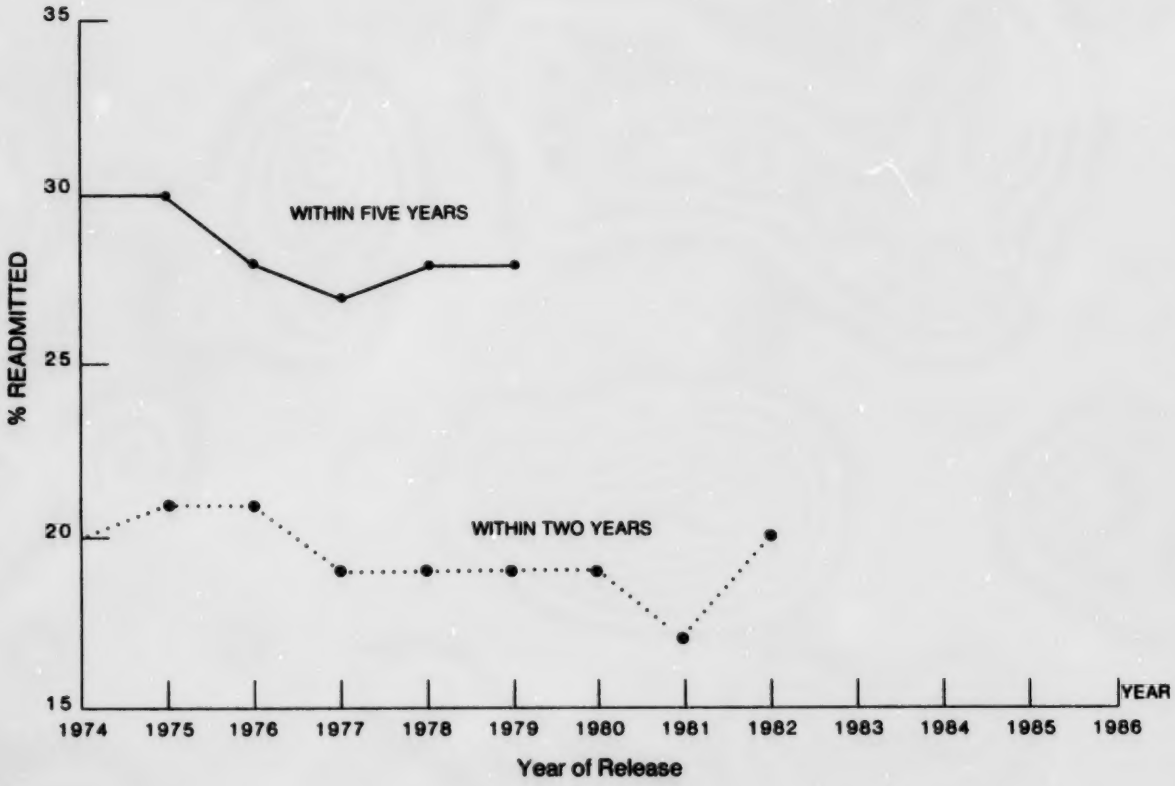


Although it is difficult to provide criteria for measuring success in preparing offenders for return to the community, it is generally accepted that a successful corrections program must be sensitive to the recidivism rate.

A recidivist may be defined as a person who has served time in a federal institution, been released, convicted of a new offence, and returned to a federal institution. A study of recidivism suggests that a five-year period is sufficient for the follow-up of released inmates, because if recidivism is going to occur, it usually takes place within five years, and more commonly within two years.

Recent studies of inmates released and re-admitted to federal institutions in the years between 1974 and 1983 indicate a gradual decline in both the five year and two year return rates. Details are presented in Figure 12.

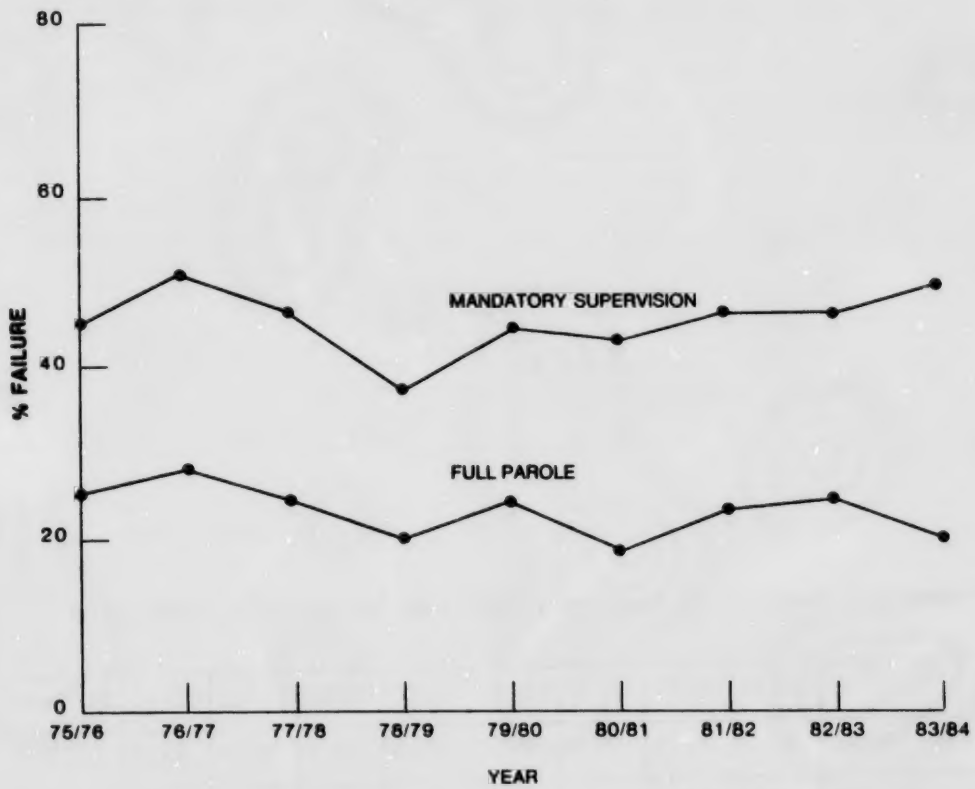
Figure 12: Percentage of Inmates Released from and Re-Admitted to Federal Institutions after New Offences.



The recidivism rate reflects not only the effectiveness of the Correctional Services Program, but also police effectiveness, sentencing patterns, parole regulations and enforcement and the offenders' criminal activities.

A related measure of effectiveness is in the percentage of parolees and persons under mandatory supervision who are returned to custody for violating the terms of their parole. One aspect of CSC's role is the protection of the public. In fulfilling this objective, CSC's community supervision staff will, when warranted, recommend to the National Parole Board that an inmate's parole or Mandatory Supervision be revoked. These trends are illustrated in Figure 13. Caution must be used in interpreting this information, as it reflects the environment of the entire criminal justice system. It would be misleading to attribute changes solely to CSC policies.

Figure 13: Percentage of Parolees and Persons Under Mandatory Supervision Returned to Custody for Violation of Terms of Release or New Offence.



In addition to release on parole or mandatory supervision CSC operates in cooperation with the National Parole Board a Temporary Absence program. Temporary absences (TAs) are a form of short-term release, usually not longer than three days, which may be granted to an inmates with or without a CSC escort, for medical, humanitarian (family illness, funerals, divorce court, community service, recreational, cultural activities, etc.) or administrative reasons. All inmates are eligible for an Escorted Temporary Absence any time after the commencement of their sentence. Generally, inmates are eligible for an Unescorted Temporary Absence after completing one sixth of their sentence, or at any time for emergency medical treatment. Figure 14 and 15 depict the total number of TAs granted and the successful completion rate of TAs respectively.

Figure 14: Temporary Absences (TAs) Granted

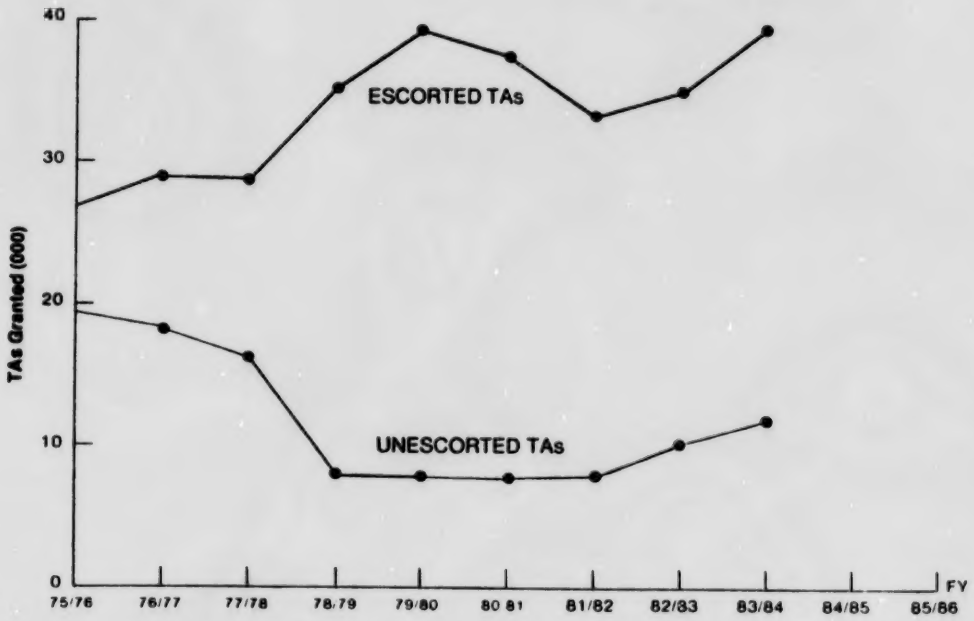


Figure 15: Percent of Temporary Absences Successfully Completed

	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84
Escorted TAs	99.9	99.9	99.9	99.8	99.8	99.9	99.9	99.9	99.9
Unescorted TAs	99.1	99.2	99.0	98.2	98.2	98.3	98.8	98.8	99.0

Section II
Analysis by Activity

A. Planning and Management

Objective

To manage the Service in a manner so as to: protect the public; meet the conditions of sentence imposed by the courts; allow the offender the opportunity for personal reformation; promote and contribute to the development of an effective criminal justice system in Canada; and minimize the cost necessary to achieve the above.

Resource Summary

The Planning and Management Activity accounts for approximately 3% of the 1985-86 Correctional Services operating budget.

Figure 16: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Office of Commissioner	750	3	779	3	343	3
Senior Management	7,886	117	7,970	117	6,143	123
Inspector General	2,550	43	2,246	38	1,585	28
Policy, Planning and Systems	7,584	116	8,659	106	7,933	79
Communications	2,484	37	2,404	34	2,523	41
Executive Secretariat	511	14	465	14	460	14
	21,765	330	22,523	312	18,987	288

Past Financial Performance

Figure 17: 1983-84 Financial Performance ($000)

The actual expenditures for 1983-84 were 2% lower than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	Change
Planning and Management			
Office of Commissioner	343	708	(365)
Senior Management	6,143	7,654	(1,511)
Inspector General	1,585	2,125	(540)
Policy, Planning and Systems	7,933	6,216	1,717
Communications	2,523	2,280	243
Executive Secretariat	460	438	22
	18,987	19,421	(434)

Description

Office of the Commissioner: This office is responsible for managing all aspects of the Service.

Senior Management: Senior management consists of the Senior Deputy Commissioner, Regional Deputy Commissioners, Regional Executive Officers, Institution Wardens, Staff College Directors and their administrative and support staff. They control and manage the regions and institutions of the Service.

Inspector General: This sub-activity inspects institutions for compliance with standards and policies, investigates irregularities and continuously audits the management, financial and personnel functions of the Service, and ensures that inmates are treated fairly and humanely and are accorded rights in terms of the Canadian Charter of Rights and Freedoms, international covenants and the United Nations Standard Minimum Rules for the Treatment of Prisoners. The Inspector General function is also responsible for coordinating CSC's efforts in obtaining accreditation for CSC facilities other than medical facilities. The standards developed by the American Commission on Accreditations for Corrections are being used where appropriate. Canadian standards are currently under development by the Canadian Association for the Prevention of Crime.

Policy, Planning and Systems: This sub-activity includes policy development, long-term planning, system development and an on-going evaluation of the CSC Program. These functions are carried out under the direction of the Deputy Commissioner, Policy and Planning and Administration and his national headquarters staff and through five Regional Planning Managers.

Communications: This sub-activity promotes public awareness, understanding and participation in the Correctional Service of Canada. These responsibilities are carried out under the direction of the Deputy Commissioner, Communications and his headquarters staff and through five regional communications managers. Communications in the Service have been evolving, over the past years, from a media relations and public information orientation into a proactive communications organization dealing with the media, the public and special interest groups within and outside the CSC. To date efforts have been concentrated on the media, certain external interest groups (national and international) and the general public. It is now intended to expand these efforts and to improve communications within CSC.

Executive Secretariat: This sub-activity deals with parliamentary matters including correspondence control and provides administrative support to the offices of the Commissioner and Senior Deputy Commissioner.

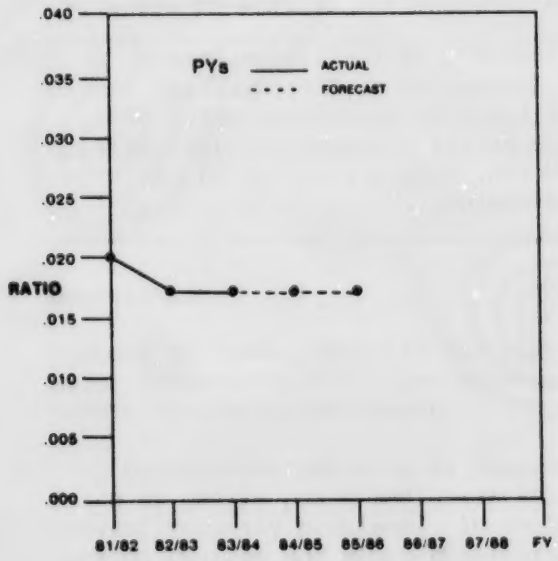
Performance Information/Resource Justification

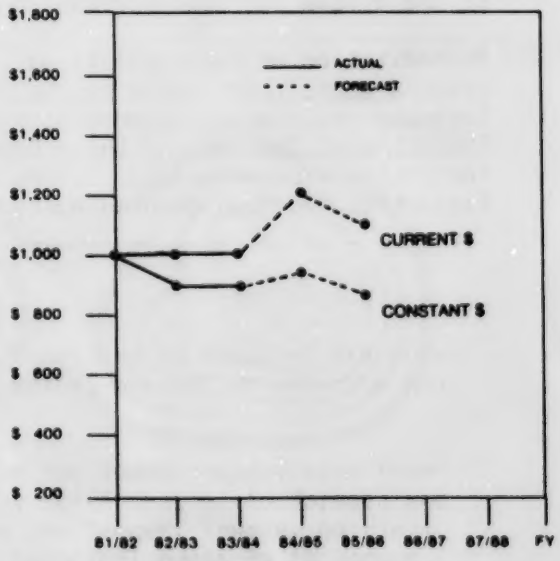
The Planning and Management person-year offender ratio and cost per offender are displayed in Figures 18 and 19.

Figure 18: Actual and Forecast Planning and Management Person-Year/Offender Ratio

Figure 19: Actual and Forecast Planning and Management Expenditure per Offender

Planning and Management





Plans for 1985-86 include:

- completing a review of current and planned CSC resourcing methodologies;

- to complete program evaluations scheduled for 1985-86 in the following areas:

  - Inmates Affairs;
  - Psychological Services;
  - Communications;
  - Management Information Services;
  - Education and Training; and
  - Agribusiness.

- to undertake over the next five years a total review of CSC's planning system modules.

Update on Previous Plans

Overtime Expenditures: CSC's goal of containing overtime expenditures to 10% or less of regular salaries in 1982-83 and 1983-84 was achieved. The actual rates were 8.6% and 8.9% respectively.

Financial and other Management Systems: During 1982-83 CSC improved the Financial management system through automation with the implementation of FINFO/FINCON in all institutions and the majority of District Parole Offices. The development of other information systems, particularly those which focus on needs at the institutional level, are proceeding on schedule. In 1983-84 CSC completed the installation of the FINFO/FINCON system in District Parole Offices and added enhancements to the system for cash forecasting and construction project control.

Accreditation of CSC Facilities: In 1982-83, 19 facilities were granted accredited status by the (US) Commission on Accreditation for Corrections. These included nine institutions, seven Community Correctional Centres and three District Parole Offices. In 1983-84 7 facilities were accreditated. As of March, 1984 a total of 50 CSC facilities had been granted accredited status.

B. Custody of Inmates

Objective

To ensure secure custody and control of inmates, while meeting recognized international standards of humane treatment, in order to minimize the risk of harm being inflicted by inmates on the public, the staff, other inmates and themselves.

Resource Summary

The Custody of Inmates activity will account for approximately 24% of the CSC operating budget in 1985-86 (compared with 23% forecasted for 1984-85). Personnel costs account for 97% of this amount.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Custody of Inmates	**149,392**	**3,552**	140,934	3,498	130,747	3,322

Past Financial Performance

Figure 21: 1983-84 Financial Performance ($000)

The 1983-84 actual expenditures were 2.5% lower than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	**Change**
Custody of Inmates	130,747	134,095	**(3,348)**

Description

Custody of Inmate activity can best be described in terms of its three major responsibilities; operational security, preventive security and inmate population management.

Operational security is responsible for inmate supervision from fixed or mobile posts and observation by staff trained to foresee and prevent security problems. It includes the fences, towers, barriers, locking devices and other physical and technical controls to ensure security.

Preventive security is concerned with gathering, analyzing and disseminating security-related information and developing and operating an inmate profile system, compiling and analyzing incident reports and applying governmental security procedures.

Inmate population management plans and controls the distribution of inmates within the various categories of institutions across Canada in order to make the most effective use of cells, recommends adjustments to and closing of facilities, controls and effects the transfer of inmates between regions, administers the dangerous inmates and Special Handling Unit programs and monitors the placement of inmates in segregation.

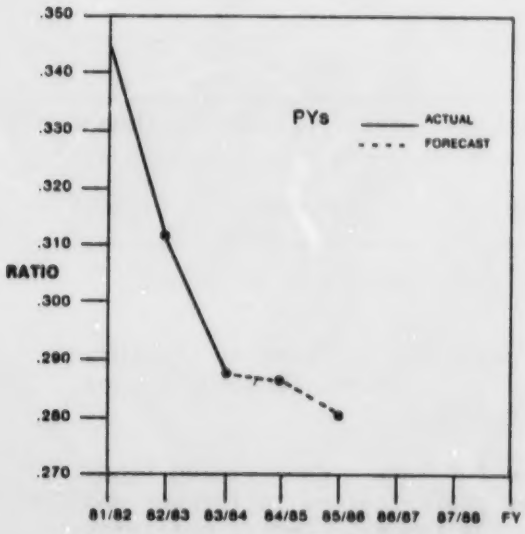
Performance Information/Resource Justification

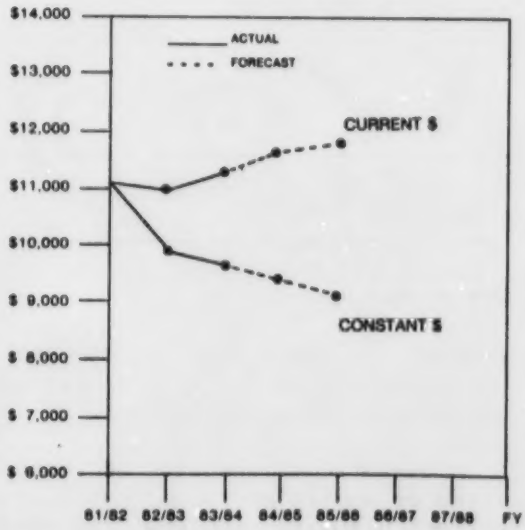
As a result of the implementation of post standards, increased use of living unit officers, an increased inmate population, and the installation of electronic perimeter intrusion detection equipment, a stable trend is forecast in the security person-year/inmate ratio as illustrated in Figure 22. The custody cost per inmate in constant dollars is also expected to increase slightly as shown in Figure 23. Corresponding effectiveness trends are presented on pages 22 and 23.

Figure 22: Actual and Forecast Custody Person-Year/ Inmate Ratio

Figure 23: Actual and Forecast Custody Expenditure Per Inmate

Custody





Plans for 1985-86 include:

- containing escapes in the various security levels at the following rate per 1,000 inmates. S7, S6, Multi-Level (ML) (formally categorized as Maximum security); and S5, S4 and S3 (formally Medium security).

S7 = 0	S5 = 4 per 1,000
S6 = 2 per 1,000	S4 = 6 per 1,000
ML = 2 per 1,000	S3 = 9 per 1,000

- ensuring that 100% of Institution Emergency Response Team members receive 12 days refresher training and that all other security officers receive 5 days refresher training;

- ensuring that existing manual recording systems are standardized and prepared for automation for:

  - Inmate counts and accommodation control;
  - Searches and contraband control; and
  - Visitor control.

Update on Previous Plans

Control of Costs: CSC continues to control the cost of custody through the installation of more efficient duty rosters, regular review of "posts" required and increased emphasis on electronic monitoring equipment.

Escape rates: Escape rates were contained within the established goal of 11 per 1000 inmates in medium security institutions and 2 per 1000 in maximum security institutions. Actual rates were 4.42 in medium security and 1.14 in maximum security institutions.

Major Assaults: The overall rate of major assaults on inmates by other inmates increased slightly from a 1982-83 rate of 4.98 per 1,000 inmates to 5.54 in 1983-84. The continuing increase in the inmate population causing over-crowding and necessitating double bunking and increased inmate tensions may have been a contributing factor in negating CSC's efforts to reduce this rate. Major assaults on staff by inmates declined significantly from a 1982-83 rate of 1.22 per 1,000 inmates to .67 in 1983-84.

Dangerous Inmates: In responding to the need for national policies and procedures for the custody of highly dangerous inmates, CSC has developed a treatment program which is in place at the Regional Phsychiatric Centre, Pacific region. In addition, specific institutions, existing and planned,have been designated for the central handling of violent and protective custody inmates.

Custody Post Analysis: Security in the institutions is provided by means of a series of "posts". A post is composed of a set of security-related tasks that one person is required to perform during one working shift. A detailed analysis of post requirements is carried out for each institution. The number of posts and the staffing requirements of each are determined after taking into consideration the security classification, the size and the layout of each institution and the duties to be performed. This analysis serves as the standard to support person-year requests for the institutions' security requirements and is subject to regular review to meet changing operational needs. It is important to realize that post requirements vary only slightly as the number of inmates rises or falls. Only the closing of a portion of an institution or a lowering of its security classification can significantly change the number of posts.

The custody person-year analysis for 1985-86 is summarized in Figure 24. The custody of inmates activity requires 3,347 person-years for institutions. The remaining person-years for this activity are for regional and national headquarters, and training person-years.

Figure 24: Custody Person-Year Analysis

	Person-Years			
	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Institutions	3,347	3,293	3,105	3,115
National Headquarters	45	45	44	38
Regional Headquarters	60	60	58	54
Training	100	100	115	99
Total Person Years	3,552	3,498	3,322	3,306

C. Education, Training and Employment of Inmates

Objective

To maximize employment, training and educational opportunities for all offenders in preparation for their reintegration into society by increasing the Correctional Service's capacity to provide meaningful work and training opportunities, by increasing, where appropriate, the emphasis on work programs that will generate revenue to help offset the operating cost of the Service and by effectively supporting the efforts of released inmates to find gainful employment.

Resource Summary

Expenditures for Education, Training and Employment of Inmates will account for approximately 12% of the Correctional Service's operating budget in 1985-86 (compared with 12% forecasted for 1984-85). This activity has forecasted revenue of $20 million, for details see page 41.

Figure 25: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Industries	28,661	349	30,532	331	22,286	326
Agriculture Operations	7,619	87	6,900	80	5,810	76
Automated Document Processing	1,747	21	1,295	17	1,113	12
Education and Training	28,131	302	29,071	305	23,083	286
Inmate Incentive/ Resource Management	10,376	--	11,433	--	10,203	--
	76,534	759	79,231	733	62,495	700

Past Financial Performance

Figure 26: 1983-84 Financial Performance ($000)

The 1983-84 actual expenditures were 15% lower than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	Change
Industries	22,286	29,438	(7,152)
Agriculture Operations	5,810	7,636	(1,826)
Automated Document Processing	1,113	1,203	(90)
Education and Training	23,083	24,291	(1,208)
Inmate Incentives/Resource Management	10,203	10,895	(692)
	62,495	73,463	(10,968)

The variation between the estimated expenditures and actual was due primarily to under-expenditures for utilities, materials and supplies of approximately $8.4 million. The under-expenditure resulted when sales orders for the Industries Division failed to meet expectations particularly from Supply and Services Canada and Canada Post Corporation.

Description

Industries: Goods are manufactured at 22 institutions in 96 different shops, ranging from small operations producing one or two units at a time to larger operations producing high volumes of a few products on a batch production line basis. Major products include upholstered and modular office furniture, mail transfer boxes, mail bags, shoes and clothing. The ADP activity is a revenue generating program operating under the industries (CORCAN) umbrella. The program produces information processing related services at 9 institutions. Services produced include micrographics, data entry/data processing, videotex page creation (Telidon), word processing and packaging and distribution.

Under the Penitentiary Act and Regulations, CSC is restricted to selling goods and services produced by inmate labour to federal, provincial and municipal governments and to charitable, religious or other non-profit organizations unless special authorization is obtained from the Treasury Board. Approximately 86% of sales are made to federal government departments and agencies.

Agriculture Operations: The Agribusiness program has major operations in 6 institutions and minor operations in 4 institutions. Produce includes pork, beef, vegetables and dairy products, which are transfer

red to food services. It is estimated that approximately 30% of the Service's food needs are provided by Agriculture Operations. In addition, a Forestry program is operated in 4 institutions. Activities to include tree seedling production, forest harvesting, property upgrading and log salvage.

Education and Training: Accredited academic and vocational development programs are offered to inmates in 23 institutions operating within eight provincial educational jurisdictions and in full accordance with the various provincial standards. The Education and Training programs cover an integrated spectrum ranging from basic literacy through elementary and secondary education to college and university, including vocational, apprenticeship, life skills programs and library services.

Inmate Incentives/Resource Management: The activites of this program include the development of policy, procedures and guidelines covering inmate incentives and the employment of inmates. This includes the provision of an effective, fully integrated set of personnel management activities which directly support the skills development of inmates and contribute to the achievement of all institutional objectives.

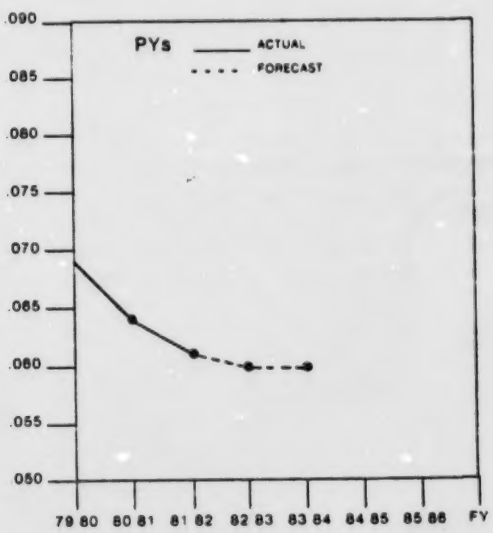
Performance Information/Resource Justification

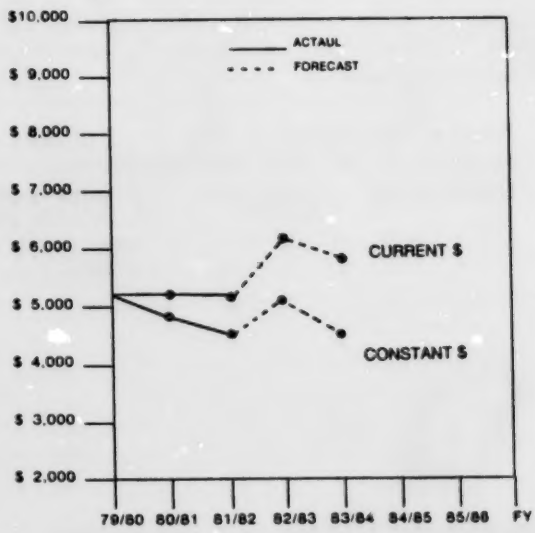
The person-year/inmate ratio is forecast to remain stable and the cost per inmate is forecast to decrease in terms of constant dollars in 1985-86.

Figure 27: Actual and Forecast Education, Training and Employment Person-Year/Inmate Ratio

Figure 28: Actual and Forecast Education, Training and Employment Expenditures per Inmate

Education, Training and Employment of Inmates





Plans for 1985-86 include:

- producing gross revenue from the sales of industrial products of $14.5 million;
- producing approximately 30% of CSC's food needs having a market value in the order of $4.8 million;
- generating a revenue of $.775 million in information processing services (ADP);
- maintaining the overall inmate/teacher ratio at 9.5:1 or better and containing or reducing the cost per pupil in constant dollars; and
- to employ 94% of the available inmate population.

Update on Previous Plans

Manufactured Goods: The target of increasing revenue from the sale of manufactured goods and automated document processing by 15% over the 1981-82 level of $7.5 million was achieved. Actual revenue in 1982-83 was $10.3 million, an increase of 38%. In 1983-84 revenue fell to $7.3 million when anticipated sales to Supply and Services Canada and Canada Post failed to meet expectations.

Agricultural and Farm Produce: The goal of increasing the value of agribusiness products by 10% over the 1981-82 level of $1.1 million was achieved. Actual revenue in 1982-83 was $1.28 million, an increase of 16%. Revenue for 1983-84 was in the order of $1.4 million, based on fair market value this revenue would have been approximately $4 million. Quality standards have been improved and vegetable storage preparation and grading facilities have been upgraded.

Automated Document Processing: The program has shown a steady revenue growth rate averaging 20% since fiscal year 1983-84. Increased inmate employment has been one of the many positive results of this contemporary program.

Inmate Employment: The goal of maintaining the inmate unemployment rate at 7% or less was achieved. The 1982-83 unemployment rate for those inmates available for work was 6% and 6% again in 1983-84.

Distribution System for Agribusiness: In 1982-83 the distribution system was expanded and agribusiness products such as milk, beef, pork, eggs and vegetables, were provided to Alberta institutions from Saskatchewan Farms, in 1984-85 the supply of milk and beef to Quebec institutions was initiated.

Forestry Programs: The systems employed for the control and monitoring of forestry operations were improved and operating procedures were standardized. Plans are under development to improve the employment and training opportunities for inmates in the forestry program.

Pupil/Teacher Ratio-Cost per Pupil: The goal of attaining a 1982-83 pupil/teacher ratio of 8:1 was bettered with a ratio of 8.6:1. The goal of reducing the cost per full-time pupil (constant dollars) to the 1980-81 level of $5,900 has been restated to include those inmates participating in part-time training or correspondence courses. In addition CSC has rebased from a 1977-78 base year to 1981-82 for constant dollar comparisons. The 1982-83 restated goal of $7,326 was bettered, the actual constant dollar cost was $7,084. The 1983-84 pupil/teacher ratio goal of 8:1 was bettered with an actual ratio of 9:1. The 1983-84 cost per student expressed in 1981-82 constant dollars was $6,839, a reduction of $245 per student over the 1982-83 costs.

Inmate Employment: A percentage of the inmate population is not available for employment due to operational limitations and other factors. This percentage is estimated to be between 26-28% for 1985-86 distributed as indicated in Figure 29.

Figure 29: Percent of Inmates Not Available for Work

Segregation	4.5
Hospital and Pshychiatric Centres	4.0
Unlawfully at Large	1.5
Protective Custody	8.0
In Special Handling Units	1.0
Day Parole and Temporary Absence	6.0
In Provincial Institutions	1.5
Refusal to work and other	1.0
Total	27.5

An overall indication of the responsiveness of the Service in providing meaningful work and training is demonstrated in the inmate employment statistics, which are illustrated in Figure 30.

Figure 30: Inmate Employment Statistics

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83	
	Inmates Employed	%	Inmates Employed	%	Inmates Employed	%	Inmates Employed	%
Industries	1,231	13.5	1,185	13.5	1,247	15	1,286	16
Agriculture	392	4.3	377	4.3	329	4	229	3
Education & Training								
- pupils	2,116	23.2	2,035	23.2	1,980	24	1,796	23
- clerks	137	1.5	132	1.5	149	2	142	2
Technical Services	3,694	40.5	3,553	40.5	3,186	39	3,041	38
Offender Programs	648	7.1	623	7.1	582	7	553	7
Automated document processing	155	1.7	149	1.7	112	1	108	1
Special employment program and others	200	2.2	193	2.2	202	2	286	4
Totals								
employed	8,573	94.0	8,247	94.0	7,787	94	7,441	94
unemployed	547	6.0	526	6.0	465	6	474	6
Total inmates available for employment	9,120	100	8,773	100	8,252	100	7,915	100
Inmates not available for employment *	3,547		3,412		3,271		2,723	
Total inmate population	12,667		12,185		11,523		10,638	

* see Figure 29.

Revenue Generation: CSC has two complementary initiatives: to increase the capacity for providing work and training opportunities and, where appropriate, to increase the emphasis on work plans that will generate revenue from third parties to help offset the operating costs of the Service or contribute directly to its self-sufficiency. Details of actual and forecast revenues are presented in Figure 31.

Figure 31: Revenues Generated ($000)
Education, Training and Employment

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Industries	14,500	10,500	7,327	10,028
Automated Document Processing	775	650	394	280
Agribusiness*	4,800	4,500	1,398	1,280
	20,075	15,650	9,119	11,588

* Effective 1 April, 1984 the pricing system at which agribusiness food is transferred to Food Services of CSC was changed to reflect a fair market value system.

Education and Training: Generally a penitentiary school is supervised by an Assistant Warden, Education and Training, who is the school principal. Teaching is carried out by staff teachers and by teachers from municipal boards of education, colleges and universities under contractual arrangements. The CSC permanent staff numbers approximately 175 teachers and principals, 90 institutional support staff, including library staff. Another 15 staff members provide supervision and policy direction from regional and national headquarters. Contract teaching staff totals 110.

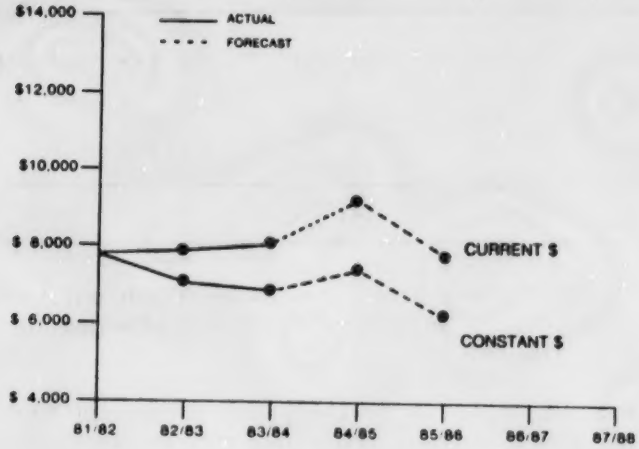
The Education and Training Division plans to improve efficiency by improving the pupil/teacher ratio. CSC's goal is to achieve an average ratio of 9.5:1. Steady progress toward achieving this goal has been made as CSC has continued to improve the ratio over the past several years. Details are provided in Figure 32.

Figure 32: Pupil/Teacher Ratio

1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
6.7:1 (Actual)	7:1 (Actual)	8.6:1 (Actual)	9:1 (Actual)	9:1 (Forecast)	9.5:1 (Forecast)

Another measure of efficiency is the amount of expenditure per pupil. This trend is presented in Figure 33.

Figure 33: Amount of Expenditure per Pupil



* The method of calculating the cost per pupil has been changed in order to recognize those inmates who participate in part-time training or correspondence courses. The previous method was to use full-time students only.

Inmate Incentives: Although it is the inmates themselves who must make the important choices and accept final responsibility for personal development, CSC operates programs to encourage inmates to participate in a full range of activities. Pay for work performed is one aspect of this approach. Other items considered to be inmate incentives are inmate expenses associated with inmates participating in the temporary absence and day parole programs and the cost of subsidizing provincial tobacco tax. This subsidization which began in 1977 will be eliminated effective 31 March, 1985. Although all items are considered to be expenses associated with Inmate Incentives, only the first item, Inmate Pay, is a charge to the Inmate Incentive sub- activity. Details are provided in Figure 34.

Figure 34: Details of Inmate Incentives ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Inmate pay	10,372	11,433	10,203
Temporary absence, day parole and travel expenses	1,360	1,400	1,470
Tobacco tax	--	300	374
	11,732	13,133	12,047

D. Offender Case Management

Objective

To prepare offenders for return to the community as useful citizens through the provision of counselling services and opportunities for social, emotional, physical and spiritual development, and through community supervision of offenders on conditional release; to ensure the recognition and protection of offenders' rights while under the authority of the Correctional Service of Canada.

Resource Summary

This Activity will account for about 26% of the Correctional Service's 1985-86 operating budget (compared with 26% forecasted for 1984-85). Personnel costs account for 80% of this amount. Revenue in this activity for 1985-86 is forecast to be in the order of $1,150,000, this revenue is derived from receipts for the incarceration of provincial inmates in federal institutions ($920,000) and from day parolees who are in receipt of wages for board and lodging ($230,000).

Figure 35: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Offender Programs - General	3,958	94	4,550	93	4,848	143
Chaplaincy	3,256	30	3,366	30	2,894	23
Social and Community Affairs	32,296	377	30,935	360	26,507	332
Case Management	67,530	1,505	65,833	1,463	57,450	1,234
Psychology	4,662	93	4,326	89	3,522	73
Living Unit Officers	51,438	1,258	52,279	1,240	43,066	1,107
	163,140	3,357	161,289	3,275	138,287	2,912

Past Financial Performance

Figure 36: 1983-84 Financial Performance ($000)

The 1983-84 actual expenditures were 1.1% lower than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	Change
Offender Programs - General	4,848	4,941	(93)
Chaplaincy	2,894	2,594	300
Social and Community Affairs	26,507	27,753	(1,246)
Case Management	57,450	55,952	1,498
Psychology	3,522	3,656	(134)
Living Unit Officers	43,066	44,988	(1,922)
	138,287	139,884	(1,597)

Description

Offender Programs-General: This sub-activity consists mainly of National and Regional Headquarters' staff who are responsible for policy and procedures development, and program quality control.

Chaplaincy: The provision of spiritual care for all denominations is of prime importance within CSC. Inmates are encouraged to develop the spiritual dimension of their lives through church services, discussion groups, religious education and pastoral visits and consultations with other inmates and with their families. Two chaplains are normally assigned to institutions that contain more than 350 inmates. Institutions with smaller populations and denominations with only a few adherents within larger institutions are served by clergy on contract or by visiting clergy. The current trend in CSC in respect to the provision of religious services and education is through an accord with the Inter-Faith Committee on Chaplaincy. The Committee assists CSC in the hiring process for chaplains on contract. This change is resulting in an increased opportunity for church organizations to be involved in the spiritual programs within CSC.

Social and Community Affairs: Offenders are provided with the opportunity for social, emotional, physical and personal development through recreation and physical fitness programs, hobby, art and craft programs, citizen participation programs, assistance programs for social and family relations and special programs to meet the needs of female,

native and other groups of offenders. Another important function is to promote effective working relationships and to administer policy on utilization of voluntary sector agencies, such as the John Howard and Elizabeth Fry Societies, for services such as parole supervision and residential services.

Case Management and Living Unit Officers: These sub-activities provide coordinated management and administration of the offender's entire sentence, ensure that inmates receive maximum benefit from all available rehabilitative opportunities, maintain assessments on all federal offenders and make recommendations to the National Parole Board for conditional release through full and day parole.

The most important aspect of the Case Management sub-activity is Individual Program Planning, which begins soon after an inmate enters an institution. It continues throughout both the institutional and conditional release phases. When an offender is assigned to a cell or living unit, the offender is also assigned to a case management team consisting of the case management supervisor, a classification officer, a living unit officer, and, as required, psychologists, security officers, and/or medical staff. This team reviews all information on the offender and develops in conjunction with the inmate a program plan. Short and long-term plans consider the offender's needs and objectives, the services and activities in which the offender will participate, and plans for eventual transfer or conditional release. The offender's participation and progress are assessed and the offender is informed on a regular basis.

Psychology: This sub-activity is concerned with the state and positive development of an inmate's mental health. Counselling and therapeutic services/opportunities are offered to inmates during their incarceration and, where warranted, while on parole. Inmate assessment and case consultation services are provided to case management staff, living unit staff and institutional administrators. Consultation services on a wide range of behavioural science issues are also provided to CSC managers and administrators.

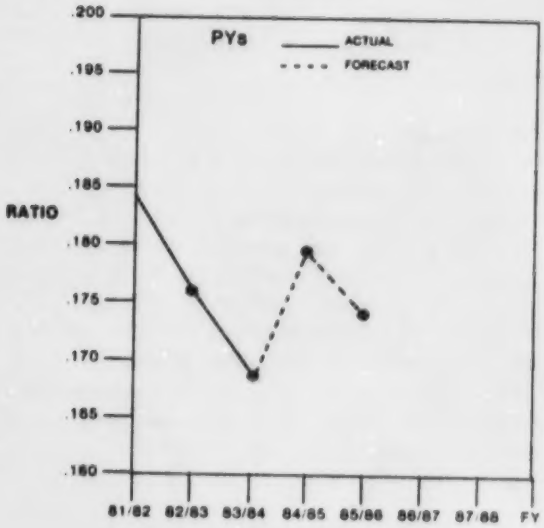
Performance Information/Resource Justifiction

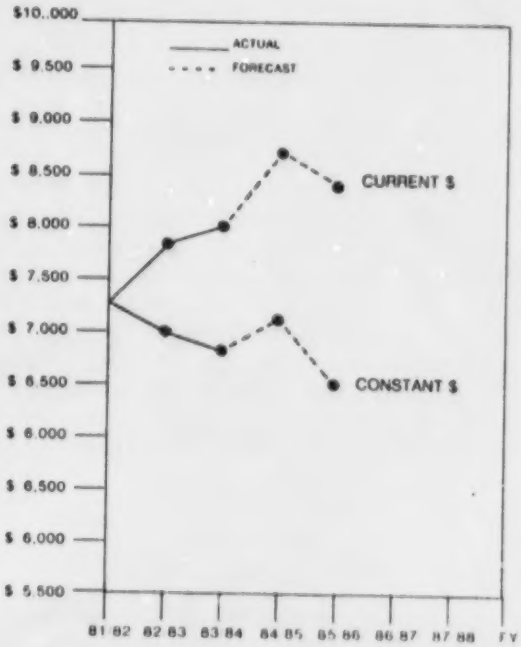
Person-years per offender is forecast to decrease and the cost per offender in constant dollars is forecast to decrease. Related effectiveness trends are presented on pages 24, 25 and 26.

Figure 37: Actual and forecast Offender Case Management Person-Year/Offender Ratio

Figure 38: Actual and Forecast Offender Case Management Expenditures Per Offender

Offender Case Management





Plans for 1985-86 include:

- containing escape rates; CSC's goal is to contain the excape rate in S1 and S2 security level institutions (minimum) at 175 per 1000 inmates or less;

- continuing and new program initiatives: these plans include introducing new initiatives to provide support and treatment, where indicated, to those offenders demonstrating special needs, (e.g. alcoholics, sex offenders, drug offenders and long term offenders);

- initiatives geared directly to female and native offenders are planned. These include enrichment programs at the Prison for Women, Native Spirituality programs and Native Liaison programs; and

- extending the Family Visiting Program to additional Federal maximum and medium security institutions.

Update on Previous Plans

Implementation of the Streamlined Case Management System: A systematic approach was taken to reviewing security and program requirements of inmates. A Reclassification Matrix was developed in 1982-83 through extensive consultation with members of the Criminal Justice System. This approach will allow CSC to use and control its resources more effectively by insuring that inmates are incarcerated at the lowest security level possible while accomplishing its mandate of rehabilitation of the offender. Recent overcrowding of CSC facilities and a consequent shortage of resources has affected the Service's efforts to fully implement this initiative. All inmates except those in SHUs or S2 security level institutions, are to be re-assessed annually in order to reduce the population in the high level security institutions.

Providing appropriate Programs for Specialized Offender Groups: Treatment programs for sex offenders have been established at three Regional Psychiatric Centres and l'Institut Philippe Pinel in Québec. Plans also include the provision of the treatment program at those institutions where a concentration of sex offenders are found. Recent modifications to the program at the RPC Pacific and the Regional Treatment Centre, Ontario have been made as a result of an internal evaluation of program delivery. An institutional program has been initiated in the Ontario Region and plans are in an advanced stage of development for implementation in the Pacific Region.

Programs for female offenders include the upgrading of facilities at the Prison for Women and the expansion of program options including word processing, upholstery, industrial sewing and woodworking. These programs augment existing programs such as microfilming and educational programs. Access to several of these programs has been made possible through the practice of daily busing of female inmates from the Prison for Women to nearby institutions such as Collins Bay and Bath.

A five-year operational plan has been developed to improve program delivery to native offenders. The overall thrust is to improve resource services and opportunities to the native offender through the development of specific policy directions and inter-linkages within CSC, with other central agencies and with the private sector.

The development of specific programs for the long term offender so as to minimize the presumed debilitating effects of long sentences has not met expectations. CSC therefore plans to bolster efforts in this area. A literature search has been undertaken on this initiative. In addition to a variety of discussion on the subject, a submission to outline alternative courses of action will be prepared by March 1985.

Expand Opportunities for Family Visiting and Citizen Participation: Since the inception of the Family Visiting Program in 1980 the program has been expanded to 20 institutions. Over 1,400 extended visits (up to three days) have been conducted. The inmates who have participated believe that the opportunity for extended contact with their families has been extremely beneficial to rehabilitation efforts.

CSC's commitment to citizen participation and the role of volunteer organizations has resulted in the development and implementation of a policy on Community Volunteers which was developed in consultation with the National Committee on Volunteers. The policy recognizes and facilitates the vital contribution that volunteers make both to the inmates and to CSC in the development of policies and programs.

Resource Requirements: The resource requirements for the Offender Case Management activity are determined largely by a combination of workload formulae and analyses of post requirements. The Offender Case Management activity is responsible for two "populations" each in a different environment. The two environments and populations are:

- institutions, where results are directed to the preparation for return to society and the timely release of the population of incarcerated inmates; and

- the offender population on conditional release in the community and under CSC supervision.

The two largest resource components are: Institutional Case Management consisting of Case Management Officers and Living Unit Officers (LUOs); and Community Case Management (Parole Offices).

Institution Case Management: The LUO requirements are determined by post analysis, related to security classification, the number of cells and the layout of each institutions, similar to the processes prescribed for Security staffing standards. The Case Management Officer requirements are determined primarily through the application of workload related standards.

Community Case Management: The Community Case Management resource requirements are determined by a series of workload-related standards based on volumes of casework documentation and the range of offender services provided to offenders on conditional release.

Psychological Services: Person-years are determined on an inmate to psychologist ratio basis and as a by-product of the staffing formula used for Institutional Case Management Officers. The number of psychologists assigned to an Institution ranges from one to three depending upon the size of the inmate population.

Social and Community Affairs: Resource requirements are based on detailed work plans reflecting the programs offered in each institution. Generally a major institution will have 10-15 person-years allocated to social and community affairs.

The Offender Case Management person-year analysis for 1985-86 is summarized in Figure 39.

Figure 39: Offender Case Management Person-year Analysis

	Person-Years			
	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Institutions	**3,224**	3,142	2,785	2,683
National Headquarters	**60**	60	56	43
Regional Headquarters	**73**	73	71	71
Total Person-Years	**3,357**	3,275	2,912	2,797

E. Health Care

Objective

To provide inmates with access to medical, psychiatric and dental treatment at a quality consistent with currently accepted Canadian practices and standards on a voluntary and emergency basis or as prescribed by qualified medical practioners; to ensure that all institutions meet accepted standards for sanitation and hygiene.

General medical community standards are accepted as CSC's standards and the Service is advised by a Medical Advisory Committee which is comprised of representatives from the Canadian Medical Association, Canadian Psychiatric Association, Canadian Nursing Association, Canadian Dental Association and College of Family Practise.

Resource Summary

Approximately 7% of the Service's 1985-86 operating budget is for Health Care expenditures (compared with 7% forecasted for 1984-85). Of this amount, 94% is for personnel or professional and special services, including approximately $9 million for l'Institut Philippe Pinel for psychiatric services in the Quebec Region. Revenue in this activity for 1985-86 is forecast to be in the order of $900,000 for contracted psychiatric services provided to the provinces.

Figure 40: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Health Care	**43,701**	**578**	43,119	540	36,174	497

Past Financial Performance

Figure 41: 1983-84 Financial Performance ($000)

The actual expenditures for 1983-84 were 7% lower than the Main Estimates Provision.

	1983-84		
	Actual	Main Estimates	**Change**
Health Care	36,174	38,890	**(2,716)**

Description

Health Care Services: A total of 26 Health Care Centres (HCCs) located in S3 to S7 security institutions serve 41 institutions. Those institutions that cannot be provided with services due to their geographic remoteness from a HCC make arrangements with local clinics, hospitals and physicians in nearby communities. HCCs are organized and staffed to provide primarily outpatient and ambulatory services although a limited number of beds are set up for short-term bed care including post-operative care where hospital facilities are not required.

The HCC staff coordinate access to the full range of community medical services for diagnosis, treatment and rehabilitation when its own resources are not appropriate.

Psychiatric Services: Psychiatric services are provided on an inpatient and outpatient basis for all institutions. Short-term or minor problems may be handled in the institution by consultant psychiatrists and HCC staff, or professional staff from Regional Psychiatric Centres providing an outpatient service. Patients who require hospitalization or who may benefit from longer term care are transferred either to provincial facilities or to one of three Regional Psychiatric Centres located in the Pacific, Prairie and Ontario Regions. Quebec Region's psychiatric services are provided exclusively by l'Institut Philippe Pinel on a contractual basis. A 12 bed psychiatric unit has been opened in Dorchester institution (October 1984) to provide care to acutely mentally-ill inmates in the Atlantic Region and a 24 bed unit is planned for Saskatchewan Penitentiary (Prairies Region) for the care of chronically mentally-ill and developmentally handicapped inmates who are not able to function in the general population.

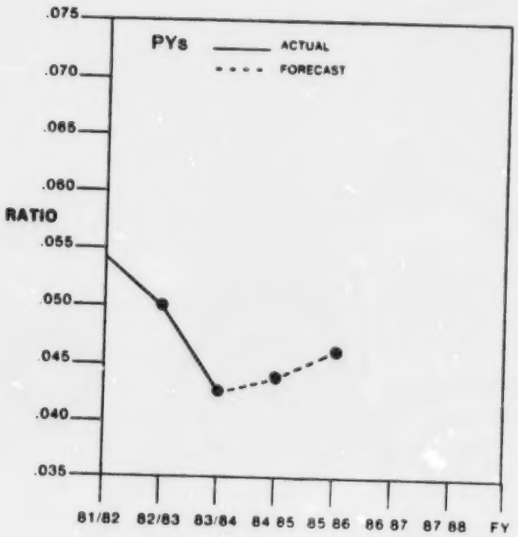
Performance Information/Resource Justification

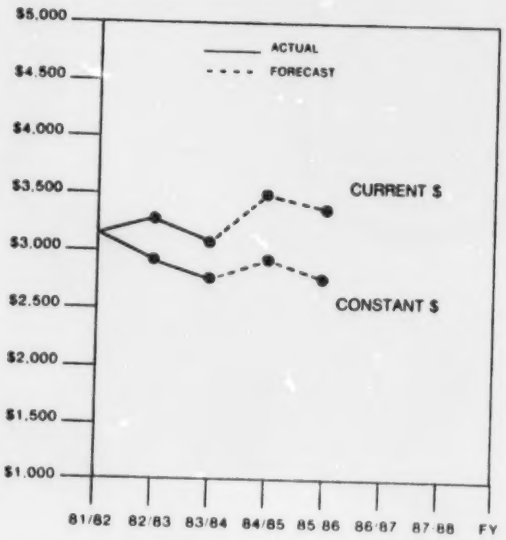
The person-year/inmate ratio is forecast to increase and the cost per inmate is forecast to decrease in 1985-86 in terms of constant dollars.

Figure 42: Actual Forecast Health Care Person-Year/Inmate Ratio

Figure 43: Actual and Forecast Health Care Expenditures per Inmate

Health Care





Plans for 1985-86 include:

- developing national plans for handling the special health care needs of violent and aggressive inmates and inmates who are chronically mentally ill and developmentaly handicapped;
- ascertaining the viability and implications of consolidating Health Care Centres by geographical location;
- improving the present system of procurement and delivery of medication to inmates, by reducing inventory, wastage, dispensing and administration time; and
- establishing a data base which will identify both medical and psychaitric health care needs to serve as a logical basis for the planning for the provision of services.

Update on Previous Plans

Treatment Program for Violent and Aggressive Inmates: Treatment programs are currently in place in the Pacific and Prairies Psychiatric Centres. Expansion of the program may be affected by resource constraints.

Accreditation: To date one institutional Health Care Unit received accreditation from the Canadian Council on Hospital Accreditation (CCHA) and one Regional Psychiatric Centre was re-accredited. The Regional Psychiatric Centre Prairies will be surveyed by the CCHA during 1984-85.

Hygiene and Sanitation: A system to ensure proper hygiene and sanitation inspections at CSC institutions was developed and pilot testing was completed in 1982-83. The system requires quarterly inspections at each institution. These inspections are in addition to those which may be conducted by Health and Welfare. CSC will re-examine with Health and Welfare the sanitation standards by which institutions are inspected.

Health Care Services: The person-year requirements for Health Care Services are based on detailed work plans submitted by Health Care Centre managers in the field. These plans are based upon requirements for emergency coverage and the estimated workload created by the inmate population. These estimates are based upon projected costs for services and supplies and projected utilization per inmate based on historical data.

Figure 44: Summary of Workloads for Health Care Centres

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
General clinic				
Visits	759,000	725,000	709,603	629,958
Seen by physician	89,700	84,200	78,395	71,185
Hospitalization (hospital days)				
Health Care Centre	23,500	22,825	19,934	22,397
Other facilities	3,400	3,250	3,102	3,139
Dental services				
Patient visits	36,000	33,600	31,054	31,265
Referrals	22,500	21,000	20,266	18,449

Psychiatric Services: The person-year and financial requirements for psychiatric services are based on detailed work plans prepared by operating managers in the field. The plans are developed using historical data on requirements and standards for psychiatric care which take into account both the type of patient and treatment program involved.

Figure 45: Psychiatric Hospital Days and Cost per Day

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Regional Psychiatric Centres	126,800	100,580	98,385	88,846
Health Care Centres	16,360	11,030	5,544	5,029
Provincial facilities	1,850	1,800	1,776	1,901
L'Institut Philippe Pinel	32,120	32,120	32,234	34,910
Total Hospital Days	177,130	145,530	137,939	130,686
Direct Cost per Patient Day				
Regional Treatment Centre-Ontario	$156.	$149.	$116.	$111.
Regional Psychiatric Centre-Prairies	$258.	$248.	$253.	$323.
Regional Psychiatric Centre-Pacific	$177.	$185.	$168.	$160.
L'Institut Philippe Pinel Quebec	$284.	$273.	$260.	$246.

F. Technical Services

Objective

To provide on a timely basis and at acceptable quality and cost, food and clothing for inmates and staff in institutions, and all other material requirements together with supporting services including institutional maintenance and cleaning, transport, telecommunications and fire protection as well as distribution and disposal for all classes of stores and equipment; to design, construct and maintain Service-wide buildings and facilities according to the needs and priorities of the Service.

Resource Summary

The Technical Services Activity accounts for approximately 19% of the 1985-86 Correctional Service operating budget (compared with 18% forecasted for 1984-85) and administers 94% of the Service's capital budget. Revenue in this activity for 1985-86 if forecast to be in the order of $7,350,000 from the operation of inmate canteens. The revenue will equal the cost of purchases less a small amount for inventory build-up.

Figure 46: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Technical services - general	161,908	121	135,212	121	97,045	119
Food services	33,333	292	33,007	282	27,407	292
Institutional services	15,230	129	14,015	122	14,289	119
Material management	14,638	168	13,939	166	10,905	166
Engineering and maintenance	54,457	704	49,107	679	46,124	654
Telecommunications and electronics	3,145	12	2,888	12	11,649	10
	282,711	1,426	248,168	1,382	207,419	1,360

Past Financial Performance

Figure 47: 1983-84 Financial Performance ($000)

The actual expenditures for 1983-84 were 1.5% lower than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	Change
Technical Services - General	97,045	111,445	(14,400)
Food Services	27,407	28,378	(971)
Institutional Services	14,289	12,129	2,160
Materiel Management	10,905	13,635	(2,730)
Engineering, Architecture and Properties	46,124	42,308	3,816
Telecommunications and Electronics	11,649	2,586	9,063
	207,419	210,481	(3,062)

The variation between the Estimates and actual expenditures in Technical Services - General and Telecommunication and Electronics sub-activities was due to a refinement in expenditure recording methods. Resources for the purchase and installation of telecommunication and electronic equipment, primarily PIDS, was included in the budget of Technical Services - General but actual expenditures were charged to the Telecommunications and Electronics sub-activity.

Description

Technical Services - General: This sub-activity manages the Activity, including major construction projects such as the building of new institutions and major renovations to older institutions.

Materiel Management: This sub-activity provides the acquisition, storage and issue of equipment and materials for all the activities in the institution, including the operation of the inmate canteen.

Institutional Services: This sub-activity provides housekeeping, clothing, and laundry service for inmates; as well as officers' uniforms, furniture and furnishings.

Food Services: This sub-activity provides meals for inmates and duty meals for staff.

Engineering and Maintenance: This sub-activity maintains and protects the lands and equipment, and manages the vehicle fleet, fire safety and energy conservation operations.

Telecommunications and Electronics: This sub-activity installs, tests and maintains electronic and telecommunications equipment. This group

is also responsible for research and development of electronic devices and systems which will make CSC operations more cost effective.

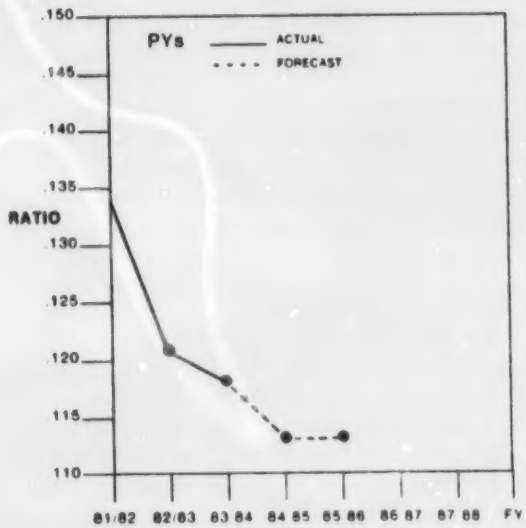
Performance Information/Resource Justification

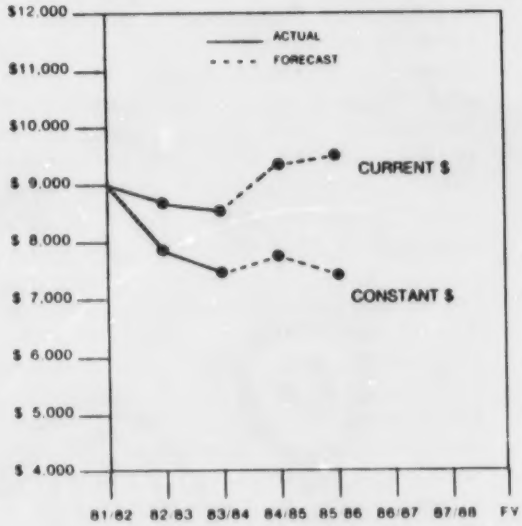
The person-year/inmate ratio is expected to increase slightly, while operating cost per inmate in constant dollars is expected to remain stable, as illustrated in figure 48 and 49.

Figure 48: Actual and Forecast Technical Services Person-Year/Inmate Ratio

Figure 49: Actual and Forecast Technical Services Expenditures per Inmate

Technical Services





Plans for 1985-86 include:

- reducing the per inmate dollar value of the operational stores inventory by 15% compared to 1983-84 levels.
- completing the implementation of the preventive maintenance portion of the maintenance management system.
- reducing the per capita constant dollar value of rations by 3%; and
- continuing the planned implementation of the Perimeter Instrusion Detection System (PIDS) in major institutions. All installations are expected to be completed by 1986-87. These installations of PIDS will result in a net saving of $3.5 million per annum over the 15 year life cycle of the equipment and a saving of 269 person-years by 1987-88.

Update on Previous Plans

Food Services Management System: The development of a Food Service Ration Control System was completed in 1982-83 and has been implemented in all Regions. Studies are also under way to tie in a cost accounting system with the food ration system. Expenditures for rations in 1983-84 were 4% lower than those of 1982-83 in terms of 1981-82 constant dollars.

Material Management System (MMIS): During 1982-83 a new material management information system was pilot tested in the Quebec Region. This system was the forerunner of a national system of centralized procurement based upon computerized inventory and standarized items which has now been implemented nationally. Developmental work is continuing on the interface between the MMIS and Financial Systems (FINCON).

Maintenance Management System: The process of introducing the maintenance management system is continuing in all institutions. At present, 30 institutions are utilizing both preventive maintenance and uniform work order sub-systems, while virtually all of the remaining facilities have introduced the work order component of the system. It is anticipated that the information generated from this system will result in significant productivity gains over the next several years. The preventive maintenance program will not be operating in all facilities until 1986-87.

Perimeter Intrusion Detection Systems (PIDS): PIDS has been installed and is operating at Edmonton Institution, RPC Saskatoon, Matsqui, Millhaven, and Joyceville Institutions, and at the RPC Pacific. Installation work is in progress at Archambault and at Stony Mountain. Additionally, PIDS is being incorporated into the institutions under construction at Drummond, RRC Quebec, and the Saskatchewan Penitentiary SHU. The savings resulting from the implementation of PIDS will be significant, as the electronics systems will cost 40% less to operate than the manual guard tower system.

Planning and contractual work has been completed for Kent, Warkworth, Collins Bay, Saskatchewan Penitentiary, and Springhill for installation of equipment during 1984-85.

Material, Management, Food and Institutional Services: The major expenditure items are personnel, food and clothing. They are discussed below.

Personnel: The Materiel Management sub-activity is staffed in accordance with a review and analysis of the requirements of individual posts. The analysis has provided the Service with the standard for person-year requirements in institutions for this sub-activity. Criteria considered in establishing these requirements are the security classification, the capacity and the layout of the institution and other variables that affect workload such as the number of inmates supervised, the number of meals prepared, and the volume of supplies and uniforms handled. An important factor in determining these personnel requirements is that a large part of the work is carried out by the inmates.

Foods: In addition to providing meals for inmates, CSC provides duty meals for certain staff. The Service's farms provide an estimated 30% of the food consumed within its facilities. The costs of these products are charged to the food account on a transfer price basis and credited as revenue in the Education, Training and Employment of Inmates Activity (see page 41).

Clothing: The Service provides all clothing for inmates, and provides new and replacement uniforms to security guards.

Engineering and Maintenance: The responsibilities and expenditures of this sub-activity relate to the maintenance and operation of the physical facilities. For 1985-86 it is estimated that 773,000 square metres of facilities will be maintained and approximately $28 million of capital funds will expended on regular maintenance of existing facilities.

Technical Services-General: A major responsibility of this sub-activity is to control CSC's capital expenditures, particularly new construction and renovation projects related to the Inmate Accommodation Plan. The Estimates for this sub-activity include the proposed construction and equipment expenditures of approximately $167 million. Details of the capital expenditures are provided in Section III of this Plan (see page 68). Additional information on the Inmate Accommodation Plan can be found in Section I, pages 9 and 21.

G. Administration

Objective

To ensure effective use is made of CSC resources by providing management information and control systems, program and operational analysis and advice to management and by implementing systems for financial visibility, accountability and control; to ensure effective use is made of CSC person-year resources by providing advice to management on fulfilling their personnel management responsibilities and by providing services in respect of manpower planning and development, recruitment, job evaluation and staff relations; to provide effective and efficient administrative services.

Resource Summary

The Administration Activity accounts for approximately 9% of the 1985-86 Correctional Services operating budget (compared with 10% forecasted for 1984-85). Revenue for this activity in 1985-86 is forecast to be in the order of $1,400,000 and includes rental from staff houses, refund of previous years expenditures and miscellaneous revenue.

Figure 50: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Administration	**22,686**	**430**	22,068	415	21,978	449
Personnel	**10,492**	**229**	10,909	228	10,674	238
Staff Training and Development	**7,796**	**117**	8,949	116	7,776	133
Finance	**17,615**	**327**	20,393	319	17,382	334
	58,589	**1,103**	62,319	1,078	57,810	1,154

Past Financial Performance

Figure 51: 1983-84 Financial Performance ($000)

The actual expenditure for 1983-84 was 13.8% higher than the Main Estimates provision.

	1983-84		
	Actual	Main Estimates	Change
Administration	21,978	17,561	4,417
Personnel	10,674	11,612	(938)
Staff Training	7,776	8,043	(267)
Finance	17,382	13,573	3,809
	57,810	50,789	7,021

The variance between the actual and estimates was due to increased salary costs for casual and part time employees required to respond to increased workload in Finance and Administration sub activities for items such as: inmate accounting transactions due to increased inmate population and peformance of work previously carried out by Department of Supply and Services (DSS); additional workload associated with compliance to the provisions of The Access to Information Act and the Privacy Act; DSS service charges in excess of the budgetary base; an under statement of the provision for employee benefit plans and the subsidization of tobacco tax. (The subsidizing of tobacco tax will cease effective 1 April, 1985.)

Description

Administration: This sub-activity manages national, regional and institutional administrative support systems including records management, directives management, forms management, word processing, translation services, procedures and processes related to access to information and privacy legislation, as well as sentence administration and admission and discharge services for inmates.

Personnel: This sub-activity administers the personnel system throughout the Service, including staff relations, classification and compensation, staffing, official languages and equal opportunities coordination. The most significant issue with regard to the personnel sub-activity is the continued effort to improve personnel management in the Service.

Staff Training and Development: This sub-activity manages the manpower planning system and operates a national Staff Induction Centre and five regional colleges which provide initial and refresher training for correctional officers and various types of training and development courses for other staff.

Finance: This sub-activity administers the Service's financial support systems, including the design and maintenance of general and cost accounting systems, and provides regular financial analyses and advice on existing and new program proposals.

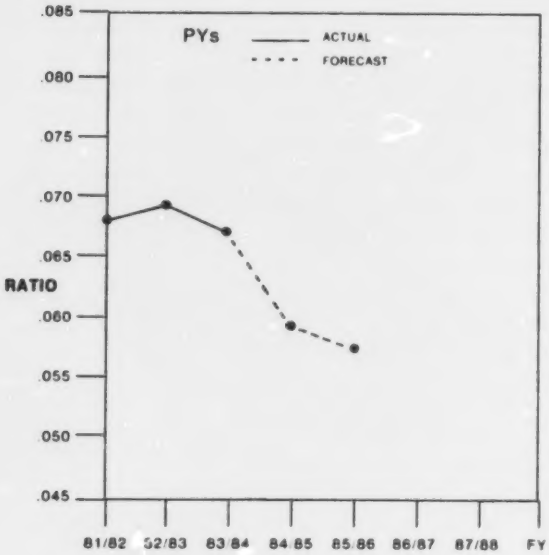
Performance Information/Resource Justification

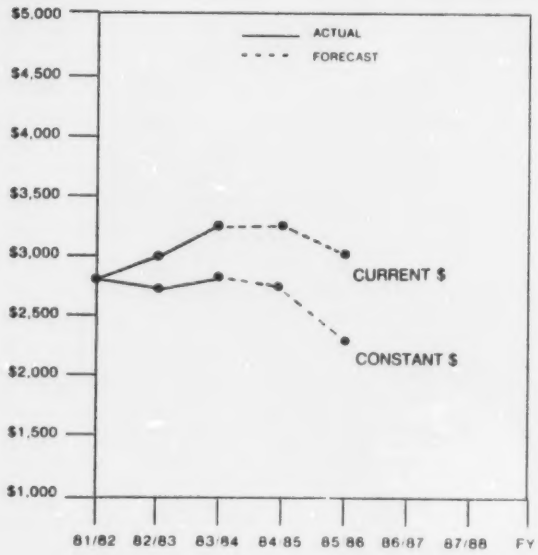
The Administration person-year offender ratio and cost per offender are displayed in Figures 52 and 53.

Figure 52: Actual and Forecast Administration Person-Year/ Offender Ratio

Figure 53: Actual and Forecast Administration Expenditure per Offender

Administration





Plans for 1985-86 include:

- developing and implementing plans leading to the automation of administrative and personnel systems and processes;
- initiation of a program to reduce controllable absenteeism;
- improving the financial function of providing controllership analysis and advice; and
- attaining a female representation in CSC of 24% of the total workforce with emphasis on increasing female security officers to 8.5%.

Update on Previous Plans

Financial and other Management Systems: CSC has improved the Financial management system through automation with the implementation of a computerized financial information and control system (FINFO/FINCON) in all institutions in 1982-83 and in District Parole Offices in 1983-84. The development of other information systems, particularly those which focus on needs at the institutional level, are proceeding on schedule. Pilot testing of several sub-systems is being conducted during 1984-85.

Staff Training: A new training program for supervisors has been developed and an orientation program for institutional case workers is under development. National training programs for correctional officers have been standardized. Training programs have been implemented for courses in crisis management, leadership, supervisor training and middle management development program.

Female Security Officers: Through the use of exclusion orders and an internal policy of zero outside recruitment of males for positions in S1 to S5 security level institutions and other initiatives the Service increased the percentage of female security officers to 6% by March, 1984.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Correctional Services expenditures by object are presented in Figure 54

Figure 54: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	372,907	358,384	318,841
Contributions to employee benefit plans	52,326	46,947	47,123
Other personnel	4,469	4,394	3,651
	429,702	409,725	369,615
Goods and services			
Travel	13,468	15,598	11,318
Telephone and telex	5,190	5,501	5,173
Other transportation and communications	1,312	1,061	1,344
Information	698	479	354
Medical	17,938	18,453	14,428
Education	14,692	16,132	9,937
After care service	14,209	13,287	10,318
Research and consultants	7,490	7,532	6,464
Other professional and special Services	17,380	21,133	21,868
Rentals	4,083	4,059	2,705
Purchased repair and upkeep	8,899	9,119	7,341
Light, power and fuel	13,729	14,486	13,583
Food	19,134	19,360	13,831
Clothing	5,760	5,345	5,197
Inventory materials	20,379	21,225	13,335
Other utilities, materials and supplies	19,676	19,679	16,823
All other expenditures	11,907	12,561	12,581
	195,944	205,010	166,600
Total operating	625,646	614,735	536,215
Capital			
Salaries and wages	850	825	2,002
Goods and Services	3,210	3,095	4,337
Construction and acquisition of land, buildings and works	152,498	125,044	92,655
Construction and acquisition machinery and equipment	12,211	12,534	15,681
Total capital	168,769	141,498	114,675
Transfer payments	1,417	1,350	1,029
Total expenditures	795,832	757,583	651,919

2. Operating Expenditures

For fiscal year 1985-86 it is estimated that operating expenditures including grants and contributions will be $11 million over the 1984-85 forecast. This represents an increase of 1.8%. However, when the effects of inflation are removed, a decrease of 3% in constant dollars is forecast.

Figure 55: Operating Costs in Current and Constant Dollars ($000)

	Current Dollars				Constant (1981-82 Base)	
	Personnel Costs	Other Costs	Total Operating	% Change	Total Operating	% Change
1983-84 Actual	369,615	167,629	537,244	--	459,344	-
1984-85 Forecast	409,725	206,360	616,085	14.7	500,877	9
1985-86 Estimates	**429,702**	**197,361**	**627,063**	**1.8**	**485,974**	**(3)**

3. Personnel Expenditures

CSC is a labour-intensive organization, with personnel costs (including statutory contributions to employee benefit plans) constituting over 68% of total operating costs.

Overall efficiency is measured using person-years per offender. However, when analyzing the trends it is important to consider the mix of inmates and offenders subject to community supervision. The resources required to staff an institution do not change significantly with fluctuations in the inmate population. Therefore, to some extent the unit costs per inmate are not subject to direct control in the shorter term. However, planning over the longer term can affect the ratio. Although the costs of community supervision are less than the costs of incarceration, a significant change in the percentage of offenders under supervision is required to change the ratio. Therefore, the relationship between person years per offender and absolute efficiency is complex. However, the ratio still indicates meaningful trends.

Figure 56 demonstrates the general downward trend in the person-year/offender ratio required to reach the CSC goal of .600/1 by 1990. This figure reflects short-term increases that may arise as a result of the need to hire staff for new or expanded institutions before they are operating, or maintaining staff levels at an old institutions until all inmates are transferred out.

Additional person-year information is presented in Figures 57 and 58.

Figure 56: Offender Population and Person-Years

	Average Inmate Population	Avge. No. of Parolees and M.S. Cases*	Total Offender Population	Staff Person-Years	P-Y/ Offender Ratio
1983-84 Actual	11,523	5,767	17,285	10,233	0.592:1
1984-85 Forecast	12,185	6,087	18,272	10,818	0.592:1
1985-86 Estimates	**12,667**	**6,619**	**19,286**	**11,105**	**0.576:1**

* M.S.-mandatory supervision

Figure 57: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Planning and Management	**330**	312	288
Custody of Inmates	**3,552**	3,498	3,322
Education, Training and Employment of Inmates	**759**	733	700
Offender Case Management	**3,357**	3,275	2,912
Health Care	**578**	540	497
Technical Services	**1,426**	1,382	1,360
Administration	**1,103**	1,078	1,154
	11,105	10,818	10,233

Figure 58: Authorized Person-Years and Average Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84	$	$
Management					
Executive	49	48	25	50,350-96,300	64,184
Senior Management	21	17	--	50,350-96,300	59,246
Scientific and Professional					
Education	180	191	186	13,609-68,070	42,071
Medicine	19	27	31	40,054-85,140	71,137
Nursing	463	417	383	18,662-49,642	31,197
Psychology	77	75	73	24,293-56,575	43,953
Social Work	35	34	26	20,575-51,192	35,957
Other	34	27	31	--- ---	---
Administrative and Foreign Services					
Administrative Services	387	411	361	13,912-57,987	37,604
Financial Administration	140	138	136	13,853-57,980	37,326
Personnel Administration	119	137	130	13,330-63,870	37,914
Welfare Program	1,437	1,253	1,116	14,860-57,980	33,326
Other	158	155	169	--- ---	---
Technical	67	76	75	10,719-63,173	32,112
Administrative Support	1,489	1,386	1,275	12,636-37,130	21,066
Operational					
Correctional	4,823	4,804	4,568	21,533-41,386	29,397
General Labour and Trades	901	880	852	14,776-40,676	30,015
General Services	523	501	482	13,253-39,988	28,866
Heating, Power Plant Operations	164	166	158	18,242-35,598	30,904
Other	19	18	18	--- ---	---

NOTE: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

4. Capital Expenditures

Figure 59 presents an analysis of total CSC capital expenditures.

Figure 59: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Proposed Accomodation Plan			
New Construction	73,917	34,026	26,819
Renovations to existing facilities	71,198	38,109	32,056
Sub-total	145,115	72,135	58,875
Regular renovation and replacement of existing facilities	34,295	77,394	33,780
Total construction	179,410	149,529	92,655
Less allowance for anticipated construction slippage	(26,912)	(24,485)	--
Budgetary provision for construction	152,498	125,044	92,655
Total equipment	12,211	12,534	15,681
Salaries, professional services and others	4,060	3,920	6,339
Total capital and equipment	168,769	141,498	114,675

Details of major capital projects are presented in Figure 60.

Figure 60: Details of Major Capital Projects ($000)

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
ATLANTIC REGION					
80 Cell L.U. Springhill Inst. Springhill, N.S. (TB794671/P TB795349/E)		5,090	240	3,560	1,290
Repair Perimeter Wall Dorchester Penitentiary Dorchester, N.B. (TB794671/P)		1,635	100	700	835
Steam and Condensate Line Dorchester Penitentiary Dorchester, N.B. (TB794671/P)		1,180	250	571	359
Upgrade and Expand Westmorland Institution Dorchester, N.B. (TB781879, TB770405, TB790323/P)	2,110	14,209	372	1,650	12,187
New Multi Security Institution, Renous, NB. (TB750927 TB764008, TB755166, TB776239 TB787676/E)	70,000	66,000	21,474	30,867	13,659
New S1/S2 Atlantic Newfoundland (TB776239/P TB770405, TB790323/P)		6,927	0	625	6,302
New S1/S2 Atlantic Nova Scotia (TB790323/P)		6,977	0	625	6,352
QUEBEC REGION					
Phone System Laval Complex Laval, P.Q. (TB790127/E)		1,200	1,000	200	
New S-6 Inst. Donnacona, P.Q. (TB776239, TB787682/E)	56,521	54,000	16,297	30,000	7,703
Upgrade Ste-Anne des Plaines Inst. S.A.D.P., Quebec (TB790323/P)		16,000	400	2,000	13,600
Redevelop Regional Reception Centre Ste-Anne-des-Plaines P.Q. (TB764230, TB770405, TB787679/E PHI, TB790323/P PHII)	23,143	25,400	13,200	9,000	3,200

Figure 60: Details of Major Capital Projects ($000) continued

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
QUEBEC REGION					
Upgrade and Expand S-3 Institution (LaMacaza) L'Annonciation, P.Q. (TB770405, TB779141, TB784750/E)	23,434	24,325	12,606	3,000	8,719
Upgrade Correctional Development Centre, Laval, P.Q. (TB782032/P)	7,792	6,170	300	3,700	2,170
New S5 Inst. Drummond II Drummondville, P.Q. (TB791796/P)		49,900	2,000	8,000	39,900
ONTARIO REGION					
Upgrade Bath Inst. Bath, Ont. (TB782032/P)		31,234	234	5,000	26,000
Segregation Unit & Health Care Centre Prison for Women Kingston, Ont. (TB794671/P)		2,325	35	772	1,519
Perimeter Intrusion Detection System Collins Bay Institution Kingston, Ontario (TB783639/E)	1,125	991	384	607	0
Perimeter Intrusion Detection System Warkworth Institution Campbellford, Ontario (TB783639/E)	912	1,039	514	525	0
Expand Warkworth Inst. Campbellford, Ontario (TB790323/P TB795339/E)		4,715	295	4,130	290

Figure 60: Details of Major Capital Projects ($000) continued

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
PRAIRIES					
Perimeter Intrusion Detection System Saskatchewan Penitentiary Prince Albert, Saskatchewan (TB783639/E)	1,344	1,019	452	567	0
Add 80 Cells Drumheller Institution Drumheller, Alberta (TB790323/P TB795338/E)		4,735	295	4,150	290
Upgrade Grierson S2 Edmonton, Alberta (TB790323/P)		6,158	158	2,000	4,000
Redevelop Bowden Institution Innisfail, Alberta (TB747308, TB757364, TB765055, TB770405, TB704553, TB789814/E)	50,000	45,000	25,919	13,000	6,081
Expand Edmonton Institution Edmonton, Alberta (TB765054, TB770405, TB790323/P)	21,469	32,554	200	3,355	28,999
PACIFIC REGION					
Expand/Upgrade Matsqui Institution Matsqui, B.C. (TB790323/P)		8,900	242	3,892	4,766
Redevelop Mountain Institution Agassiz, B.C. (TB761330 TB770405 TB772929/P TB790323/P)	45,000	46,086	4,086	8,000	34,000
Redevelop Mission Institution Mission, B.C. (TB761330, TB770405/P, TB790323/P)	4,000	2,613	1,075	1,538	0

5. Transfer Payments

Figure 61 presents a summary of all grants and contribution expenditures of Correctional Service of Canada.

Figure 61: Details of Grants and Contributions ($)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Pensions, including payments to survivors of slain employees, and other employee benefits	355,450	288,450	205,746
Penitentiary inmates accident compensation	35,000	35,000	6,902
	390,450	323,450	212,648
Contributions			
Frontier College	75,700	75,700	72,095
Canadian Association for the Prevention of Crime	---	---	22,000
L'Association des rencontres culturelles avec les détenus	52,456	52,456	50,995
M2/W2 Association of New Westminster, B.C.	50,000	50,000	42,400
Operation Springboard, Toronto	77,604	65,100	62,000
Prison Fellowship of Canada	9,683	9,683	9,222
St. Leonard's Society of Canada	---	---	21,000
Prison Arts Foundation	---	---	25,700
University of Saskatchewan	---	---	25,000
Canadian Training Institute	95,000	95,032	16,500
Association des services de réhabilitation sociale	---	72,095	29,367
Service d'aide des prisonniers	---	---	8,300
Maison Painchaud	---	---	10,000
John Howard Society of Ontario	---	10,000	10,000
Native Counselling Services of Alberta	183,426	183 426	217,889
Native Clan Organizations	113,172	43,172	80,837
Allied Indian and Métis Society	115,000	115,000	92,640
Anglican Diocese of Ottawa	15,000	15,000	---
Other	239,959	240,466	20,802
Total	1,027,000	1,027,130	816,747
	1,417,450	1,350,580	1,029,395

B. Cost Analysis

Net Program Cost

CSC's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Program on a full cost basis. Also to be taken into consideration are revenues generated by the Program that are credited to the Consolidated Revenue Fund. These items have the effect of increasing Program costs by approximately .2%.

Figure 62: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Cost	Total Cost	Deduct Revenue	**1985-86 Total Net Cost**	Forecast 1984-85
Planning and Management	21,121	964	22,085	---	**22,085**	22,091
Custody of Inmates	149,202	10,278	159,480	---	**159,480**	151,207
Education, Training and Employment of Inmates	73,084	2,249	75,333	20,075	**55,258**	62,551
Offender Case Management	161,393	9,637	171,030	1,150	**169,880**	168,292
Health Care	43,537	1,606	45,143	900	**44,243**	43,745
Technical Services	120,096	4,176	124,272	7,350	**116,922**	111,008
Administration	57,213	3,212	60,425	1,400	**59,025**	63,015
	625,646	32,122	657,768	30,875	**626,893**	621,909

The adjustments made to the voted budgetary expenditures to arrive at total net cost involve:

- the removal of capital expenditures ($168,769,000);
- the removal of transfer payments ($1,417,450);
- the inclusion of a depreciation charge on estimated fixed assets ($14,090,000);
- the inclusion of services provided without charge by Public Works ($6,500,000), Treasury Board ($7,685,000), and other departments ($3,847,000); and
- the deduction of all forecast revenues generated by the Program credited to the Consolidated Revenue Fund ($30,875,000).

C. Cost of Maintaining Offenders by Security Level

The following table is a four year summary of direct institutional costs per offender (excluding capital).

Figure 63: Cost Summary - Current Dollars

	1983-84 Annual Cost per Offender (Current $)	1982-83 Annual Cost per Offender (Current $)	1981-82 Annual Cost per Offender (Current $)	1980-81 Annual Cost per Offender (Current $)
Maximum-male	49,460	47,942	47,043	41,137
Maximum-female	56,693	62,872	62,395	44,947
Medium	35,418	34,223	34,574	29,226
Minimum*	32,919	34,018	35,208	29,171
CCC	21,021	21,218	18,879	17,142
Parolee	3,814	3,273	2,893	2,682

* Includes Farms.

The following table provides the same four year summary of direct institutional cost per offender (excluding capital) in constant 1981-82 dollars.

Figure 64: Cost Summary - Constant Dollars (1981-82 base)

	1983-84 Annual Cost per Offender (Constant $)	1982-83 Annual Cost per Offender (Constant $)	1981-82 Annual Cost per Offender (Constant $)	1980-81 Annual Cost per Offender (Constant $)
Maximum-male	42,288	43,148	47,043	46,197
Maximum-female	48,473	56,585	62,395	50,475
Medium	30,282	30,801	34,574	32,821
Minimum*	28,146	30,616	35,208	32,759
CCC	17,973	19,096	18,879	19,250
Parolee	3,261	2,946	2,893	3,012

Department of Communications

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Department of Communications

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. A table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $340,168,000 in support of the 1985-86 Communications and Culture Program. This amount includes $10,000 of non-budgetary expenditures for loans to institutions and public authorities in Canada pursuant to Section 29 of the Cultural Export and Import Act. The remaining expenditures, estimated at $13,226,400 for pensions and other employee benefits, the Minister's salary and motor car allowance and the Government Telecommunications Agency will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Communications and Culture Program		
1	Operating expenditures	130,890	127,737
5	Capital expenditures	13,879	24,388
10	Grants and contributions	58,509	47,468
15	Payments to the Canada Post Corporation	55,093	55,650
20	Payments to Canada Museums Construction Corporation Inc.	81,787	62,000
(S)	Minister of Communications - Salary and motor car allowance	42	40
(S)	Contribution to employee benefit plans	11,673	9,840
(S)	Government Telecommunications Agency Revolving Fund	1,511	1,776
	Total Budgetary	353,384	328,899
L25	Loans to institutions and public authorities under the Cultural Property Export and Import Act	10	10
	Total Program	353,394	328,909

Extracts from Part II of the Estimates

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Communications and Culture Program	
1	Communications and Culture - Operating expenditures and authority to spend revenue received during the year	130,890,000
5	Communications and Culture - Capital expenditures	13,879,000
10	Communications and Culture - The grants listed in the Estimates and contributions	58,509,000
15	Communications and Culture - Payments to the Canada Post Corporation for costs associated with cultural publication mailings	[illegible]
20	Payments to Canada Museums Construction Corporation Inc. in respect of operating and capital expenditures for the construction of the National Gallery of Canada and the National Museum of Man	81,787,000
L25	Loans to institutions and public authorities in Canada in accordance with terms and conditions approved by the Governor in Council for the purpose of Section 29 of the Cultural Property Export and Import Act	10,000

Extracts from Part II of the Estimates

Program by Activities

(Thousands of dollars)	1985-86 Main Estimates									1984-85 Main Estimates
	Authorized person-years	Budgetary						Non-budgetary	Total	
		Operating	Capital	Transfer payments	Sub-total	Less: Revenue credited to vote	Total	Loans investments advances		
Research	512	41,356	4,773	1,181	47,310	5,283	42,027	-	42,027	39,341
Technology Applications and Industry Support	138	20,363	7,210	22,094	49,667	-	49,667	-	49,667	55,443
Government Telecommunications Agency Revolving Fund	218	170,735	174	-	170,909	169,398	1,511	-	1,511	1,776
Management of the Radio Frequency Spectrum	975	47,533	1,790	45	49,368	630	48,738	-	48,738	46,812
Policy Development and Coordination	177	12,095	8	2,929	15,032	361	14,671	-	14,671	12,840
Cultural Affairs	80	62,322	10	32,260	94,592	-	94,592	10	94,602	90,907
Departmental Administration	297	20,303	88	-	20,391	-	20,391	-	20,391	19,790
Canada Museums Construction Corporation Inc.	-	81,787	-	-	81,787	-	81,787	-	81,787	62,000
Total	2,397	456,494	14,053	58,509	529,056	175,672	353,384	10	353,394	328,909

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 1 - Communications - Operating expenditures and authority to spend revenue received during the year	109,863,900	109,908,073	105,282,841
Vote 5 - Communications - Capital expenditures	17,801,000	31,551,000	23,947,988
Vote 10 - Communications - The grant listed in the Estimates and contributions	22,073,500	27,106,740	18,967,124
Statutory - Minister of Communications - Salary and motor car allowance	39,100	40,975	40,975
Statutory - Contributions to employee benefit plans	8,788,000	9,781,000	9,781,000
Statutory - Refunds of amounts credited to revenue in previous years	-	127,401	127,401
	158,565,500	178,515,189	158,147,329
Statutory - Government Telecommunications Agency Revolving Fund	1,601,000	1,208,756	1,208,756
Total Program	160,166,500	179,723,945	159,356,085
Budgetary			
Vote 15 - Arts and Culture - Operating expenditures	5,723,000	6,669,000	5,435,486
Vote 20 - Arts and Culture - The grants listed in the Estimates and contributions	15,957,000	28,875,250	21,543,687
Vote 25 - Arts and Culture - Payments to the Canada Post Corporation for costs associated with cultural publication mailings	53,000,000	53,000,000	53,000,000
Statutory - Contributions to employee benefit plans	378,000	421,000	421,000
	75,058,000	88,965,250	80,400,173
Non-Budgetary			
Vote 30L - Arts and Culture - Loans to institutions and public authorities in Canada in accordance with terms and conditions approved by the Governor in Council for the purposes of Section 29 of the Cultural Property Export and Import Act	10,000	10,000	4,920
Total Program	75,068,000	88,975,250	80,405,093

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

For 1985-86 the Communications and Culture Program's highlights are:

- to continue to support the L-SAT program in conjunction with the European Space Agency (ESA) at a projected cost of $20.6 million (see pages 22 and 36);

- to assist the Satellite Prime Contractor in the development of Advanced Payload Systems (SPCDAPS) at a projected cost of $4.5 million (see pages 22 and 36);

- to continue to administer the Special Program of Cultural Initiatives (SPCI) that financially assists cultural organizations and institutions to improve their corporate management, to upgrade their facilities, to support projects with the potential offered by new technologies and to support special national activities at a projected cost of $29 million and ten person-years (see pages 22 and 59);

- to provide overall management and coordination of the Department's participation in the development, negotiation and implementation of the Economic and Regional Development Agreement (ERDA) with the province of Manitoba at a projected cost of $2.2 million and three person-years (see page 54);

- to implement the first full year of operation of the Canadian Workplace Automation Research Centre (CWARC) at a projected cost of $8.2 million and 59 person-years (see page 32);

- to expand the David Florida Laboratory (DFL) to meet the growing requirements of Canadian industry for the environmental testing of different types of spacecraft at a cost of $3.9 million (see page 36);

- to manage and support international collaboration activities in the field of information communications at a projected cost of $1 million and three person-year (see page 32);

- to implement the Telecommunications Policy Strategy (see page 54);

- to negotiate and establish bilateral film and video tape co-production agreements with several countries (see page 54);

- to assist the Canadian periodical industry and to ensure that Canadians at home and abroad have access to Canadian publications through a postal rate subsidy at a cost of $55.1 million (see page 59);

- to ensure the protection of creator's rights by finalizing draft copyright legislation in collaboration with the Department of Consumer and Corporate Affairs for Cabinet approval and parliamentary consideration (see page 58);

- to complete the Bridging Phase for MSAT at a projected cost of $1 million and seven person-years (see page 36); and

- to include the payments of $81.8 million in 1985-86 to the Canada Museums Construction Corporation Inc. for the operation of the corporation and for the construction costs of the new National Gallery and the National Museum of Man (see page 73).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

Activity	Estimates 1985-86 Expenditures	Estimates 1985-86 Revenue Credited to Vote	Estimates 1985-86 Net Expenditures	Forecast 1984-85 Net Expenditures	Net Change	For Details See Page
Research	47,310	5,283	42,027	47,500	(5,473)	28
Technology Applications and Industry Support	49,667	-	49,667	67,347	(17,680)	33
Government Telecommunications Agency Revolving Fund[1]	170,909	169,398	1,511	1,776	(265)	37
Management of the Radio Frequency Spectrum[2]	49,368	630	48,738	46,765	1,973	43
Policy Development and Coordination	15,032	361	14,671	13,007	1,664	50
Cultural Affairs[3]	94,602	-	94,602	93,612	990	55
Departmental Administration	20,391	-	20,391	20,058	333	60
Total Departmental Operations	447,279	175,672	271,607	290,065	(18,458)	
Payments to Canada Museums Construction Corporation Inc.[4]	81,787	-	81,787	62,000	19,787	73
Total Program	529,066	175,672	353,394	352,065	1,329	
Person-years	-	-	2,397	2,369	28	

1 On an accrual basis this amounts to expenditures of $171,000 and revenue of $171,000. For reconciliation of the cash and accrual bases of presentation see page 37.

2 This activity will earn approximately $35 million, credited to the Consolidated Revenue Fund, based on 1984-85 fee schedules (see page 43).

3 It should be noted that the expenditure figure includes $10,000 for loans to institutions and public authorities in Canada.

4 In 1985-86 the resonsibility for payments to the Canada Museums Construction Corporation Inc. will be transferred from Public Works Canada to the Department of Communications.

Explanation of Change: The major items contributing to the net increase of $1.3 million (0.4%) in the 1985-86 requirements over the 1984-85 forecast are:

	$ million
• increase to the 1985-86 cash requirement as a result of an adjustment to the cash flow for each of the three remaining years of construction for the National Gallery and Museum of Man;	19.8
• increase in funding for the Special Program of Cultural Initiatives;	13.5
• increase in the L-SAT program;	4.0

• funding for the various ERDA projects;	3.7
• decrease in funding for the Telidon program;	(10.1)
• decrease in funding for the Book Publishing program;	(9.9)
• decrease in funding for the Special Recovery Capital Projects program;	(6.9)
• decrease in funding for Satellite Prime Contractor;	(5.2)
• decrease in funding for the Office Communications Systems program; and	(3.8)
• other miscellaneous adjustments.	(3.8)

Explanation of 1984-85 Forecast: The 1984-85 Forecast (which is based on information available to management as of October 31, 1984) is $352,065,000 or 7.0% higher than the 1984-85 Main Estimates of $328,909,000 (Extracts from Part II of the Estimates, Page 4). The difference of $23,156,000 reflects the following major items:

	$ million
• rephasing of funding for the Telidon program;	6.2
• additional funding for MSAT;	3.4
• additional funding for the Special Program of Cultural Initiatives;	1.3
• funding for the Canadian Workplace Automation Research Centre;	8.5
• expansion of the David Florida Laboratory; and	1.6
• other miscellaneous increases.	2.2

B. Recent Performance

1. Highlights

In addition to the plans set out in the 1984-85 Expenditure Plan, two major initiatives which gained prominence and focus during 1984-85 were:

- the preliminary stages of implementation of the Canadian Workplace Automation Research Centre (CWARC) (see page 22); and

- a Regional Dimension Action Plan designed to strengthen existing regional and headquarters collaboration in the formulation of strategy and the delivery of services (see page 22).

Major achievements within the Communications and Culture Program for 1983-84 include the following.

- Early work in computer graphics, image compression, programming languages, etc., led to the graphics coding scheme that became the key for Canada's videotext/teletext concept, Telidon. In 1983, the updated Telidon format became the basis for the U.S./Canada national standard (NAPLPS) and has been accepted for recommendation by the International Telegraph and Telephone Consultative Committee (CCITT) as an international standard. This accomplishment has spearheaded national and international market thrusts for equipment and services.

- The Elie/St-Eustache field trial in rural Manitoba successfully demonstrated the use of fibre optic technology to deliver integrated services to the home; television, FM radio, telephone and data (Telidon). This experience has contributed to place Canada in the forefront of developments using fibre optic technology.

- Surface Acoustic Wave (SAW) and Vertical double-diffused Metal Oxide Semiconductor (VMOS) device technology was successfully transferred to Canadian industry. Efficient, low cost digital microprocessor-based voice coding technology was licenced to industry through CPDL; and, reproducible 1 micron Gallium Arsenide Field Effect Transistor (FET) processes were established, making possible high frequency microwave devices for higher capacity space communication systems.

- With support from the Program, Canadian firms responded on schedule to the following export opportunities and won the resultant contracts: Brazilsat, Intelsat VI receivers and channel amplifiers and Earth stations for China.

- A study was commissioned to assess the uses of telecommunications in the Canadian health care system. The study identified four applications where advanced telecommunications can contribute towards the efficient delivery of health care.

- The following studies were completed and made available to appropriate readership within government: The Canadian Telecommunications Industry Export Market Opportunities in the Eighties; the Canadian Communications Sector: An Environmental Assessment; and An Economic Analysis of Enhanced Services. In addition eight studies for a larger audience were completed and published in 1983-84 or will be published in 1984-85.

- Specifications were released for the certification of cellular radio equipment, including a North American compatibility standard and one for an emergency locator transmitter.

- The Department developed policies for the provision of cellular mobile radio services and management of the public process leading to the awarding of radio licences in all regions of Canada.

- The Department authorized 42 AM broadcast stations to conduct experimental AM stereophonic transmissions.

- Revenue of approximately $17.5 million was received for the issuance of 63.5 million licences, together with fees amounting to $925,000 for interconnect application assessments, testing certification and labels, $115,000 for radio equipment application assessments, testing and certification and $579,000 for ship radio inspections.

- The Department coordinated a large-scale World Communications Year project with both a static and mobile display which has been requested for international display.

- The ongoing operations of spectrum management were maintained with less than a 0.5% variance in the utilization of financial resources and a 0.6% variance in person-year resources.

- The Department successfully secured for Canada the numbers of orbital positions and frequency channels required to support the Canadian direct-broadcasting satellite service industry.

- Signatures were obtained on film and television co-production agreements with France and Belgium, and negotiations were conducted with the United Kingdom, Italy, Spain, Australia, Israel, Japan, Algeria and Mexico.

- The Department also developed and implemented a Federal-Provincial Strategy reflecting Communications and Culture together with a Regional Dimension Action Plan promoting regional sensitivity with regard to Policy Development and Program Delivery.

- The Department implemented some of the major thrusts of the Broadcasting Strategy, including issuance of the document entitled "Building for the Future", which provided guidelines for the CBC on its policy orientation and activities; implementation of the Canadian Broadcast Program Development Fund; and follow-up on the Northern Broadcasting Policy.

- The Department developed a new National Film and Video policy, including major improvements to the operation of the Canadian Film Development Corporation (CFDC), now called Telefilm Canada, and the National Film Board of Canada.

- The Department developed a proposal to obtain Government's approval to establish a federal program that would protect travelling exhibitions valued at $1 million or more, that are hosted by Canadian museums, galleries, libraries and archives.

- The Department developed a proposal for a Canadian Library Information Network.

- The Department also emphasized projects to modernize the government's telecommunications network, by taking advantage of advanced technology now available from the common carriers and the telecommunications industry, and to develop software techniques and operating procedures that would facilitate communication between dissimilar word processors currently in place in the government.

2. Review of Financial Performance

Figure 2 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84				
	Actual			Main Estimates	Change
	Gross Expend-itures	Revenue Credited to Vote	Net Expend-itures		
Research	35,480	5,295	30,185	31,534	(1,349)
Technology Applications and Industry Support	53,110	-	53,110	54,566	(1,456)
Government Telecommunications Agency Revolving fund	131,198	129,989	1,209	1,601	(392)
Management of the Radio Frequency Spectrum	44,871	579	44,292	43,050	1,242
Policy Development and Coordination	13,230	-	13,230	12,343	887
Cultural Affairs[1]	80,405	-	80,405	75,068	5,337
Departmental Administration	17,331	-	17,331	17,073	258
	375,625	135,863	239,762	235,235	4,527

1 It should be noted that the expenditure figure includes $5,000 for loans to institutions and public authorities in Canada.

Explanation of Change: The difference between 1983-84 actual expenditures and Main Estimates of $4,527,000 is comprised of the following major items:

	$000
• additional Supplementary Estimates;	31,762
• roll-overs of major projects;	(24,537)

- budget reduction in the Cultural Affairs Activity; and (1,960)

- lapse in the Grants to Moveable Cultural Properties. (680)

During 1983-84, the Department received additional resources of $31,761,663 through Supplementary Estimates of which major items included were:

	$000
• three projects under the Special Recovery Capital Projects Program (SRCPP) (see page 29 and 56);	7,800
• additional resources for L-SAT and MSAT (see page 34);	1,430
• approval of a two-year extension of the Telidon Program, including 32 person-years (see page 34);	9,500
• the continuation of the Special Program of Cultural Initiatives, including 6 person-years (see page 56); and	10,810
• the sustaining grant to the Fathers of Confederation Building Trust (see page 56).	1,034

There were several projects undertaken during 1983-84 that required a rephasing of their cash flow and resulted in $24,537,000 being rolled-over to future years. Major items included in this amount are:

	$000
• Telidon Exploitation Program (see page 34);	5,580
• L-SAT Program of the European Space Agency (see page 34);	5,102
• Office Communications Systems Program (see page 34);	1,456
• Satellite Prime Contractor Development of Advanced Payload Subsystems (see page 34);	1,525
• Canadian Workplace Automation Research Centre (SRCPP) (see page 29); and	4,100
• Special Program of Cultural Initiatives (see page 56).	4,835

C. Background

1. Introduction

The Communications and Culture Program encompasses activities that range from the information carriage and storage technologies of modern communications to the artistic and cultural communities that produce the content. The Program plays a practical role in developing new telecommunications, space and information technologies; supporting industries that apply these technologies; managing the radio frequency spectrum; planning and coordinating government telecommunications; and administering special programs to support selected cultural industries. In addition, the Program plays a policy role in developing national telecommunications broadcasting and related policies, in developing positions to protect and promote Canadian interests in international negotiations regarding equipment standards, and in use of the radio frequency spectrum, including geostationary orbits. The Program also determines and enforces policies and regulations to safeguard the radio frequency spectrum, develops national cultural policy, and analyzes social policy issues arising from the application of communications, space and information technologies.

Other government departments and agencies make constant and substantive demands on the Communications and Culture Program. The work of the Government Telecommunications Agency involves defining and satisfying the communications needs of other government departments. Spectrum Management services are essential to the assessment of broadcasting applications by the CRTC, the inspection of ship radio stations on behalf of the Department of Transport and the provision of ionosonde data to the Department of National Defence. Broadcasting policy requires coordination with the Canadian Radio-television and Telecommunications Commission (CRTC) and the Canadian Broadcasting Corporation (CBC). Research and development work in the domains of both communications research and space involves interministerial agreements with the Department of National Defence and other departments for which the Department of Communications (DOC) carries out many projects. Liaison with industry and universities includes participation in programs of other government departments such as the Program for Industry/Laboratory Projects (PILP), the Unsolicited Proposals Program (UP) and the Industrial and Regional Development Program (IRDP). Space-related activities must be coordinated with the ten federal ministries that make up the Interdepartmental Committee on Space.

A number of government departments work closely with the Cultural Affairs component of the Communications and Culture Program. Revenue Canada has delegated to DOC responsibility for administering the Canadian Film Certification Program. The Cultural Statistics Program is directed and funded jointly by Statistics Canada and the Communications and Culture Program. There is also an agreement with the Canada Post Corporation on rate structures and payment of costs associated with mailings of certain categories of mail. The Program also works closely with the Department

of External Affairs to ensure that links are established with international communities and authorities and that substantive Canadian contributions are made at international fora. The Program also advises the Minister on the achievement of national cultural objectives by cultural agencies and boards.

2. Legal Mandate

The primary legislative authorities that form the basis for the Communications and Culture Program are to be found in the Radio Act, the Broadcasting Act, the Department of Communications Act, the Telegraph Act, the National Transportation Act, the Telesat Canada Act, the Railway Act, Part II and III of the Broadcasting Act in relation to the Canadian Radio-television and Telecommunications Commission and the Canadian Broadcasting Corporation, the Canada Council Act, the National Library Act, the National Arts Centre Act, the National Museums Act, the Public Archives Act, the National Film Act, the Cultural Property Export and Import Act and the Canadian Film Development Corporation Act.

3. Program Objective

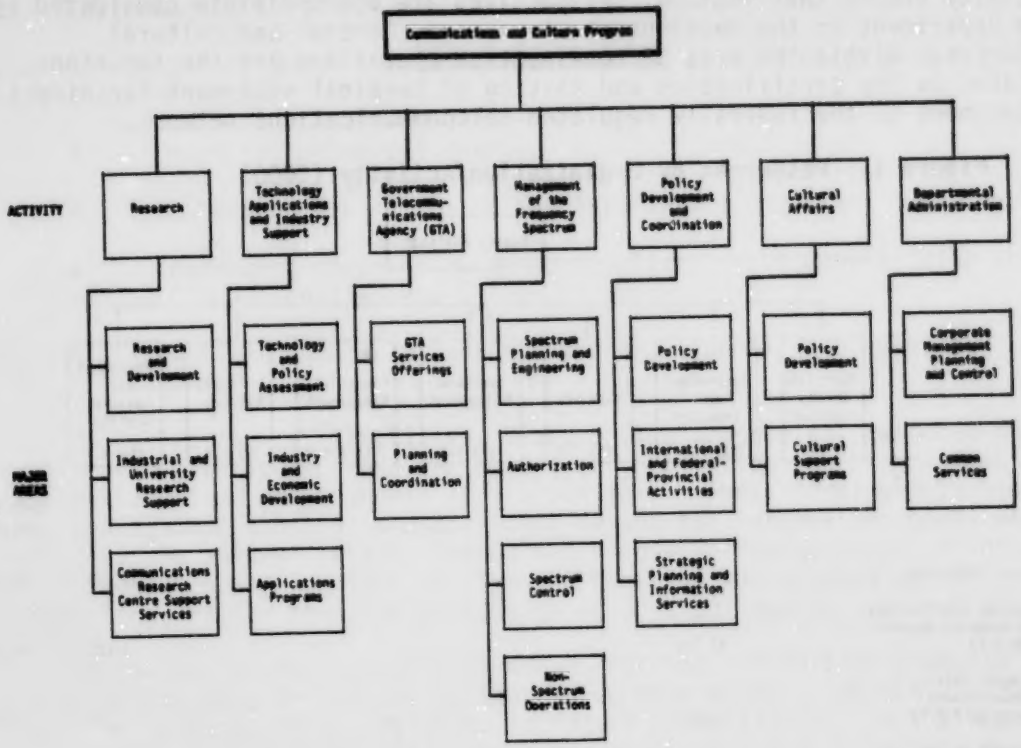
The objective of the Communications and Culture Program is "to develop policies, programs and cooperative arrangements which achieve Canada's social and economic objectives for communications and culture and to foster the orderly development and operation of communications and culture for Canada in both the domestic and international spheres."

4. Program Organization for Delivery

Activity Structure: The Communications and Culture Program comprises seven Activities. Each of these Activities is divided into areas, as presented in Figure 3.

Research and Technology Applications and Industry Support are the two Activities that develop technologies, provide advice to other Activities of the Department and to other departments and agencies and promote exploitation of these technologies by industry. Management of the Radio Frequency Spectrum manages both the utilization and development of the radio frequency spectrum nationally and through international agreements and regulations protects Canada's rights regarding use of the spectrum. The Government Telecommunications Agency provides for the utilization and regulation of telecommunications facilities. Policy Development and Coordination ensures the orderly and efficient development of the telecommunications infrastructure, the application of advanced technologies, and the introduction of new services for telecommunications and culture as fields of endeavour, both domestically and abroad. Cultural Affairs develops national cultural policy and ensures that the cultural milieu benefits from technological advances in the fields of communications and information. The Departmental Administration Activity contains management and support services.

Figure 3: Activity Structure



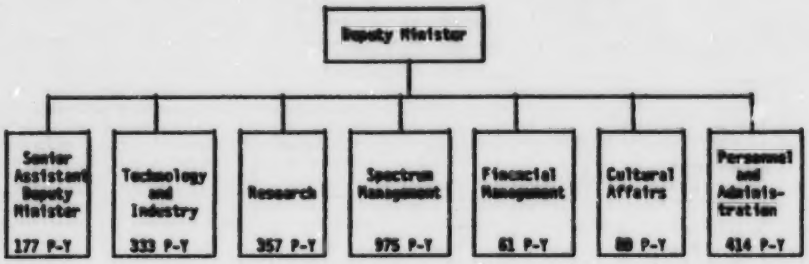
Organization Structure: Figure 4 relates the Program's organizational structure to its activities by showing the 1985-86 resources required.

The costs for the Research Activity shown under the Personnel and Administration Sector represent the sub-activity of the Communications Research Centre Support Services, which is administered by the Director General Personnel and Administration. The costs for the Technology and Industry Support Sector include those costs associated with the David Florida Laboratory Support Services, which is administered by the Director General Personnel and Administration. The Personnel and Administration Sector also includes costs for both the Minister's and Deputy Minister's offices.

The Spectrum Management Sector manages the radio frequency spectrum by providing both centralized functions where appropriate and decentralized operations in regional, district and sub-offices in five regions (see Section III, page 76 for a list of field offices). The Government Telecommunications Agency has representatives located in six of these offices. These offices provide the primary point of contact to the

general public for all of DOC's programs and services. In addition to ensuring accessibility by the public, the non-spectrum operations of the activity ensure that regional perspectives are appropriately considered by the Department in the development of economic, social and cultural policies. Within the area of non-spectrum operations are the functions related to the certification and testing of terminal equipment for direct attachment to the federally regulated telecommunications network.

Figure 4: Resources by Organization/Activity ($000)



								Activity Total
Research (512 P-Y)			30,804				11,223	42,027
Technology Applications and Industry Support (138 P-Y)		47,765					1,922	49,687
Government Tele-communications Agency (218 P-Y)		1,511						1,511
Management of the Radio Frequency Spectrum (975 P-Y)				48,738				48,738
Policy Development and Coordination (177 P-Y)	14,671							14,671
Cultural Affairs (88 P-Y)	285					94,317		94,602
Departmental Administration (297 P-Y)					3,982		16,409	20,391
	14,956	49,276	30,804	48,738	3,982	94,317	29,554	271,627

Note: This table does not include the payments to the Canada Museums Construction Corporation Inc.

D. Planning Perspective

1. Environment

The environment in which the Communications and Culture Program operates is characterized by:

- rapid technological change;
- a sharp growth in demand for information goods and services;
- increasing competition among suppliers, both domestically and internationally; and
- constant change in Canada's social, economic and cultural life.

Microelectronics, satellites, fibre optics and digital switches have combined to greatly increase the amount of information that communications systems can store and transmit at a given cost. These developments have occurred against a background of rising demand for information goods and services. To a large extent, Canada has become an "information society;" an increasing number of jobs involve the creation and processing of information, rather than the production of physical goods.

In Canada, there is continual demand for new information products and a high growth rate in industries that serve this market. Office automation, for example, is essential to increased productivity. In the home, technologies like Telidon will change the way television is used by making it a complete information, entertainment and education centre. Satellites will extend the benefits of these new telecommunications services to rural and remote parts of the country.

While these developments promise many opportunities for Canadians, they also pose new challenges to ensure that automation and the new information and communications technologies contribute to, and form part of the natural evolution of Canadian cultural life. A high level of support for Canadian cultural activity and continuous content creation is required to take advantage of the rapidly expanding and changing communications environment. The very technologies that open the way for Canadian creators to global markets conversely open the Canadian market to foreign cultural products. The challenge is to increase the quality of Canadian cultural products while taking the fullest possible advantage of communications technologies to capture a greater share of the market both within Canada and abroad.

Developments in the environment have thus increased both the demands placed upon the Communications and Culture Program and its workload. Communications, information and space technology research and development, in addition to supporting other Activities of the Department, provide

essential support to the growth of high-technology industries in Canada. Industrial support programs aimed at exploiting the applications of new technologies must continue to be developed to assist in the maintenance and evolution of these industries.

The task of developing policy to ensure the orderly and efficient evolution of the Canadian communications system, coupled with a concerted effort to foster Canadian cultural activities, becomes ever more complex in an environment of increasing competition and rapid technological innovation. The social implications of new communications and information technologies must also be examined to determine their growing impact on Canadian life. Many of these factors have also placed increasing demands on the Program's operational responsibilities for regulating the radio spectrum and planning government telecommunications, as Canadians everywhere avail themselves of the growing numbers of products and services spawned by technological innovation.

2. New and Continuing Initiatives

The Department has a number of existing initiatives. Figure 5 displays the historical and estimated costs of the major existing initiatives.

Figure 5: Cost of Existing Initiatives ($000)

Initiatives	1985-86		Expenditures to March 31, 1985		Total Project Cost	
	$	P-Y	$	P-Y	$	P-Y
L-SAT	20,590	-	64,113	-	93,093	-
SPCDAPS	4,525	-	8,475	-	13,000	-
CWARC	8,183	59	3,308	26	N/A	-
SPCI	29,228	10	21,143	16	N/A	-
Reg. Rep.	2,420	47	see page 46		N/A	-

Existing major initiatives supported by the Communications and Culture Program are:

Large Satellite Program (L-SAT): Under the terms of an Agreement of Cooperation signed in 1979 by the European Space Agency (ESA) and the Government of Canada, Canada actively participates in ESA's activities. The purpose of the L-SAT (now known as Olympus) Program is to develop a cost-effective multipurpose commercial satellite platform designed to accommodate a range of future telecommunications space missions. Launch of Olympus I is targeted for 1987, with mission activities designed to promote new services scheduled through 1992. National contributions are

based on each country's expected industrial return. Currently estimated at 11% for Canada, these contributions will be adjusted one year after launch to reflect actual returns. Canadian industry will benefit by being able to use the Olympus platform for domestic and possible export programs, as well as through follow-on sales of subsystems and components. Canadian companies are already strengthening their ties with the European space industry as a result of the Olympus work. The anticipated return to Canadian industry is 58% of Canada's contribution during this development; it could be many times the original investment through subsequent commercial sales of the platform (see page 36).

Satellite Prime Contractor Development of Advanced Payload Subsystems (SPCDAPS): This development program, extending from October 1983 to March 1986, was designed to consolidate the Prime Contractor's capabilities by developing specific satellite subsystems and components that will be required in the next generation of communications satellites for both export and domestic use. The program focuses on antennas, receivers, solid state power amplifiers, and design support, which provides essential prime contractor capabilities such as mission planning and analysis. The project areas were selected to provide the maximum potential industrial impact for the government funds invested. In total, the Prime Contractor expects some $140-160 million annually in export and domestic sales of satellites and subsystems, with a $13 million DOC development program contributing directly to the success of the marketing goal. This program is estimated to provide 300 person-years of direct private sector employment during its 30 months of operation, including 120 person-years for highly skilled engineers (see page 36).

Canadian Workplace Automation Research Centre (CWARC): The construction of a research laboratory dealing in all aspects of office automation was approved in 1983-84. While the construction of the centre was completed in 1984-85, 1985-86 will be its first complete year of operation. It is a major initiative in both its unique field of application and its relationship with industry. The Centre will be the first laboratory in Canada devoted exclusively to workplace automation research in all of its aspects and will employ up to 40 persons on rotation from industry and Canadian universities (see page 32).

Special Program of Cultural Initiatives (SPCI): This program was established in 1980 to respond to urgent needs of Canadian non-profit artistic and cultural organizations. Through this program the Department supports the cultural community in the pursuit of artistic excellence and financial stability (see page 59). This special program was the subject of a program evaluation in 1983-84 (see page 27).

Regional Representation (Reg. Rep.): In May 1983, the Department implemented a Regional Dimension Action Plan designed to strengthen existing organizations and programs in the regions. The three primary areas of activity are Policy, Economics and Public Relations/Information (see page 49).

3. Program Effectiveness

Criteria for measuring the effectiveness of the Communications and Culture Program must be related to its basic objective, which is "to develop policies, programs and cooperative arrangements which achieve Canada's social and economic objectives for communications and culture and to foster the orderly development and operation of communications and culture for Canada in both the domestic and international spheres."

The criteria for measuring the effectiveness of orderly communications development, particularly with regard to technology, are to examine those technologies that:

- have left the laboratory and have been applied and exploited by Canadian industry, or
- have provided solutions to problems hampering the orderly development of communications for Canada, or
- have resulted in significant, recognized increases in knowledge within the space, communications or information sciences.

Germane to the subject of effectiveness criteria for the development and application of technology is an appreciation of both the time frames and the "discovery" environment that characterize the development milieu. A project moves through several phases of a cycle, often spanning many years, as it moves from the laboratory through field trials, industrial applications testing, and finally into the market launching of a new product or service. Provision of applications testing opportunities and the fostering of competent, competitive Canadian firms with a reputation for advanced technological expertise are principal means of advancing technology.

Some of the achievements related to technological applications and support to industry are briefly described below:

Office Communications Systems Program: This program has been ongoing since late 1980; Phase I of the program (research and planning) began in late 1980 and ended in early 1982. In phase II, from 1982 to 1986, major field trials are taking place in five federal depatments. This $12 million program is, in a sense, introducing the same kinds of automated operations into five places, but the settings are very different. They involve different kinds of administration, policy making, communication between points within headquarters of the field trial sites, and between their headquarters and field operations. For the similar processes, different software, different hardware and different media of communications are being used. The vendors conducting the trials represent different philosophies and emphases, and the management of the departments - their traditions, experience, policies, routines and

priorities - are naturally different also. The evaluation of the results for each trial will be no less interesting than the comparison of the results from the five separated, simultaneous trials.

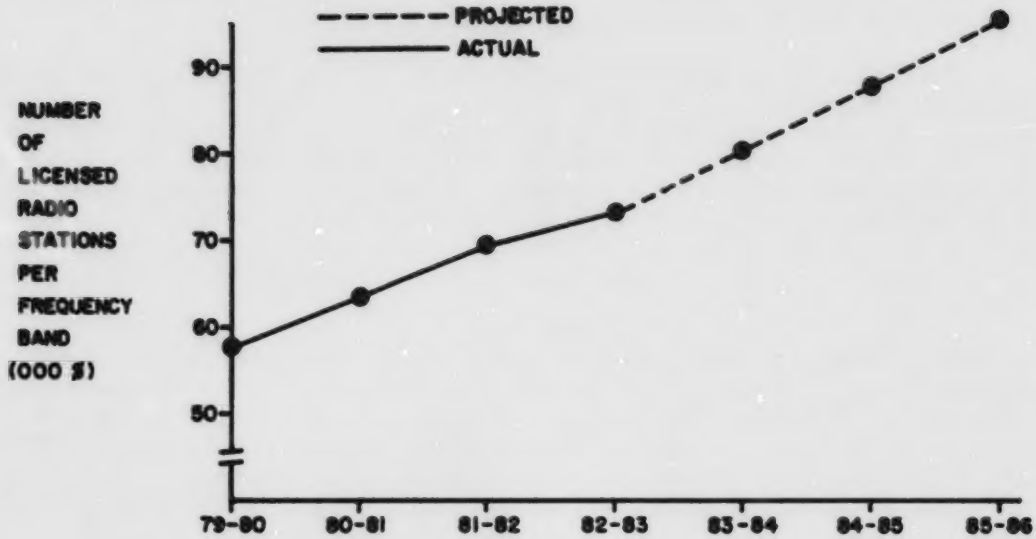
Questions being addressed include what the new technology can do to increase effectiveness, efficiency and productivity in the Canadian office; the user needs that industry must meet; how the office processes will be affected by the introduction of the new technology, such processes as information gathering and storage, research, decision-making, production control, marketing, policy administration and organization; what effect the modern office will have on the people who work in it; and how the Canadian electronics industry will meet the new demand at home and compete successfully abroad.

Satellite Prime Contractor Development of Advanced Payload Subsystems (SPCDAPS): This program fosters the development of expertise and technology as well as providing for non-recurring engineering costs and bid support to promote the capture of domestic and export sales opportunities. The design and development work fostered by the Department is primarily directed at enhancing prime contractor capabilities in the areas of satellite conceptual design, design verification, mission analysis, advanced concepts assessment, and the generation of a communications satellites systems data base accessible by the Department.

Criteria for measuring the orderly operation of communications for Canada include the ability to offer use of the radio frequency spectrum to present and future licencees. The demand for use is constantly increasing yet the spectrum is a limited resource. In accordance with international agreements, Canada has divided the spectrum into eight frequency bands that can be allocated to licencees. These frequency bands range from 3 kHz to 300 GHz. The number of individual frequency assignments within those bands may increase as a result of technological change or international agreement. For the most part, DOC must manage the limited spectrum to ensure that the increasing demand is met. This responsibility includes, for example, ensuring that the number of non-broadcasting radio stations can continue to rise in response to demand without unnecessarily disrupting existing users.

Figure 6 demonstrates the rising number of licensed stations per frequency band. Without suggesting that each band supports a specific number of stations, the graph is indicative of the burgeoning utilization of a limited resource and of the associated advances in spectrum planning, engineering capabilities, and quality control required to ensure that the demand is met and the level of quality maintained. The graph displays the growth in the number of all classes of licensed stations except General Radio Services (GRS) or Citizen's Band (CB). The GRS figures were excluded because their sheer volume would distort the data.

Figure 6: Average Number of Radio Stations per Frequency Band



The Spectrum Management Activity has developed "pollution" indices that provide an indication of the quality of the spectrum; that is, they are indicative of the amount of interference caused to other users of the spectrum and/or adherence to the regulations governing utilization of the spectrum. While these indices have not been refined to a formal performance indicator they are used on an operational basis to monitor and maintain the quality of the spectrum. Additional work is being undertaken to define spectrum quality at the conceptual level in order to develop a more refined and yet comprehensive "quality of service" indicator.

Assessment of the effectiveness of the Communications and Culture Program is also achieved through the planned and cyclical evaluation of the Department's twenty-seven program evaluation components. Major evaluation studies currently underway include Telidon, Office Communications Systems and the Postal Subsidy. In addition, evaluation studies are planned for Space Technology, Industry Support, Management of the Radio Frequency Spectrum and the Government Telecommunications Agency.

Three program evaluations were completed in 1983-84 and their findings are summarized below.

Book Publishing Development Program: The criteria for evaluating the success of this Program were:

- validity of program rationale;

- contribution to short-term survival of the Canadian-owned publishing sector;

- increase in the number of Canadian-authored titles and/or their distribution and sales; and

- improved economic viability of Canadian-owned publishing companies.

The evaluation found that the underlying rationale of the program was valid and that the program had contributed to the survival of a number of publishers, as well as to improvements in the distribution of Canadian-authored books.

Special Program of Cultural Initiatives (SPCI): The criteria for evaluation of the SPCI were:

- validity of program rationale;

- increased cultural participation and equality of access to cultural activities; and

- improvements in managerial strength and financial viability of Canadian Performing Arts Companies.

As a result of the findings of this evaluation study, changes were made to the program which are intended to increase its effectiveness in enhancing the viability of performing arts organizations. The revised program was approved by Cabinet in May 1984 and elevated from sunset to ongoing status.

Space Subsystems and Components: The evaluation of the Space Subsystems and Components program found the program has stimulated the domestic and foreign sales of products developed under the program; increased employment in the sector; improved Canadian technical capability; and increased the Canadian content in Canadian satellite systems.

Section II
Analysis by Activity

A. Research

Objective

To advance Canada's research and development in the areas of telecommunications, space and information science and technology.

Resource Summary

The Research Activity accounts for approximately 10.6% of total 1985-86 departmental operating expenditures and 21.4% of total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Research and development*	**24,807**	**307**	28,650	295	21,749	279
Industrial and university research support	**11,280**	**50**	13,491	42	4,176	14
Communications Research Centre support services	**11,223**	**155**	10,642	151	9,555	149
Total	**47,310**	**512**	52,783	488	35,480	442
Less: Revenue credited to the vote*	**5,283**	**-**	5,283	-	5,295	-
	42,027	**512**	47,500	488	30,185	442

* Revenue credited to the Vote is from the provision of Research and Development Activities services to other government departments.

Approximately 50.9% of this Activity's total expenses relate to personnel costs. Of the remainder, 20.6% is required for capital expenditures.

Past Financial Performance

Figure 8 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	$	P-Y
Research and development	21,749	279	21,772	271	**(23)**	**8**
Industrial and university research support	4,176	14	2,834	14	**1,342**	**-**
Communications Research Centre support services	9,555	149	12,011	153	**(2,456)**	**(4)**
Total	35,480	442	36,617	438	**(1,137)**	**4**
Less: Revenue credited to the vote	5,295	-	5,083	-	**212**	**-**
	30,185	442	31,534	438	**(1,349)**	**4**

Explanation of Change: During 1983-84, the Activity received $6,360,000 and four person-years through Supplementary Estimates and adjusted the cash flow to roll-over resources to future years in the amount of $5,125,000 (see page 16).

Description

This Activity chiefly undertakes technological forecasting, planning and conducting of exploratory and applied research and development (R&D) directed towards the solution of problems and the advancement of communications, information and space telecommunications sciences.

Research and Development: The principal endeavours of this area focus on information as a natural resource. They are intended to enhance our understanding of how information is created, assimilated, distributed and utilized and to develop means of storing, processing, transmitting, retrieving and presenting information. Work is carried on in seven areas:

- Information Communications focuses on the techniques, technologies and systems that facilitate, support and extend information communications capabilities, and on the processes by which information is created, processed, conveyed and assimilated.

- Workplace Automation Research deals with scientific activities that can be conveniently grouped into four areas: Integrated Systems R&D, Advanced Workplace Technology R&D, Organizational/ Societal Research, and Science Dissemination and Intelligence Network Operation. The field of workplace automation is extremely broad and encompasses many different technologies and sciences, as well as a host of institutional, social, organizational and behavioural issues that arise from the application of those technologies.

- Broadcasting and Telecommunications analyzes the processes, devices and systems, including radar, by which information or intelligence is acquired, transferred and distributed. Research is carried out in the following areas: microelectronics and radio technology, new broadcasting techniques, radar, military communications, a stationary high altitude relay platform, and optical communications. The purpose of this research is to design, build and test radio systems and networks.

- Spectrum and Environmental Research and Development deals with the propagation media through which electromagnetic signals are transmitted and with the environmental conditions affecting these signals.

- Space Technology R&D covers the major disciplines required for the development of new concepts, techniques and equipment for satellite payloads and vehicles, and for the earth terminals and facilities needed to make effective use of satellites.

- Space Systems and Applications R&D covers the major disciplines required for the development of space systems, applications and services. This work includes the provision of expertise for planning and policy formulation related to satellite communications, and also the provision of the technical expertise to other departments.

- Research Policy and Planning carries out the planning coordination and policy formulation related to DOC's research program, including research in support of other government departments and agencies, and university and industry related research.

Industrial and University Research Support: The focus here is on a series of programs that are the subject of specific ongoing allocations. The aim is to directly support the development and maintenance of a research capability in the areas of telecommunications, information and space technology in Canadian industries and universities. More specifically:

- University Research deals with assistance to Canadian universities through the University Research Program (URP) and the Centres of Excellence (CE) Program, and contributes to university conferences and seminars directed towards research and development in the fields of telecommunications information and space.

- Industrial Research Support manages the Development of Space Subsystems and Components Program (DSSC) through contracts with Canadian industry for the development of satellite and related technology required in future satellite communications systems, and the coordination of, and participation in, a number of R&D programs funded and administered by other departments and agencies: the National Research Council Canada (NRCC) PILP and IRAP programs, the DSS Unsolicited Proposal and Source Development Fund programs, the protection of intellectual property administered by CPDL, the External Affairs Catalytic Seed Fund program, and the INTELSAT R&D programs.

Communications Research Centre Support Services: A full range of services are provided at the Communications Research Centre, located at Shirley's Bay, for the Centre's scientists conducting the activities listed above. These include provision of heat, water, sewage disposal and power; construction and repair to building structures; road construction and repair; grounds upkeep; installation and repair of electrical and mechanical services; steam and plumbing pipes and air conditioning equipment; construction and installation of antennae; and relocation of transmission towers. Also supplied are such technical services as scientific design, graphic arts, scientific imagery, model and calibration services and support services such as security, personnel, property, material management and information.

Performance Information/Resource Justification

The efficiency of research and development projects can best be measured in terms of actual accomplishments in relation to planned outputs. Figure 9 identifies important outputs for 1985-86.

Figure 9: Research Outputs ($000)

Areas	Resources $	Resources P-Y	1985-86 Outputs
RESEARCH AND DEVELOPMENT	19,524	307	
Information Communications			
Information Processing Technology			- Development and demonstrations of improved techniques and tools.
Advances Information Systems			- Improved systems available for industry exploitations.
Networks and Standards			- Contributions leading to national and international standards.
Behavioural Research			- Reports on behavioural issues relating to new information technologies and systems.
Artificial Intelligence			- Establishment of a knowledge system base and evaluation of trial applications.
Workplace Automation Research			- In close collaboration with the industries (software and hardware) and the universities, comprehensive research program in all aspects of the broad spectrum of activities related to the Workplace Automation Research Centre (CWARC).
Broadcasting and Telecommunications			
Optical Communications Research			- Development of integrated, automated, R&D data gathering, processing and experimental control facilities.
Radio Communications Technology			- Development of an in-band pilot amplitude-compandored single-side band system for mobile radio communications.
Stationary High Altitute Radio Platform			- Demonstration of low altitude model aircraft flight using microwave powering.
Radar Research			- Development and demonstration of new radar techniques and their application to radar systems.
Military Terrestrial Communications			- Advances technology for military terrestrial systems.
Spectrum and Environmental R&D			
Propagation Research			- Provision of the propagation expertise required to enhance Canada's interests at conferences of the International Telecommunications Union.
Environmental Research			- Development and recommendation of equipment standard and frequency allocation rules to improve spectrum utilization and services in the land mobile radio bands.
Space Technology			- Advanced technology, components and subsystems for satellite payloads and for earth terminals.
			- Advanced technology, components and subsystems for the satellite platform and satellite payloads.
Space Systems and Applications			- Advanced system and application concepts for optimum use of mobile satellite communications.
			- Advanced system and application concepts for optimum use of fixed and broadcasting satellite communications.
			- Expertise and R&D for external space projects and for the Department's policy, regulatory and industry development functions.
Research Policy and Planning			- Arrangements for sector management and OCG approvals for system design of an MIS in the Research Sector.
			- Development of a 5 year plan for the Research Sector.
			- R&D cooperation with other countries.
			- Management of the International Collaboration Fund.
INDUSTRIAL AND UNIVERSITY RESEARCH SUPPORT	11,280	50	
Research Policy and Management			- Provision of Program management and coordination of the departmental involvement in the NRCC (PILP) program, the DSS (UP) program, and the DOC (DSSC), (URP) and (CE) programs.
COMMUNICATIONS RESEARCH CENTRE SUPPORT SERVICES	11,223	155	- Provision of support services for R&D area.
	42,027	512	

B. Technology Applications and Industry Support

Objective

To foster the application of advanced information and communications technologies and to support the growth and development of industries that create, manufacture and employ those technologies.

Resource Summary

The Technology Applications and Industry Support Activity accounts for approximately 11.1% of the total 1985-86 departmental operating expenditures and 5.8% of total person-years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Technology and policy assessment	3,325	21	2,803	17	1,111	13
Industry and economic development	12,833	81	10,545	75	8,144	77
Applications programs	33,509	36	53,999	65	43,855	74
	49,667	138	67,347	157	53,110	164

Explanation of change: The decrease of $17,680,000 or 26.3% from 1984-85 Forecast to 1985-86 Estimates results from the sunset nature of the funding for this Activity.

This Activity earns approximately $750,000 in revenue, which is credited to the Consolidated Revenue Fund, for private sector use of the David Florida Laboratory.

Of the total expenditures, 13.6% relates to personnel costs, 14.5% to capital and 44.5% to contributions. Sunset projects account for approximately 71.1% of the Activity's expenses.

Past Financial Performance

Figure 11 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 11: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Technology and policy assessment	1,111	13	1,459	18	(348)	(5)
Industry and economic development	8,144	77	8,808	74	(664)	3
Applications programs	43,855	74	44,299	47	(444)	27
	53,110	164	54,566	139	(1,456)	25

Explanation of Change: During 1983-84 the Activity received $13,035,000 and 32 person-years through Supplementary Estimates, and adjusted the cash flow to roll-over resources to future years in the amount of $14,168,000 and seven person-years (see page 16).

Description

This Activity is responsible for formulating, developing and implementing policies and programs to foster the development of new technologies and new information and communications services. It also develops, promulgates and manages programs to assist Canadian industry in the design, development, manufacture and marketing of these technologies and services. Technology Applications and Industry Support work is carried out in the following three areas:

Technology and Policy Assessment: Includes the broad multidisciplinary identification and assessment of the potential of new technologies, the requirements for the derived services, and the attendant implications. These assessments, often supported by concept and feasibility studies, permit identification of R&D priorities from a needs perspective and contribute directly to the development of sound strategic plans for federal government involvement in the introduction and support of new technologies and services. They also lead directly to the identification of related public policy and regulatory issues at both the national and international levels.

Industry and Economic Development: Formulates policies and programs for the development and marketing of information and communications technologies and services that have the potential to contribute significantly to Canadian economic development. Policy and program formulation are based upon both micro- and macro-economic analyses of industrial capabilities and market potential. Canadian companies are supported in their identification and pursuit of international marketing opportunities. In keeping with the industry support objectives of the Activity, this area also manages a modern space test facility in the David Florida Laboratory (DFL). Industry avails itself of the specialized test equipment in the DFL in accordance with fees set annually and based upon cost studies. DFL cost recovery is only partial. Fees are sometimes waived by special agreement to improve the competitive position of Canadian firms bidding in the international marketplace.

Applications Programs: This area is responsible for the implementation of major projects. These may be designed to test the concept and/or feasibility of new technologies, to support Canadian companies through contracting programs, or to transfer technologies to industry. Such major projects, often with annual budgets of $2-$20 million, require careful and dedicated management. This area provides the management framework, systems and processes for successful management and evaluation.

Performance Information/Resource Justification

The efficiency of the Technology Applications and Industry Support projects is measured in terms of the achievement of planned outputs. Figure 12 displays specific outputs for 1985-86.

Figure 12: Technology Applications and Industry Support Outputs ($000)

Areas	Resources $	Resources P-Y	1985-86 Outputs
Technology and Policy Assessment	3,325	21	
Communications Technology Assessment			- Reports on the R&D, industrial and socio-economic implications of trends in communications, information and space technologies.
Policy Assessment and Planning			- Reports on the implications of technological change for telecommunications and broadcasting and informatics policy. - Plans for the development and application of new technologies.
Industry and Economic Development	12,833	81	
David Florida Laboratory Operations			- Completion of integration and test of Brazilsat II. - Initiation of L-SAT testing. - Completion of the construction of the third high bay.
Economic and Industrial Development			- Ongoing review and analysis of communications sector. - Assess impact of DOC policy, regulatory, R&D, standards and services functions on industry; develop and implement policies and strategies and programs to assist industry to capitalize on identified opportunities. - Provide international marketing support.
Applications Programs	33,509	36	
Office Communications Systems			- Completion of Phase II of the Office Communications Systems Program.
L-SAT Space Platform Development			- Completion of structural and thermal model testing at DFL.
Development of Advanced Payload Systems			- Completion of systems development.
MSAT			- Completion of the Bridging Phase.
	49,667	138	

C. Government Telecommunications Agency (GTA) Revolving Fund

Objective

To plan, develop, coordinate and provide telecommunications services and facilities that satisfy the requirements of federal departments and agencies at the lowest possible cost.

Resource Summary

Figure 13 displays total estimated revenues and expenditures that result in a nil surplus in the 1985-86 Estimates Year.

Figure 13: Statement of Net Modified Cash Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	171,000	149,000	130,188
Expenses			
GTA Service Offerings	168,980	147,245	129,041
Planning and Coordination	2,020	1,755	1,216
	171,000	149,000	130,257
Deficit (Surplus) for the year	-	-	69
Resources Required (Provided from)			
Loss (Surplus) for the year	-	-	69
Depreciation	(115)	(102)	(77)
Provision for Employee Termination Benefits	(153)	(155)	(90)
Working Capital Changes	1,605	1,859	3,458
Other Items	-	-	(2,471)
Capital Expenditure	174	174	320
Net Modified Cash Requirements	1,511	1,776	1,209
Person-Years	218	211	207

The telecommunications costs incurred in the provision of shared and customized voice and data services account for approximately 91.6% of the operating budget for 1985-86. Personnel costs account for approximately 5.2% of the total operating budget.

Mode of Financing: The Agency is financed by a revolving fund that covers all administrative, operational and capital expenditures. It is managed on a full cost revenue-dependent basis. Under this system, the Activity is financed by charging federal government departments and agencies for telecommunications services and facilities provided in accordance with approved rates. Rates should be fair, equitable and stand the test of comparison with similar services available directly from commercial carriers.

Past Financial Performance

Figure 14 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Revenue	130,188	127,000	3,188
Expenses			
GTA Service Offerings	129,041	125,247	3,794
Planning and Coordination	1,216	1,653	(437)
	130,257	126,900	3,357
Deficit (Surplus) for the year	69	(100)	169
Resources Required (Provided from)			
Loss (Surplus) for the year	69	(100)	169
Depreciation	(77)	(125)	48
Provision for Employee Termination Benefits	(90)	(74)	(16)
Working Capital Changes	3,458	1,726	1,732
Other Items	(2,471)	-	(2,471)
Capital Expenditure	320	174	146
Net Modified Cash Requirements	1,209	1,601	(392)
Person-Years	207	209	(2)

Explanation of Change: The overall 2.5% variance of actual over planned revenues and 2.6% variance of actual over planned expenditures relates to the 1982-83 estimated base figure of $113 million that was used in arriving at the 1983-84 planned revenues and expenditures and an anticipated 12% increase from year to year.

Description

The Minister of Communications is responsible under the Communications Act for planning and coordinating telecommunications services for departments, branches and agencies of the Government of Canada. The Government Telecommunications Agency meets this responsibility through the following two areas:

GTA Service Offerings: This area consolidates the government's telecommunications requirements and is able to derive the benefits of economies of scale by sharing and consolidating and by optimizing networks and services, while utilizing volume discounts, in the provision of telecommunications facilities and services that are leased or purchased from common carriers or other suppliers. A full range of telecommunications facilities and services are provided, including shared voice and data services, customized voice and data services, consulting services and directory services. In addition GTA's professional personnel, with expertise in telecommunications technology and in the development, acquisition and management of systems and applications, advise departments on their telecommunications requirements. GTA is a decentralized function with representatives in all regional and six district offices.

Planning and Coordination: This area develops an overall government telecommunications planning and coordination framework within which broad strategic objectives and short- or long-term plans for the government telecommunications infrastructure are developed. It analyses, develops and recommends administrative policies and disseminates expertise and information to assist departments in planning and effectively managing telecommunications (as well as developing expertise to increase their effectiveness). It also conducts surveys and studies in telecommunications resources and inventories and determines the maximum benefits that government operations can derive through the application of the most cost-effective, state-of-the-art telecommunications technologies. It maintains an interdepartmental committee structure for coordination enhancement.

Performance Information/Resource Justification

The primary objective of the Agency is to maximize savings for the federal government through sharing and consolidation of telecommunications services and facilities at a given level of service. Based on continuing studies within GTA, the estimated aggregate net savings derived by the government are about 40% as compared with commercial services available directly from commercial carriers (e.g. Direct Distance Dialing).

Figure 15 portrays a measure of economy that exemplifies the degree of savings for intercity voice services by contrasting the Direct Distance Dialing (DDD) rates of commercial carriers with those offered by the Government Telecommunications Agency for calls placed to or from Ottawa to ten major Canadian cities.

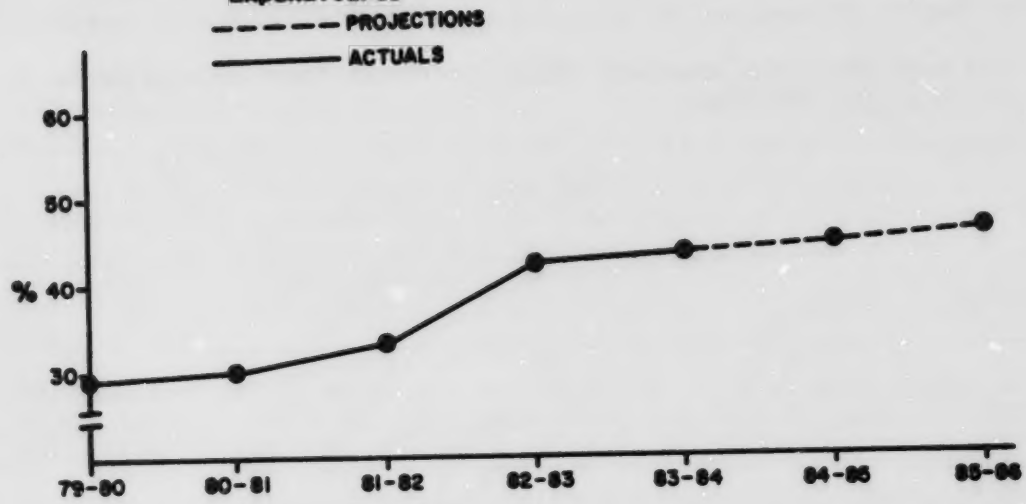
Figure 15: Examples of GTA Intercity Prime Time Rates Compared to Direct Distance Dialing Rates

To or from Ottawa	Direct Distance Dialing Initial Minute	Direct Distance Dialing Addt'l Minutes	GTA Rate per Minute	% Savings per Add'l Minute
Halifax, N.S.	.90	.90	.45	50
St. John's, Nfld.	1.00	1.00	.63	37
Saint John, N.B.	.85	.85	.43	50
Charlottetown, P.E.I.	.85	.85	.43	50
Montreal, Que.	.67	.56	.28	50
Toronto, Ont.	.72	.61	.32	46
Winnipeg, Man.	1.00	1.00	.50	50
Regina, Sask.	1.04	1.04	.52	50
Edmonton, Alta.	1.10	1.10	.56	49
Vancouver, B.C.	1.10	1.10	.66	40

The Agency, operating under the umbrella of the common services policy, provides most of the voice telecommunications services and facilities, but only a fraction of other services (such as data communications) for departments and agencies of the federal government. However, with recent advances in technology and the development of integrated services and networks, new cost-effective applications are continually being added to the Agency's inventory of shared services. This growth, together with the expansion in the more discretionary customized services obtained by government users through GTA, attests to the Agency's effectiveness in satisfying the needs of its clientele. It also reflects the results of planning and coordination in achieving increased sharing and consolidation.

Figure 16 portrays the GTA share of the government telecommunications market in both actual and projected terms. This upward trend reflects both the satisfactory level of service and the economies enjoyed by the Agency's clientele.

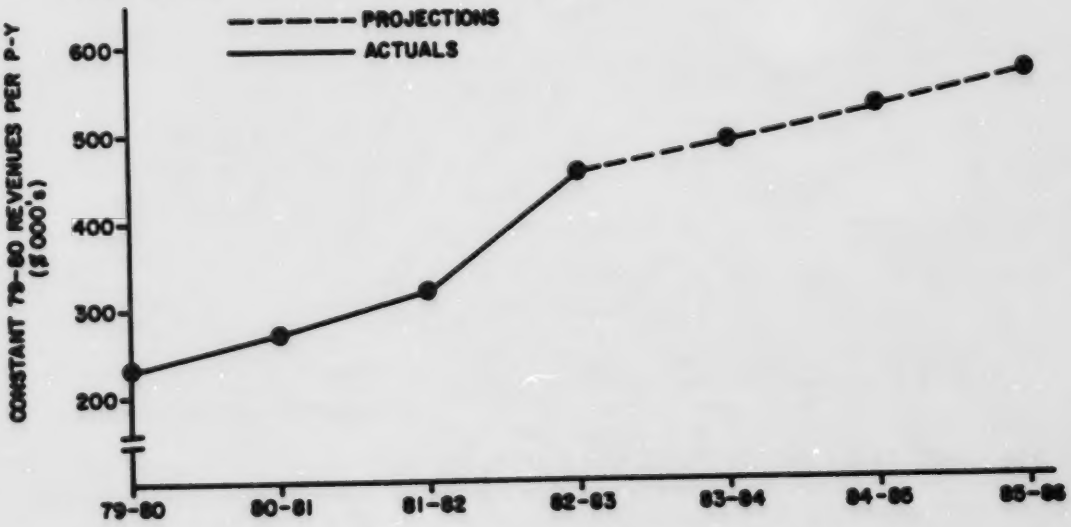
Figure 16: GTA Percentage of Federal Government Telecommunications Expenditures



Note: The significant increase in 1982-83 is mainly attributable to the Agency's achievements in being designated to act on behalf of the federal government for the consolidated acquisition of bulk services.

One measure of the Agency's efficiency is the ratio of the revenues it recovers, with respect to telecommunications services and facilities provided, in relation to the person-years authorized to carry out its mandate. The revenues are expressed in 1979-80 constant dollars.

Figure 17: Revenues per Person-Year (1979-80 Constant $)



It is useful to note the volume of revenues accruing to GTA for each of the categories of services provided. Figure 18 summarizes the distribution of revenues and person-years allocated by service category.

Figure 18: Total Revenues ($000) and Person-Years Allocation by Services

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
Service	$	P-Y	$	P-Y	$	P-Y
Intercity	87,138	104	75,926	100	66,760	99
Local	4,667	44	4,067	43	3,729	48
Data	6,517	20	5,679	20	4,984	17
Customized	71,811	36	62,573	34	54,018	32
Directory	743	11	647	11	625	10
Other Network Services	124	3	108	3	72	1
Total	171,000	218	149,000	211	130,188	207

D. Management of the Radio Frequency Spectrum

Objective

To manage the utilization and development of the radio frequency spectrum in Canada and to protect Canada's rights regarding use of the spectrum through international agreement and regulations.

The Management of the Radio Frequency Spectrum Activity also must provide regional representation for all activities of the Department in all regions of Canada and must provide ready accessibility by the Canadian public to the Department as a whole through its regional structure.

Resource Summary

The Management of the Radio Frequency Spectrum Activity accounts for approximately 10.9% of the total 1985-86 departmental operating expenditures and 40.7% of the total person-years.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Spectrum planning and Engineering	13,234	300	12,696	300	11,798	258
Authorization	20,366	376	19,533	372	18,066	388
Spectrum control	12,682	238	12,163	241	12,072	261
Gross Spectrum Management Expenditures	46,282	914	44,392	913	41,936	907
Less: Revenue credited to the vote*	630	-	630	-	579	-
Net Spectrum Management	45,652	914	43,762	913	41,357	907
Non-spectrum Operations**	3,086	61	3,003	59	2,935	58
Total Activity	48,738	975	46,765	972	44,292	965

* Revenue credited to the Vote is from the performance of ship radio inspections on behalf of the Department of Transport for the inspection of foreign and domestic vessels for the issuance of Safety Radio Certificates.

** These areas earn approximately $34 million in revenue that is credited to the Consolidated Revenue Fund from the issuance of licences for non-broadcasting radio communications equipment and $1 million from the Terminal Attachment program (see page 69).

It should be noted that approximately 70.0% of the total costs are recovered through revenue generating activities.

Past Financial Performance

Figure 20 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 20: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Spectrum planning and engineering	11,798	258	12,299	276	(501)	(18)
Authorization	18,066	388	17,837	396	229	(8)
Spectrum control	12,072	261	11,407	243	665	18
Spectrum management	41,936	907	41,543	915	393	(8)
Non-spectrum operations	2,935	58	2,087	56	848	2
Gross Expenditures	44,871	965	43,630	971	1,241	(6)
Less: Revenue credited to the vote	579	-	580	-	(1)	-
	44,292	965	43,050	971	1,242	(6)

Explanation of Change: During 1983-84, this Activity received $1,922,000 through the New Employment Expansion and Development (NEED) Program and the Summer Canada-Student Employment Program.

The Department implemented a Regional Dimension Action Plan early in the 1983-84 fiscal year. Increased resources were applied to non-spectrum operations to support enhanced regional representation, including improved access to the Department as a whole through the regional and district offices, and increased regional input to the development of policies or projects such as economic assessments.

Description

The Management of the Radio Frequency Spectrum Activity embraces all the functions required to maximize the benefits of this finite, yet reusable, natural resource. These include planning its effective use through engineering studies and international negotiations leading to the allocation of specific frequency bands for specified services, certifying equipment to meet interference standards, licensing users of particular frequencies and bands, establishing notification and reservation procedures with the U.S. and other foreign countries, and monitoring and investigating instances of interference and misuse of bands. The fulfillment of these functions must be in accordance with the responsibilities that devolve from the provisions of the Radio Act and Regulations and the Telegraph Act. A related responsibility is technical certification for the granting of licences for broadcasting undertakings by the CRTC as defined in the Broadcasting Act. The Activity consists of four areas:

Spectrum Planning and Engineering: This function involves policy development and spectrum planning at both the national and international levels. Regulations, standards and specifications are developed and issued to meet the needs of the Canadian communications industry and the Canadian public. It includes preventive and recuperative measures such as public education programs to heighten awareness of responsibilities relating to spectrum utilization. The impact of new communications techniques and technologies on the radio spectrum is assessed, computer-based tools and applications programs are developed, and procedures are established to support the authorization and spectrum control functions.

Authorization: Within this area, the responsibility for evaluating, analysing and processing applications from the public and issuing non-broadcasting radio licences and radio operator certificates is based primarily in the five regional and forty-seven district and sub-offices. Functions include the coordination and registration of all frequency assignments, collection of all related fees and, for some licences, engineering studies prior to frequency selection. A major function of the broadcasting area is the assessment for compliance with regulations of technical briefs in support of applications for technical certificates for all AM, FM, TV and major cable TV broadcasting undertakings. Detailed engineering studies, frequency assignment, coordination with the CRTC and foreign administrations, and liaison and consultation with the broadcasting industry are involved. Radio operators examinations are conducted and certificates of proficiency in radio are issued. The Communications Laboratory provides testing, certification and type-approval for all types of radio equipment, calibration of DOC and client test equipment, ionospheric measurement services, and specialized laboratory work in support of specific engineering standards development.

Spectrum Control: This area encompasses measurement and analysis of the state of the radio frequency spectrum and the application of corrective measures, including the enforcement of provisions of the Radio Act and Regulations. Responsibilities include inspection, investigation and spectrum surveillance to detect non-conformity with the conditions of licences, technical construction and operating certificates or infractions of legislation. The major responsibility is the investigation and resolution of radio interference problems reported by licencees and the general public. The objective of Spectrum Control activities is to ensure that maximum benefits from use of the radio spectrum are derived both in the form of the number of users accommodated and the quality of the service they receive. Since the costs of non-compliance with departmental standards and good engineering practices can frequently be externalized (e.g. causing radio interference to other users) Spectrum Control activitites ensure that Canada's spectrum resources are not wasted. Corrective measures include public education activities, warnings, suspensions, revocations, and, relatively infrequently, prosecutions and forfeitures of equipment.

Non-spectrum Operations: This area encompasses two sub-components.

Regional Representation: The regions play a role in the delivery of the Department's various research and development programs (satellites, radio, network), in the promotion of new technologies and support to industry, cultural affairs and development of cultural industries, in the development and implementation of emergency measures programs and in the various federal programs in the field of cultural affairs. They also provide liaison with provincial governments, the electronics industry and the universities. The regional offices and the district and sub-offices represent the primary point of contact for DOC's public. They provide accessibility to all departmental programs and provide a regional perspective to the development of economic, social and cultural policies. Implementation of corresponding policies and programs becomes the responsibility of the regional offices. The Government Telecommunications Agency (GTA) also forms an integral part of the five regional organizations although the associated resources are not reported within this planning element. This area is also responsible for providing work plans, evaluations, financial management and communications to the public and for conducting meetings for the federal voting members of the Management Committee of the Manitoba ERDA. Activity resources are utilized for the project management of all technology matters.

Terminal Attachment: This area develops national standards and procedures and certifies and tests terminal equipment for direct attachment to the federally regulated telecommunications networks. This satisfies the user's desire for more choice and innovation in equipment availability and safeguards the traditionally high standard of service provided by the Canadian carriers.

Performance Information/Resource Justification

This Activity involves six major outputs that account for 66.9% of total resources and major projects that account for 26.8% of resources. Workload volumes and dollar resources utilized are provided in Figure 21.

Figure 21: Selected Outputs and Allocated Resources ($000)

	Estimates 1985-86			Forecast 1984-85			Actual 1983-84		
	P-Y	Volume	$	P-Y	Volume	$	P-Y	Volume	$
Authorization	376		20,366	372		19,533	388		18,066
Radio licences	-	79.3	-	-	72.1	-	-	63.5	-
Technical construction and operating certificates	-	6.5	-	-	6.2	-	-	1.7	-
Radio operators examined	-	16.1	-	-	16.1	-	-	14.9	-
Bilateral proposals and IFRB notifications *	-	20.7	-	-	18.9	-	-		-
Spectrum control	238		12,682	241		12,163	261		12,072
Inspections/Investigations at public request *	-	23.0	-	-	22.5	-	-	33.9	-
Directed investigations/ surveys *	-	18.2	-	-	17.9	-	-	8.8	-
Spectrum planning and engineering - projects	300		13,234	300		12,696	258		11,798
	914		46,282	913		44,392	907		41,936

* Output definitions have been modified from previous years in order to more accurately reflect workload.

Authorization: This area has as its principal outputs non-broadcasting radio station licences, technical construction and operating certificates, radio operators examined, bilateral proposals and International Frequency Registration Board (IFRB) notifications.

The licensing function consumes the largest portion of the resources. Categories of non-broadcasting radio stations include amateur, coast, land, mobile, ship, and earth and space stations. Licence fees are calculated according to a schedule for some types of licences; other fees are a variable amount, reflecting the usage of the radio frequency spectrum at a given station. Variable fees are calculated by considering the number of assigned frequencies, the channel capacity of the station and, in some cases, the location of the station antenna.

Radio operators examined reflects the workload associated with the administration and evaluation of examinations and issuance of certificates of proficiency. The 1984-85 forecast has been revised to include this element. Bilateral proposals consist of Canada/U.S. proposals for U.S. comment on frequency assignments within 75 miles of the border for 30-890 MHZ. Likewise, U.S. proposals for similar assignments in the U.S. are reviewed by Spectrum Management. International Frequency Registration Board (IFRB) notifications, which also form an output of this area, are those frequency assignments made in Canada that need international protection from interference.

It should be noted that these outputs are directly related to demand and, therefore, fluctuations occur as a result of the state of the economy and technological change.

Spectrum Control: The two major outputs are inspections and investigations requested by the public and directed investigations and surveys. Certain inspections and investigations are performed upon public request and range from ship surveys to radio and TV interference studies. Directed investigations and surveys are carried out as part of the Department's plan to meet its responsibility for maintaining an acceptable level of adherence to the Radio Act and Regulations and to technical standards.

The overwhelming majority of corrective measures consist of advice and warnings given during radio user meetings, individual station visits and the like. In exceptional cases requiring more serious action, measures include legislation and regulation changes, suspensions, revocations, equipment forfeiture or prosecution.

A spectrum control model has been implemented throughout the regions as a framework to bring about increased measures of economy, operating efficiency and effectiveness, managerial control and accountability through its measurement programs, data analysis and corrective programs. A thorough management analysis of outputs and resource requirements will determine the nature and timing of full-scale implementation.

Spectrum Planning and Engineering: The work performed in spectrum planning and engineering is project oriented and is measured in terms of the achievement of identified outputs. The outputs identified in Figure 22 highlight major projects and activities.

Figure 22: Spectrum Planning and Engineering Outputs ($000)

Areas	Resources $	Resources P-Y	
Regulations, Policies and Standards	5,174	136	- Review of licensing procedures and related fee schedules. - Standards for Digital Mobile Systems. - M-SAT spectrum engineering. - EMI/EMC studies. - Standards development relating to cellular radio. - Client interface activities (seminars, demonstrations, public education).
Operational Procedures and Standards	7,635	146	- Expansion and deployment of mini-computer based systems support administrative and technical functions. - Studies on new personal radio communications services.
International Planning	425	18	- CCIR/CCITT/WARC/RARC preparation and participation. - Implementation of WARC decisions of January 1984. - Submission of Canadian proposals for WARC (January 1986). - Assurance that GATT Agreement provisions are adhered to in the development of regulations, standards and certification systems. - Canadian positions development for WARC '87 (Mobile) and WARC '88 (Space).
	13,234	300	

Non-spectrum Operations: In May 1983, the Department implemented a Regional Dimension Action Plan designed to strengthen existing organizations and programs in the regions. In conjunction with the appropriate headquarters personnel, the regions participate in the determination of policy issues and approaches to be taken; participate in the decision-making process on policy issues before release to the public; ensure that relevant activities and developments in the regional offices are brought to the attention of appropriate headquarters units; participate in the planning of major economic projects and initiatives; provide input respecting the equitable distribution of grants, projects, contracts, etc.; identify possible projects that could qualify under DOC sponsored programs; act as the focal point in the liaison with regional officials of the Department of Regional Industrial Expansion (DRIE) and the Federal Economic Development Coordinator (FEDC); participate in the preparation of Treasury Board and Cabinet submissions and promote FEDC support for these where appropriate; work with other federal departments to develop economic strategies within each Region; and fulfill the public relations, information services functions at the regional level.

E. Policy Development and Coordination

Objective

To develop policies and programs that promote the development, establishment and efficiency of telecommunications and broadcasting services; to coordinate all departmental policy endeavours; and to protect and sustain Canadian interests in international telecommunications and cultural undertakings.

Resource Summary

Policy Development and Coordination accounts for approximately 3.4% of total 1985-86 departmental operating expenditures and 7.2% of total person-years.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy development	5,197	76	4,794	76	4,605	73
International and federal-provincial activities	5,877	56	5,391	51	5,743	52
Strategic planning and information services	3,958	45	2,822	40	2,882	39
Total	15,032	177	13,007	167	13,230	164
Less: Revenue credited to the vote	361	-	-	-	-	-
	14,671	177	13,007	167	13,230	164

Approximately 61.3% of the costs of Policy Development and Coordination are personnel related and 20.0% of the budget is devoted to contributions. Other costs are primarily for travel expenditures, supplies, communications and professional services. The revenue relates to the operation of the Department's Expo '86 Unit (see page 69).

Past Financial Performance

Figure 24 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 24: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Policy development	4,605	73	4,325	76	280	(3)
International and federal-provincial activities	5,743	52	5,150	51	593	1
Strategic planning and information services	2,882	39	2,868	39	14	-
	13,230	164	12,343	166	887	(2)

Explanation of Changes: During 1983-84, this Activity received $492,000 through Supplementary Estimates for contributions to the ITU and the Conseil de la vie française en Amérique. The remainder of the variance is related to salaries.

Description

This Activity is responsible for the formulation of strategies for the development, promotion and monitoring of broadcasting and telecommunication services; for the coordination of federal-provincial activities in communications and culture; for the development of Canada's policy on international aspects of communications and culture; for the integration and harmonization of policy within the Department; and for the development and dissemination of information regarding policies, programs and regulations to the departmental constituency and the general public.

The work of this Activity comprises three principal areas:

Policy Development: Responsibility includes the development of telecommunications policies and providing support for the development of international proposals for achieving optimum utilization of the radio

frequency spectrum and the orbit resource to meet the varying and conflicting needs of users and the development of policies regarding the structure and regulation of the telecommunications and broadcasting industries. This area also has overall responsibility for developing and recommending policies and programs having broad social, cultural and economic impacts in the areas of broadcasting and other content services. Responsibility for policies and negotiated positions to protect and sustain Canadian interests in international communications systems, services and undertakings are also included.

More specifically, the area is concerned with the promotion of the orderly introduction of new services responding to economic and technical development; development and recommendation of policies, legislation and regulations for the establishment and operation of Canada's national and international telecommunications networks and broadcasting services; analysis of needs and promotion of programs for extension of telecommunications and broadcasting services to remote and sparsely populated areas and under-served groups; and development of financial and regulatory policies. The area also analyzes, and advises on, decisions of the CRTC and petitions to the Governor-in-Council under the Broadcasting Act and the National Transportation Act and provides advice relative to CBC and Telefilm Canada.

International and Federal-Provincial Activities: This area encompasses the direction and monitoring of Canadian policy formulation and implementation related to the international aspects of communications and cultural issues in general, the general responsibility for relations with foreign communications and cultural authorities, the active pursuit of policy objectives at international conferences and meetings, and the shaping of the overall role of Canada in international organizations such as the International Telecommunications Union (ITU) and in the communications and cultural issues dealt with in UNESCO and the OECD.

Canada is directly interested in establishing domestic and international standards for technical characteristics, systems and service performance appropriate for the manufacture of equipment in Canada; in promoting and protecting Canadian interests aimed at meeting the communications and cultural needs of developed and developing countries; and in participating in international consideration of the implications of developments in the broad range of informatics-related matters.

Federal-Provincial Relations ensures that the federal government's interests are advanced in communications and culture through information exchange, coordination, consultation and/or negotiation with provinces respecting the development and administration of policies and programs; oversees the implementation of the Department's regional dimension action plan to promote a greater regional input to the policy process within DOC, and provides internal program planning and management support services within the Activity.

Strategic Planning and Information Services: This area has primary responsibility for designing and maintaining a strategic planning system that integrates the strategic planning functions of the Department. This includes: the development and maintenance of a comprehensive framework for policy formulation within the department; the development and maintenance of a comprehensive planning database; the development of the Department's strategic plan and priorities; and liaison with central agencies.

Information Services is responsible for all matters relating to the development and dissemination of information to the departmental constituency and the general public with regard to the policies, programs, initiatives and regulations of the Department.

Performance Information/Resource Justification

Productivity is difficult to quantify on a year-to-year basis because the development of telecommunications and broadcasting policy is an evolutionary process extending over several years and even decades. Nevertheless, there are a number of non-repetitive, analytical projects performed by a variety of professionals specializing in policy development and the formulation of legislation and regulations. The actual products resulting from these identifiable projects are policies or studies that may reflect current government priorities within specific areas of Policy Development and Coordination, or that may be eventual components of more long-term policy development endeavours. Figure 25 displays the principal outputs planned for 1985-86.

Figure 25: Policy Development and Coordination Outputs ($000)

Areas	Resources $	Resources P-Y	1985-86 Outputs
Policy Development	5,197	76	
Broadcasting and New Content Services			- Implementation of the broadcasting policy and the CBC policy. - Development and implementation of the radio industry policy. - Development of policies for direct-to-home broadcasting post-1990. - Development of policies on multilingual broadcasting. - Development of a policy on Communications and Physical Disability. - Implementation of the Videotex/Teletext Policy initiatives. - Analysis of appeals to Governor-in-Council pursuant to Section 23 of the Broadcasting Act. - Report on the DOC OCS field trial. - Review and analysis of CRTC decisions.
Telecommunications			- Development and implementation of the Telecommunications Policy Strategy. - Development and promulgation of radio licensing policies and procedures affecting major users of satellite earth stations and microwave systems. - Development of policies and positions on telecommunications standards. - Review and analysis of CRTC decisions for compliance with the Administrative Price program. - Radio systems and spectrum utilization policies for licensing of fixed, mobile, broadcasting and space orbit system.
International and federal-provincial activities	5,877	56	
International Relations			- Effective management of Canada's communication and cultural relationships with multilateral organizations such as the International Telecommunications Union (ITU), INTELSAT and INMARSAT. - Development and implementation of policy for Canadian participation in various multilateral conferences and meetings dealing with matters relating to international telecommunications, international technical standards for telecommunications systems, informatics, and international cultural programs. - Effective management of Canada's telecommunication and cultural relationships with key countries, in particular the U.S.A., U.K., France and Japan. - Preparation, negotiation and conclusion of bilateral film and video co-production agreements with countries which are of special interest to Canada's film and video production industry. - Preparation and submission of advice and policy documents to the Minister and to the Cabinet on matters relating to international telecommunications and cultural relations.
Federal-Provincial Relations			- Management of DOC involvement in the ERDA process including project management of the Cité du cinéma et de la télévision project and directing and voting responsibilities respecting the implementation of the Manitoba Sub-Agreement on communications and cultural enterprises. - Participation in the development of strategies and policies relating to the means by which the objectives of improved federal-provincial relations in communications and culture can be achieved. - Increased level of activity with the provinces in bilateral and multilateral meetings involving ministerial and senior officials.
Strategic planning and information services	3,597	45	
Strategic Planning			- Maintenance of strategic planning process and data base. - Development of strategic and long term plans and priorities. - Major planning review of the Department activities and policies. - Coordination and development of legislation.
Information Services			- Preparation of communications plans, announcement strategies and public environment analysis. - Publication and distribution of reports, studies, policy documents, etc. - Preparation and distribution of news releases, fact sheets, articles, etc.
	14,671	177	

F. Cultural Affairs

Objective

To formulate Canada's national cultural policy in support of the cultural activities; to support or manage select artistic and cultural programs as the government may, in special circumstances, determine; to advise the Minister on the implementation by cultural agencies of programs consistent with national cultural policy and to analyse social policy issues arising from the application of cultural, communications, space, and information technologies.

Resource Summary

The Cultural Affairs Activity accounts for approximately 21.2% of the 1985-86 departmental operating expenditures and 3.4% of the total person-years. The Postal Subsidy amounts to $55.1 million which represents 58.2% of the above 21.2%.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Budgetary						
Policy development	**59,846**	**55**	60,999	55	57,470	48
Cultural support programs	**34,746**	**25**	32,603	27	22,930	26
Non-budgetary						
Loans	**10**	**-**	10	-	5	-
	94,602	**80**	93,612	82	80,405	74

This Activity earns approximately $30,000 in revenue credited to the Consolidated Revenue Fund from the certification of Canadian films and video tapes.

Of the total expenditures, 58.2% relates to the Postal Subsidy, 4.1% relates to personnel costs and 34.1% relates to grants and contributions.

Past Financial Performance

Figure 27 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 27: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	$	P-Y
Budgetary						
Policy development	57,470	48	57,992	54	**(522)**	**(6)**
Cultural support programs	22,930	26	17,066	24	**5,864**	**2**
Non-budgetary						
Loans	5	-	10	-	**(5)**	**-**
	80,405	74	75,068	78	**5,337**	**(4)**

Explanation of Change: The net change of approximately $5,337,000 (7.1%) is made up of additional funds for the Cultural Support Programs area, $13,864,000; roll-over of SPCI funds to 1985-86, $4,750,000; budget reduction for the Book Publishing Development Program, $1,000,000; budget reduction for the Capital Assistance Program, $960,000, and a lapse or under-utilization of funding, $1,817,000 (see pages 15 and 16).

Description

This Activity is situated at the departmental headquarters in Ottawa as a national centre of expertise in cultural policy concerns and a departmental resource on the social policy aspects of new technologies.

The work of this Activity is carried out in two principal areas:

Policy Development: This involves both cultural and social policies. The former analyzes national issues concerning copyright, film and video, sound recording, books and periodicals, heritage, performing and visual arts and crafts. It formulates national policy in these areas, including coordinating the achievement of objectives by the following federal cultural boards and agencies: Canada Council, Canadian Film Development

Corporation, National Arts Centre Corporation, National Film Board, National Library, National Museums of Canada, Canadian Museums Construction Corporation, Public Archives of Canada, and the Cultural Property Export Review Board.

The social policy function involves analysis and assessment of the broad social impact of communications and information technologies in areas such as employment, the family, the individual, and institutional structures. These analysis and assessment activities include evaluating the implications of new technology and related services in the arts community and the management of social policy research in the development of socially responsive policy positions for the Department.

It is also a policy development function to maintain a small in-house and significant commissioned research capacity in cultural disciplines and to provide functional advice in relation to the Cultural Statistics Program of Statistics Canada. The area also includes Activity planning and the resources for the offices of the Assistant Deputy Minister, Cultural Affairs and the Director General, Cultural Policy and Programs.

Cultural Support Programs: These programs regulate activities or offer financial assistance to individuals and organizations across Canada in the fields of cultural initiatives, film and video production, the export and import of cultural property and insurance coverage for travelling exhibitions.

Under the Cultural Affairs Activity, the clients for the services and programs offered comprise: the cultural boards and agencies listed in the above description of the Policy Development area; Canadian film, video, sound recording, and book and periodical industries; other federal and provincial departments and agencies; post-secondary institutions; national service organizations and associations; professional performing and visual arts and custodial organizations and institutions; and dealers and collectors of cultural property.

Performance Information/Resource Justification

The outputs of the Policy Development area are not amenable to statistical analysis because they are unique to each project undertaken. Lists of outputs prepared as part of detailed project workplans are the most measurable operational targets available. The achievement of operational targets reflects management's ability to plan and monitor productivity against approved project budgets and plans. At present, the statistical productivity measures are volume of correspondence received and answered, and volume of Treasury Board submissions processed by DOC on behalf of the cultural agencies.

The outputs of the Cultural Support Programs area can be reliably aggregated and statistically analyzed; they can be measured in terms of goals planned and actually achieved. Specific productivity and

effectiveness measures include grants and contributions - actual volume and value; film and video tape certification - volume of approvals; provisional approvals - volume and value; moveable cultural property certifications - volume and value; insurance coverage for travelling exhibitions - number and value of exhibitions insured.

Figure 28: Cultural Affairs Outputs ($000)

Areas	Resources $	Resources P-Y	1985-86 Outputs
Policy Development	59,846	55	- Production of government action plan and input into legislation for achievement of cultural objectives by the Department and the Cultural Agencies. - Consultation and cooperation with governmental organizations and cultural communities. - Maintenance and improvement of information base in the area of Canadian arts and culture. - Functional advice regarding the Cultural Statistics Program administered by Statistics Canada. - Management of policy-related research studies. - Policy and budgetary proposals to Cabinet. - Implementation and follow-through of government decisions. - Finalization of draft copyright legislation in collaboration with CCAC.
Cultural Support Programs	34,746	25	- Administration of grants and contributions to: non-profit cultural organizations under SPCI; custodial institutions for retention of Canadian cultural property. - Certification of Canadian content in film and video programs. - Insurance coverage for travelling exhibitions.
	94,592	80	

Figure 29 shows the level of grants, contributions and subsidies in each of the output areas net of administrative and operating expenses.

Figure 29: Grants, Contributions and Subsidies by Major Output Area ($000)

Major Output Area	Grant/Contribution/Subsidy	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Support to publishing industry	Postal Subsidy[1]	55,093	55,650	53,000
	Canadian Book Publishing Industry Contributions	-	9,672	8,197
Assistance for the development of a national network for suitable facilities for the performing arts, custodial and museological institutions	Special Program of Cultural Initiatives			
	- Grant	4,000	3,500	3,500
	- Contribution	23,650	12,763	4,360
	Fathers of Confederation Building Trust	1,140	1,086	1,034
	Cultural Enterprises Infrastructure Development	285	-	-
	Stratford Shakespearean Festival Foundation	-	200	1,800
	Toronto International (Jubilee) Festival 1984	-	150	-
	Drummondville World Folklore Festival	-	-	100
Support of national cultural service organizations	Canadian Conference of the Arts	555	555	555
	Canadian Crafts Council	140	140	140
	Film and Video Organizations	300	300	-
Support to film and video festivals in Canada	Canadian Film Festivals	-	-	350
Grants to patriate or conserve movable cultural property	Export/Import of Cultural Property	2,190	2,190	1,508

1 The Department makes a financial contribution to the Canada Post Corporation to purchase reduced rates for newspapers, periodicals, books and films posted second class and book, library and educational film tariffs distributed in Canada and abroad. The subsidy has been set at $50 million annually in 1982-83 dollars.

G. Departmental Administration

Objective

To provide program direction, planning and control as well as all required support services, systems, policies and procedures, in accordance with departmental standards and central agency guidelines.

Resource Summary

Expenditures for the Departmental Administration Activity will account for approximately 4.5% of the departmental operating expenditures and 12.4% of the person-years in 1985-86.

Figure 30: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Corporate management, planning and control	**4,167**	**58**	3,129	58	3,135	58
Common services	**16,224**	**239**	16,929	234	14,196	235
	20,391	**297**	20,058	292	17,331	293

Approximately 61.5% of this Activity's total expenses relate to personnel costs.

Past Financial Performance

Figure 31 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 31: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Corporate management, planning and control	3,135	58	2,627	59	508	(1)
Common services	14,196	235	14,446	234	(250)	1
	17,331	293	17,073	293	258	-

Explanation of Change: The variance is a result of a reallocation of salary expenditures arising from the departmental reorganization and the increase in contributions to employee benefit plans.

Description

Departmental Administration provides central management and administration as well as a full range of common services.

Corporate Management, Planning and Control: This area represents the central management and administration of the Department. It includes the Minister's and Deputy Minister's offices, the Human Resources Planning function of the Personnel and Administration Sector and the Planning and Control functions of the Financial Management Sector (i.e. Financial Planning, Performance Measurement, Program Evaluation and Internal Audit).

Common Services: This area provides a broad range of centralized services to departmental headquarters. These operations cover all essential functions of general administration, computer and information systems, finance, personnel, official languages, and security services.

Performance Information/Resource Justification

Figures 32 and 33 show the ratio of Departmental Administration person-years and expenditures to the departmental operating totals.

Figure 32: Relationship of Departmental Administration Person-Years to Total Department Person-Years

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Total Department	2,397	2,369	2,312
Departmental Administration	297	292	293
Percentage of Total	12.4	12.3	12.7

Figure 33: Relationship of Departmental Administration Expenditures ($000) to Total Departmental Operating Expenditures

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Total Department*	319,614	296,212	257,794
Departmental Administration	20,391	20,058	17,331
Percentage of Total	6.4	6.8	6.7

* Represents total operating costs exclusive of grants and contributions, the Postal Subsidy, the payment to the Canada Museums Construction Corporation Inc., and capital expenditures. These non-operating expenditure catagories do imply an administrative workload; however, since they are apt to fluctuate considerably from year to year, their exclusion avoids any distortion of the percentages.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 34: Expenditures by Object ($000)

	APPROPRIATIONS			REVOLVING FUND		
	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel						
Salaries and wages	89,870	78,048	68,921	7,587	7,016	6,133
Contributions to employee benefit plans	11,673	9,840	10,202	1,082	912	1,094
Other personnel costs	773	744	1,569	163	162	-
	95,516	88,632	80,692	8,832	8,090	7,227
Goods and services						
Transportation and communications	6,891	6,891	6,386	156,405	135,999	119,834
Information	1,141	1,341	2,150	703	582	563
Professional and special services	35,706	40,980	26,544	2,338	1,708	1,291
Rentals	1,537	1,537	1,341	1,357	1,244	1,004
Purchased repair and upkeep	1,510	1,510	1,873	89	103	55
Utilities, materials and supplies	6,404	6,404	6,811	121	103	142
All other expenditures	137,064	117,824	64,895	880	914	762
	190,243	176,487	110,000	161,983	140,653	123,651
Total operating	285,759	265,119	190,692	170,735	148,743	130,878
Capital	13,879	37,269	23,994	174	174	320
Grants, contributions and other transfer payments	58,509	53,904	40,511	-	-	-
Gross expenditures	358,147	356,192	255,197	170,909	148,917	131,198
Less: Receipts credited to the vote	6,274	5,913	5,874	-	-	-
Receipts credited to revolving fund	-	-	-	169,398	147,141	129,989
Net expenditures	351,873	350,279	249,323	1,511	1,776	1,209

2. Personnel Expenditures

The Department of Communications (excluding the Revolving Fund) is a labour-intensive organization, with personnel costs (including statutory contributions to employee benefit plans) that constitute over 64.2% of total operating costs, excluding the Postal Subsidy of $55.1 million and payments to the Canada Museums Construction Corporation Inc. of $81.8 million.

Figure 35: Authorized Person-Years and Salary Provision

	Authorized Person-years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	112	102	83	50,350 - 96,300	63,945
Scientific and Professional					
Economics, Sociology and Statistics	26	31	38	14,570 - 65,080	47,438
Engineering and Land Survey	303	282	271	23,306 - 76,130	49,720
Library Science	4	5	4	19,782 - 50,712	34,996
Physical Sciences	6	12	11	15,304 - 68,070	46,497
Psychology	3	-	-	24,293 - 56,575	41,553
Scientific Research	57	53	61	28,176 - 67,702	55,582
Administrative and Foreign Services					
Administrative Services	261	242	228	13,912 - 57,987	36,535
Commerce	22	20	19	15,635 - 60,465	53,955
Computer Systems Administration	59	51	45	18,766 - 61,433	35,226
Financial Administration	35	32	32	13,853 - 57,980	39,544
Information Services	18	16	13	13,579 - 57,980	41,261
Organization and Methods	10	8	8	13,520 - 57,980	39,889
Personnel Administration	33	35	34	13,330 - 63,870	40,076
Program Administration	130	123	103	13,912 - 57,987	43,701
Purchasing and Supply	21	18	19	12,766 - 57,980	34,516
Technical					
Drafting and Illustration	14	16	16	15,557 - 40,310	31,615
Electronics	529	538	537	16,619 - 51,950	36,982
Engineering and Scientific Support	52	51	51	14,041 - 50,866	32,586
General Technical	5	6	7	12,635 - 55,682	34,542
Photography	5	6	6	17,285 - 30,844	27,256
Social Science Support	7	9	9	12,635 - 57,764	33,320
Administrative Support					
Clerical and Regulatory	409	396	419	12,932 - 31,743	21,762
Communication	6	5	7	15,364 - 31,824	25,084
Data Processing	22	22	24	13,352 - 37,130	25,703
Secreterial, Stenographic and Typing	171	155	175	12,636 - 31,946	21,165
Operational					
General Labour and Trades	42	42	47	14,776 - 40,676	25,160
General Services	17	16	19	13,253 - 39,988	22,529
Heating, Power and Stationary Plant	10	10	10	18,242 - 35,598	34,343
Minister's Exempt Staff	8	8	8	12,932 - 57,987	44,444

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated

base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 36 presents the allocation of capital expenditures by type of asset to be acquired.

Figure 36: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Accommodation Plan			
New construction	-	10,100	900
Renovations to existing facilities	3,900	1,600	-
Regular renovation and maintenance of existing facilities	1,256	1,507	1,144
Equipment			
New	3,108	19,010	16,467
Replacement	5,615	5,052	5,483
Total	13,879	37,269	23,994

Figure 37 presents the allocation of capital expenditures by Activity.

Figure 37: Major Capital Projects ($000)

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Research					
Canadian Workplace Automation Research Centre	-	1,517	-	1,517	-
Minor Construction	-	953	-	953	-
Communications Systems and Technology	-	557	-	557	-
Spectrum Research and Development	-	573	-	573	-
Research Electronic and Laboratory Equipment	-	555	-	555	-
Research Electronic and Laboratory Equipment - Technical Support	-	346	-	346	-
Technology Applications and Industry Support					
Palais des Congrès - SCRPP	-	3,200	2,500	700	-
David Florida Laboratory (DFL) Support	-	680	-	680	-
Minor Construction	-	303	-	303	-
Satellite Communications Technology	-	500	-	500	-
MSAT Bridging	-	3,900	2,900	1,000	-
DFL Expansion	-	5,500	1,600	3,900	-
Management of the Radio Frequency Spectrum					
Replacement and Purchase of Vehicles	-	374	-	374	-
Replacement of Laboratory and Testing Equipment	-	316	-	316	-
Communications Monitoring and Enforcement Equipment	-	1,008	-	1,008	-

Note: For details regarding major capital projects for the Canada Museums Construction Corporation Inc. see page 75.

4. Transfer Payments

Figure 38: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Canadian Radio Technical Planning Board	25	25	17
Import/Export of Cultural Property	2,190	2,190	1,508
Special Program of Cultural Initiatives	4,000	3,500	3,500
Fathers of Confederation Building Trust	1,140	1,086	1,034
Canadian Film Festivals	-	-	350
Drummondville World Folklore Festival	-	-	100
	7,355	6,801	6,509
Contributions			
To support communications associations, conferences, seminars and symposium sponsored by Canadian universities	25	25	25
Canadian Workplace Automation Research Centre	806	378	-
International Collaboration	350	350	-
European Space Agency	19,000	14,720	14,808
Fibre Optics and Broadband Switching Network	1,250	500	-
Communications and Information Technologies	1,720	-	-
Telesat Canada	124	331	414
Canadian Standards Association	38	38	28
The International Telecommunications Union	2,295	2,295	2,391
Inter-American Telecommunications Conference	16	16	-
Canadian Conference of the Arts	555	555	555
Canadian Crafts Council	140	140	140
Film and Video National Service Organizations	300	300	-
Special Program of Cultural Initiatives	23,650	12,763	4,360
Cultural Enterprises Infrastructure Development	285	50	-
World Festival of the Performing Arts	600	-	-
Items not required for 1985-86			
To Canadian industry to assist in the creation of new commercial Telidon operating systems	-	4,520	430
Canadian Book Publishing Industry	-	9,672	8,197
Toronto International (Jubilee) Festival 1984	-	150	-
Stratford Shakespearean Festival Foundation	-	200	1,800
Summer Youth Employment Program	-	-	266
New Employment Expansion Development Program	-	-	514
Canadian Captioning Development Agency	-	-	50
Conseil de la vie française en Amérique	-	-	24
	51,154	47,003	34,002
Total Grants and Contributions	58,509	53,804	40,511

B. Cost Analysis

Net Program Costs: The Department of Communications' 1985-86 Estimates include those expenditures to be charged to the Department's voted appropriations, less receipts and revenue credited to the Vote ($6,274,000). Other cost items, such as $11,905,000 for accommodation, $1,498,000 for employee benefits and $239,000 for accounting and cheque issue services, as well as $206,048,000 for receipts must also be included when considering the actual costs to operate the Program.

Figure 39: Net Costs of Department by Activity for 1985-86 ($000)

	1985-86 Gross Expenditures	Add Other Costs	Total Cost	Deduct Receipts	Total Net Cost	Total 1984-85
Research	47,310	-	47,310	5,283	42,027	47,500
Technology Applications and Industry Support	49,667	-	49,667	1,720	47,947	66,127
Government Telecommunications Revolving Fund	170,909	-	170,909	169,398	1,511	1,776
Management of the Radio Frequency Spectrum	49,368	-	49,368	35,530	13,838	28,100
Policy Development and Coordination	15,032	-	15,032	361	14,671	13,007
Cultural Affairs	94,602	-	94,602	30	94,572	93,582
Departmental Administration	20,391	13,642	34,033	-	34,033	33,607
	447,279	13,642	460,921	212,322	248,599	283,699

Note: This table does not include payments to the Canada Museums Construction Corporation Inc.

C. Revenue Analysis

Figure 40: Revenue Analysis ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue credited to the vote			
Revenue from Research and Development Services	5,283	5,283	5,295
Ship Radio Inspection Fees	630	630	579
Revenue from CHPC for Expo '86	361	-	-
	6,274	5,913	5,874
Receipts credited to the Consolidated Revenue Fund			
Radio Station Licence Fees	34,100	17,865	17,471
Return on Investments	-	-	3,000
Other Receipts	2,550	2,050	3,217
	36,650	19,915	23,688
Receipts credited to the Government Telecommunications Agency Revolving Fund*	169,398	147,141	129,989
Total Receipts	212,322	172,969	159,551

* See Figure 1, page 10.

Revenue Credited to the Vote: The Department of Communications (DOC) earns revenue credited to the Vote from three sources. The first is the provision of research and development (R&D) services to other government departments, the second is the performance of ship radio inspections on behalf of the Department of Transport (DOT) and the third is from the Canada Harbour Place Corporation (CHPC).

DOC's primary client for R&D services is the Department of National Defence (DND). DOC undertakes, by agreement, certain military research and an R&D program under direct DND funding. This work is carried out on a full cost-recovery basis that includes overhead, direct program costs and the cost of site services (e.g. cleaning, heating and security).

Ship radio inspections stem from DOT's responsibility to carry out ship surveys and inspections to establish compliance with certain maritime operating regulations. Although the responsibility for this work rests with DOT, technical expertise is furnished by DOC according to an agreement between the two Departments; DOC performs inspections in return for an annual payment by DOT, calculated to recover DOC's direct costs.

Canada Harbour Place Corporation (CHPC) is responsible for the construction of Expo '86 Canada Place and for the construction and operation of the Federal Pavilion. DOC has been asked to provide technical expertise in developing innovative exhibit concepts for the Pavilion and to assist in developing a cultural and entertainment program which will showcase Canadian artists from various disciplines and regions of the country. Revenue received from CHPC is to fund the operation of the Department's Expo '86 Unit.

Receipts Credited to the Consolidated Revenue Fund (CRF): The major source of receipts credited to the CRF is the issuance of licences for General Radio Service (Citizen's Band) and non-broadcasting radio communications equipment. Fees are charged on a per-licence basis according to published schedules and formulas (see page 47).

Other receipts credited to the CRF are revenues calculated on a cost-recovery basis for private-sector use of the David Florida Laboratory; fees recovered for the testing of all telecommunications transmitting apparatus, to ensure compliance with Canadian technical specifications and standards; a refund of previous years expenditures; and fees resulting from the Canadian Film Certification Office.

D. Analysis of Revolving Fund

Figure 41: Projected Use of Revolving Fund Authority ($000)

Authority, April 1, 1985		15,000
Drawdown:		
Projected Balance April 1, 1985	5,330	
Net expenditure charged to appropriation authority for 1985-86	1,511	6,841
Projected Balance March 31, 1986		8,159

Figure 42: GTA Revolving Fund Statement of Operations ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Revenue	**171,000**	149,000	22,000
Telecommunications Expenditures			
Intercity Services	**75,657**	66,134	9,523
Local Services	**4,090**	3,575	515
Data Services	**6,364**	5,549	815
Customized Services	**70,687**	61,614	9,073
Directory Services	**591**	517	74
Other/Network	**97**	85	12
Total Telecommunications	**157,486**	137,474	20,012
Management and Administration	**11,494**	9,771	1,723
Planning and Coordination	**2,020**	1,755	265
Total Expenditures	**171,000**	149,000	22,000
(Surplus) Deficit	-	-	-

Figure 43: Statement of Changes in Financial Position ($000)

	Estimates 1985-86	Forecast 1984-85
Working Capital Required (Provided)		
Operations		
Net (income) or loss for the year	-	-
Add: Depreciation and other items not requiring use of funds	(268)	(257)
	(268)	(257)
Working Capital Requirements	1,605	1,859
Capital Requirements	174	174
Net Expenditure Charged to Appropriation Authority	1,511	1,776

E. Canada Museums Construction

In 1985-86 the responsibility for payments to the Canada Museums Construction Corporation Inc. will be transferred from Public Works Canada to the Department of Communications. The following provides information as to the purpose, nature and amount of these payments.

Objective

To provide for the construction in the National Capital Region of buildings for the Natinal Gallery of Canada, the National Museum of Man or any other national museum which the Governor-in-Council may direct from time to time, including the acquisition, control, administration and disposal of the lands required for the construction.

Resource Summary

These payments account for 15.5% of the total 1985-86 Communications and Culture Program expenditures.

Figure 44: Payments to Canada Museums Construction Corporation Inc. ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canada Museums Construction Corporation Inc.	**81,787**	62,000	10,776

Description/Resource Justification

These payments provide the funding to the Canada Museums Construction Corporation Inc., for the operation of the corporation and for the construction costs of the new National Gallery and the National Museum of Man.

The management of the corporation is under the direction of a Board of Directors and executives who are responsible to the Minister of Communications.

Following is a financial summary of the operations of the Corporation over the years.

Figure 45: Canada Museums Construction Corporation Inc. Summary of Expenses ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
National Gallery				
Operating Costs	1,273	1,173	1,279	848
Capital Costs	40,488	34,240	5,143	385
Sub-total	41,761	35,413	6,422	1,233
National Museum of Man				
Operating Costs	1,272	1,173	1,279	848
Capital Costs	38,754	25,414	3,075	495
Sub-total	40,026	26,587	4,354	1,343
Total	81,787	62,000	10,776	2,576
Planned Person-Years	40	40	-	-

Note: The total increase of $19.8 million to funding shown for 1985-86 is the result of increased cash flows due to increased construction activity for 1985-86 (i.e. $81.8 million vs. $62.0 million) for the National Gallery and National Museum of Man.

The payments are primarily for capital expenditures and details of the projects are shown in Figure 46 below.

Figure 46: Major Capital Projects ($000)

	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
National Gallery of Canada (Ottawa, Ontario)	91,234	38,218	41,761	11,255
Parking Garage Construction (Ottawa, Ontario)	4,850	4,850	-	-
National Museum of Man (Hull, Quebec)	91,235	32,284	40,026	18,925

F. Department of Communications Field Offices

Atlantic Region

Bathurst, New Brunswick
Charlottetown, Prince Edward Island*
Corner Brook, Newfoundland
Halifax, Nova Scotia*
Moncton, New Brunswick (2)
Saint John, New Brunswick
St. John's, Newfoundland*
Sydney, Nova Scotia

Quebec Region

Chicoutimi
Montreal (2)
Noranda
Quebec
Rimouski
Sept-Iles
Sherbrooke
St-Rémi de Napierville
Trois Rivières

Central Region

Brandon, Manitoba
Calgary, Alberta*
Edmonton, Alberta*
Fort Smith, Northwest Territories
Grande Prairie, Alberta
Regina, Saskatchewan*
Saskatoon, Saskatchewan*
Thompson, Manitoba
Winnipeg, Manitoba (2)
Yellowknife, Northwest Territories

Ontario Region

Belleville
Hamilton
Kenora
Kingston
Kitchener
London
North Bay
Ottawa
Sault Ste. Marie
Sudbury
Thunder Bay
Timmins
Toronto (2)
Windsor

Pacific Region

Cranbrook, British Columbia
Kelowna, British Columbia
Langley, British Columbia
Prince George, British Columbia
Prince Rupert, British Columbia
Vancouver, British Columbia (2)
Victoria, British Columbia*
Whitehorse, Yukon Territory

* The Government Telecommunications Agency is represented in these district offices.

6. Glossary

		Page
CCAC	Consumer and Corporate Affairs Canada	58
CCIR	International Radio Consultative Committee	49
CCITT	International Telegraph and Telephone Consultative Committee	49
CE	Centre d'Excellence Program	32
CPDL	Canadian Patents and Development Limited	12,31
CWARC	Canadian Workplace Automation Research Centre	22,32
DFL	David Florida Laboratory	36
DSSC	Development of Space Subsystems and Components	32
EMI/EMC	Electromagnetic Interference/Electromagnetic Compatibility	49
ERDA	Economic and Regional Development Agreement	11, 46,54
GATT	General Agreement on Trade and Tariffs	49
INMARSAT	International Maritime Satellite Telecommunications Organization	54
INTELSAT	International Satellite Telecommunications Organization	54
IRAP	Industrial Research Assistance Program	32
L-SAT	Large Satellite	10,16 22,36
MIS	Management Information System	31
MSAT	Mobile Satellite	9,11 16,49
NAPLPS	North American Presentation Level Protocol Syntax	12
OCG	Office of the Comptroller General	32

		Page
OECD	Organization for Economic Cooperation and Development	52
PILP	Program for Industry/Laboratory Projects	31,32
RARC	Regional Administrative Radio Conference	49
SPCI	Special Program of Cultural Initiatives	22,56
SPCDAPS	Satellite Prime Contractor Development of Advanced Payload Subsystems	22
UNESCO	United Nations Educational, Scientific and Cultural Organization	52
UP	Unsolicited Proposals	32
URP	University Research Program	32
WARC	World Administrative Radio Conference	49

Department of Finance Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Department of Finance
Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are seven chapters in this document. The first provides an introduction to the Department. The other six present the Program Expenditure Plans for each of the Department's programs.

Chapters 2 to 7 begin with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program.

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Departmental Summary

Role and Responsibility

The Department of Finance operates under Sections 8-10 of the Financial Administration Act which provides the Minister with the broad responsibility for "the management of the Consolidated Revenue Fund and the supervision, control and direction of all matters relating to the financial affairs of Canada not by law assigned to the Treasury Board or to any other Minister."

The Department of Finance is the central agency of the federal government responsible for advice on the economic and financial affairs of Canada. It is concerned with all aspects of the performance of the Canadian economy. It oversees all government actions affecting the economy to ensure harmony, follows the development of external factors that bear on domestic economic performance, and examines the economic actions taken by other orders of government.

The Department's most visible output is the federal Budget. The budget speech provides an authoritative review of past, present and future economic factors that will affect the country's economic performance and the nation's finances. This document reviews the government's accounts for the past period and presents its fiscal projections for the coming years. These include the government's expenditure program, revenues from existing sources, taxation changes and debt levels.

Departmental Organization and Programs

The Department of Finance oversees six programs which make up the whole of the Public Debt Envelope, the majority of the Fiscal Arrangements Envelope, a portion of the External Affairs Envelope and part of the Services to Government Envelope. These programs are:

- Financial and Economic Policies
- Public Debt
- Fiscal Transfer Payments
- Canadian Import Tribunal
- Inspector General of Banks
- Special

Following is a brief summary of each of these programs. Further information is provided within the respective sections of each Program.

Financial and Economic Policies: This program consists of four activities delivered by six policy branches, the Consultations and Communications Branch and the Administration Branch. This core program is responsible for the development of policies and the provision of advice on a wide range of financial and economic matters and also includes the resources required for the delivery of the Public Debt Program, the Fiscal Transfer Payments Program, the Special Program and for the delivery of payments in respect of Domestic Coinage and to International Financial Organizations.

Public Debt: This program operates under the statutory authority of Part IV of the Financial Administration Act and provides the necessary funds for the interest and servicing costs of the public debt and for the issuing costs of new loans.

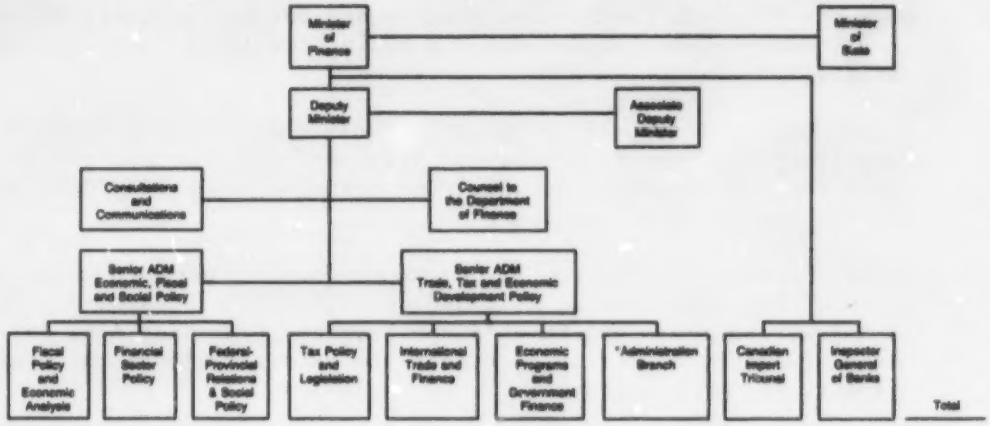
Fiscal Transfer Payments: This program, which operates under the authorities of the Constitution Acts 1867 and 1982, the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 and other Statutory Authority, provides the necessary funds for transfer payments to the provinces.

Canadian Import Tribunal: This program provides for the operating costs of the Canadian Import Tribunal which is responsible for enforcing the Special Import Measures Act.

Inspector General of Banks: This program provides for the operating costs of the Office of the Inspector General of Banks which is responsible for ensuring that the provisions of the Bank Act and the Quebec Savings Banks Act are being duly observed.

Special Program: This program normally provides the necessary funds for special items that are not related to existing programs.

Figure 1: Relationship of Organization to Programs ($000)



	Fiscal Policy and Economic Analysis	Financial Sector Policy	Federal-Provincial Relations & Social Policy	Tax Policy and Legislation	International Trade and Finance	Economic Programs and Government Finance	*Administration Branch	Canadian Import Tribunal	Inspector General of Banks	Total
Financial and Economic Policies Program	5,875	2,449	3,590	9,066	215,438	6,534	59,533			302,473
Public Debt Program		25,545,000								25,545,000
Fiscal Transfer Payments Program			5,426,822							5,426,822
Canadian Import Tribunal Program								2,484		2,484
Inspector General of Banks Program									2,319	2,319
Special Program						873	86			959
Total	5,875	25,547,449	5,430,412	9,066	215,438	7,407	59,619	2,484	2,319	31,280,056

* Administration Branch provides support services to all departmental programs and to Treasury Board Secretariat and the Office of the Comptroller General of Canada.

Departmental Spending Plan

The Department estimates total expenditures of $31,280,036,000 in 1985-86. Of this, $31,232,777,000 are payments made under statutory authorities and $47,259,000 is in respect of voted expenditures which include $8,369,000 of vote netted revenue.

Figure 2: Departmental Spending Plan by Program, 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Budgetary					
Financial and Economic Policies Program	100,042	107,641	(7,599)	(7.1)	2-1
Public Debt Program	25,545,000	22,660,000	2,885,000	12.7	3-1
Fiscal Transfer Payments Program	5,426,822	5,686,029	(259,207)	(4.6)	4-1
Canadian Import Tribunal Program	2,464	1,981	483	24.4	5-1
Inspector General of Banks Program	2,319	1,748	571	32.7	6-1
Special Program	85	100	(15)	(15.0)	7-1
	31,076,732	28,457,499	2,619,233	9.2	
Less: Receipts credited to the vote	8,369	7,949	420	5.3	2-1
Total Budgetary	31,068,363	28,449,550	2,618,813	9.2	
Non-Budgetary					
Financial and Economic Policies Program	210,800	237,700	(26,900)	(11.3)	2-1
Special Program	873	950	(77)	(8.1)	7-1
Total Non-Budgetary	211,673	238,650	(26,977)	(11.3)	
	31,280,036	28,688,200	2,591,836	9.0	

Financial and Economic Policies Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $42,026,000 in support of the 1985-86 Financial and Economic Policies Program. The remaining expenditures estimated at $260,447,000 will be made under existing statutory authority. This includes budgetary expenditures for the production of domestic coinage, contributions to employee benefit plans and the Minister's salary and motor car allowance and non-budgetary expenditures in respect of the encashment of notes issued to the International Development Association, subscriptions to the International Bank for Reconstruction and Development, and purchase of paid-in shares of the International Finance Corporation.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Financial and Economic Policies Program		
1	Program expenditures	42,026	42,871
(S)	Minister of Finance - Salary and motor car allowance	42	41
(S)	Contributions to employee benefit plans	4,605	4,123
(S)	Purchase of Domestic Coinage	45,000	48,000
	Total Budgetary	91,673	95,035
(S)	Investment in International Development Association	195,100	207,000
(S)	Subscriptions to the International Bank for Reconstruction and Development	9,200	30,700
(S)	Investment in International Finance Corporation	6,500	-
	Total Non-Budgetary	210,800	237,700
	Total Program	302,473	332,735

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Financial and Economic Policies Program	
1	Financial and Economic Policies - Program Expenditures and authority to spend revenue received during the year	42,026,000

Program by Activities

(thousand of dollars)	1985-86 Main Estimates								1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Capital	Sub-total	Less: Revenues credited to the vote	Total	Non-budgetary Loans investments advances	Total	
Financial and Economic Policies	476	32,140	.....	32,140	.....	32,140	.....	32,140	31,487
Domestic Coinage	.....	45,000	.....	45,000	.....	45,000	.....	45,000	48,000
International Financial Organizations	.....	.....	.....	.....	.....	.....	210,000	210,000	237,700
Administration	335	22,609	293	22,902	8,369	14,533	.....	14,533	15,548
	811	99,749	293	100,042	8,369	91,673	210,000	301,673	332,735

Section I
Program Overview

A. Highlights

In general terms, the Department of Finance is planning no major departure from its current mandate or relationship with departments/agencies, with the exception that the Department has made provisions to cover certain responsibilities previously under the Ministries of State for Social Development and Economic and Regional Development.

The Department, in support of the Government's mandate for change and the priority of economic renewal, is committed to a consultative process that will forge a better understanding with the private sector and the provinces. The foundation is being laid for a continuing, ongoing dialogue with all the economic players.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Financial and Economic Policies	32,140	31,487	653	2-13
Administration	22,902	28,154	(5,252)	2-16
Domestic Coinage	45,000	48,000	(3,000)	2-18
International Financial Organizations	210,800	237,700	(26,900)	2-20
	310,842	345,341	(34,499)	
Less: Receipts and Revenues Credited to the Vote	8,369	7,949	420	
	302,473	337,392	(34,919)	
Authorized person-years	811	822	(11)	

The net decrease of $34,919,000 in 1985-86 estimated expenditures over the 1984-85 forecast is primarily the result of:

- a decrease of $26.9 million in the International Financial Organizations (non-budgetary statutory) items;
- a decrease of $3.0 million in the Domestic Coinage (statutory) activity; and
- a decrease of $3.0 million in the Administration activity.

C. Background

1. Introduction

The Financial and Economic Policies Program is one of the six expenditure programs of the Department of Finance Canada. Stated in most general terms, its objective is to support the Minister of Finance in his specific and general responsibilities for government economic policy. The Department deals with the performance of the Canadian economy in all important aspects - the growth and sharing of output, employment and income, the stability of prices, and the long-term development of the country. It is concerned with the harmony of all initiatives of federal departments or agencies which have important impacts on the economy. Finance is concerned with trade and monetary affairs and other international forces bearing on Canada's economic performance. The Department works constantly toward improved co-ordination of economic action between provincial governments and the Government of Canada. Much of the Department's activity consists of representation, negotiation and exchange of information with members of the public, including various organized groups, with national governments and international organizations, with provincial governments and with other federal departments.

This program provides the resources for the management of the Department's two large statutory spending programs, namely, the Public Debt Program and the Fiscal Transfer Payments Program. It also provides - within the Administration activity - the requisite administrative services (e.g. financial, personnel) in support of the Canadian Import Tribunal and the Inspector General of Banks Programs. The Administration Branch component of the Administration activity also provides joint administrative services to the Treasury Board Secretariat and the Office of the Comptroller General; the costs of such services being recovered and vote-netted.

2. Legal Mandate

Section 8 of the Financial Administration Act is the legislative authority which established the Department of Finance. Section 9 assigns responsibility to the Minister of Finance for "the management of the Consolidated Revenue Fund and the supervision, control and direction of all matters relating to the financial affairs of Canada not by law assigned to the Treasury Board or to any other Minister." It is in this context that the Department supports the Minister in his responsibility for the country's economic and financial affairs.

Authority for undertaking the Domestic Coinage activity is vested in the Minister of Finance by Section 8 of the Royal Canadian Mint Act.

The International Financial Organizations activity includes investment in the International Development Association (IDA) authorized by the International Development Association Act and subscriptions to the International Monetary Fund (IMF), the International Finance Corporation (IFC) and the International Bank for Reconstruction and Development (IBRD) authorized by the Bretton Woods Agreement Act.

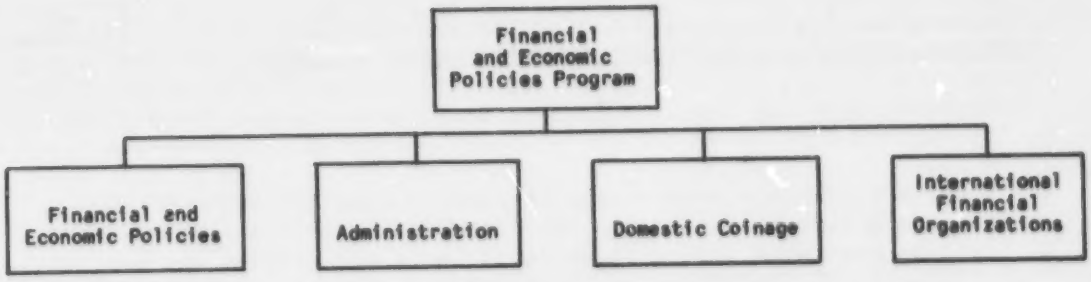
3. Program Objective

The objective of the Financial and Economic Policies Program is to assist the government in deciding upon and implementing financial and economic policies and programs.

4. Program Organization for Delivery

Activity Structure: The Financial and Economic Policies Program is composed of the following four activities: Financial and Economic Policies, Administration, Domestic Coinage and International Financial Organizations.

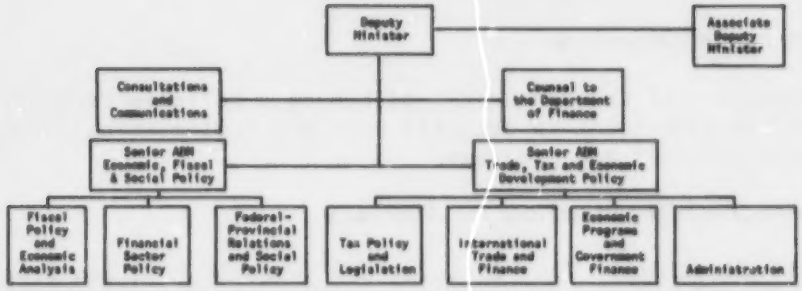
Figure 2: Activity Structure



Organization Structure: The Financial and Economic Policies Program is delivered by eight branches and the departmental executive offices. These branches are: Tax Policy and Legislation, Economic Programs and Government Finance, Federal-Provincial Relations and Social Policy, International Trade and Finance, Fiscal Policy and Economic Analysis, Financial Sector Policy, Consultations and Communications, and Administration.

The Administration Branch provides a service shared by the Department of Finance, the Treasury Board Secretariat and the Office of the Comptroller General.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



Activity	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Financial and Econ. Policies	6,875	107	2,449	40	3,590	60	8,066	113	4,626	75	6,534	81			32,140	476
Administration													14,533*	335*	14,533	335
Domestic Coinage			**				**						45,000	-	45,000	-
International Financial Organizations									210,800						210,800	-
	6,875	107	2,449	40	3,590	60	8,066	113	215,426	75	6,534	81	59,533	335	302,473	811

* Includes resources for Ministers and other executive offices and for Consultations and Communications Branch.
** Responsibility for policy inputs is split between Debt Management Division and Crown Corporations Directorate.

D. Planning Perspective

1. Environment

This program operates in a very dynamic environment. In responding to Government priorities, it is concerned with economic, social, international and intergovernmental issues.

The general state of the economy is the key factor influencing this program's priorities and direction. As economic conditions change, program resources are shifted to accommodate these changes in priorities thereby enabling the Department to respond to the requirement for additional policies.

2. Initiatives

The following specific initiatives will be continued/undertaken during 1985-86:

Consultations and Communications: High priority will continue to be attached to developing a more systematic long term approach to the consultative process and to make government/private sector contacts and consultations a permanent feature of economic policy development. This priority emphasizes the role of open, two-way communications designed to gain the acceptance and support of the private sector and the general public for the government's economic policies. Open communications with the Minister of Finance and his department are a key part of a strategy to explain and support budget and general economic policies throughout the year.

Tax Simplification: A major effort is underway to simplify the tax system. A full review of the small business taxation system has been completed and certain tax simplification proposals have been adopted. Other areas of the tax system that could be candidates for simplification will be identified, and a sequential and ongoing process of simplification over the next few years is envisaged. Consultations with affected groups are planned in order to assist in this process of definition.

Reducing Lag Between Tax Announcements and Detailed Legislation Proposals: Reductions in this lag time are expected to alleviate uncertainty about the application of proposals, aid tax professionals in advising their clients, aid parliamentarians and tax professionals in commenting on the details of proposals and suggesting changes, and possibly increase the speed with which the economy reacts to new tax incentives. While considerable improvements have been made in this area, the Department is developing a number of additional strategies to further reduce the time lag.

Implementation of Revised Tariff Nomenclature: The government is working towards the adoption of a new nomenclature, based on the harmonized system that has been developed in the Customs Co-operation Council in Brussels. The new system will form the basis of both tariff and statistical classification systems, leading to an improvement in the quality of our import statistics as well as simplified administration.

This will require negotiation with our trading partners under the auspices of the General Agreement on Tariffs and Trade (GATT) and consultations with Canadian manufacturers and importers on the details of the new tariff schedules during 1985-86. The adoption of a new system will require changes in Canadian legislation and some adjustment of tariff rates which would be introduced in 1987 or 1988.

Financial Institutions' Regulatory Reform: To facilitate the adaptation of financial institutions to shifting markets and changing economic conditions, the government is planning a full examination of legislation governing financial institutions. The ensuing initiatives would be aimed at enhancing competitiveness and ensuring that public policy goals relating to the soundness of institutions, the stability of the financial sector, and the protection of consumers of financial services are met.

Prior to putting forward legislative proposals, the government is releasing a public discussion paper setting out the issues and providing a general outline of the nature of the proposed legislative changes. The discussion paper would serve as the basis for public consultations with the private sector and with the provincial regulatory authorities.

3. Program Effectiveness

The Department of Finance's objective is to assist the government in deciding upon and implementing financial and economic policies and programs.

To this end, much of the Department's work involves the evaluation of existing programs and measures. For example, the Tax Policy and Legislation Branch is involved in the continual analysis and assessment of existing tax measures. These in-depth evaluations must be undertaken if the Branch is to be in a position to propose that these measures be increased, extended, modified or terminated.

The Federal-Provincial Relations and Social Policy Branch is also involved in a similar process in so far as the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act is concerned. This Act, which is the legislative authority governing the majority of expenditures made under the Fiscal Transfer Payments Program, undergoes a continual review and is subsequently amended every five years.

Other branches concern themselves with the review of proposals emanating from all departments and agencies, determining the impact, and advising on the financial and economic implications of such proposals.

Section II
Analysis By Activity

A. Financial and Economic Policies

Objective

To develop policies and provide advice pertaining to the financial and economic aspects of:

- the domestic and international economic situation and outlook;
- the Government's overall fiscal framework, expenditure plan and resource allocation;
- government borrowing and debt management;
- the Canadian tax system;
- the economic and fiscal implications of government programs including loans, investments and guarantees of the Crown;
- federal-provincial fiscal and economic relations; and
- tariffs, international trade, development assistance and international financial relations.

Resource Summary

The Financial and Economic Policies Activity accounts for 10.6 percent of the 1985-86 Financial and Economic Policies Program expenditures and 58.7 percent of total person-years. 76.3 percent of the expenses for this activity pertain to personnel costs and the remaining 23.7 percent provides mainly for the costs of professional and special services.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Fiscal Policy and Economic Analysis	6,875	107	7,836	134	(961)	(27)
Financial Sector Policy	2,449	40	-	-	2,449	40
Federal-Provincial Relations and Social Policy	3,590	60	3,511	60	79	-
Tax Policy and Legislation	8,066	113	7,357	107	709	6
International Trade and Finance	4,626	75	5,089	87	(463)	(12)
Economic Programs and Government Finance	6,534	81	7,694	100	(1,160)	(19)
	32,140	476	31,487	488	653	(12)

Description

This activity can best be described in terms of its six sub-activities:

Fiscal Policy and Economic Analysis: Is involved in providing analysis of current and future economic developments, in determining the general budgetary and fiscal policy stance of the government, and in advising the Cabinet Committee on Priorities and Planning on the level and broad allocation of the medium-term fiscal framework.

Financial Sector Policy: Is responsible for policy analysis and advice with respect to the financial sector, including management of the federal government's borrowing program, the functioning of Canadian financial markets and institutions and the macro-economic impact of interest rates and the exchange rate.

Federal-Provincial Relations and Social Policy: Advises on policies and programs concerning fiscal federalism in Canada; monitors, administers and advises on federal-provincial fiscal arrangements; and advises on economic, fiscal and financial aspects of social programs.

Tax Policy and Legislation: Undertakes analyses of and makes recommendations relating to tax policy and is responsible for maintaining a tax system that raises revenue in a fair and equitable fashion and effectively targets incentives to meet governmental goals. It also seeks to develop tax policies consistent with the government's objectives in other areas - social, cultural, economic, political, regional, and federal-provincial.

International Trade and Finance: Is responsible for analyzing and making recommendations on Canadian Customs Tariff and other legislation governing imports; policies on international trade, investment and economic cooperation; and international development assistance and export financing.

Economic Programs and Government Finance: Is responsible for recommending and advising on economic, fiscal and financial implications of government economic programs. It is responsible for the formulation of policy concerning loan investments and guarantees of the Crown as well as the approval of capital budgets and financial structures of wholly-owned corporations.

B. Administration

Objective

To provide executive direction for the Department; consultations and communications; and financial, personnel and administrative services.

Resource Summary

The Administration Activity accounts for 4.8 percent of the 1985-86 Financial and Economic Policies Program expenditures and 41.3 percent of total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Administration	22,902	335	28,154	339	(5,252)	(4)
Less: Receipts and Revenue credited to the Vote*	8,369		7,949		420	
	14,533	335	20,205	339	(5,672)	(4)

* Operating expenditures recovered from Treasury Board and the Office of the Comptroller General.

Description

This activity includes provision for the offices of the Minister, Minister of State, Deputy Minister, Associate Deputy Minister, Senior ADMs, Consultations and Communications and for financial, personnel and administrative services.

Activities of the Consultations and Communications Branch include direction of departmental responses to Access to Information and Privacy requests; preparation of major speeches; organization of extensive programs of Ministerial and official level consultations; conducting an information and media relations program of departmental and Ministerial announcements, special briefings, arrangements for meetings and news conferences; and management of a broad array of conferences and visits.

The Administration Branch component of this Activity provides the requisite financial, personnel and administrative services in support of (i) the other activities within this Program; (ii) the other programs within this Department, i.e., the Public Debt Program, the Fiscal Transfer Payments Program, the Canadian Import Tribunal Program, the Inspector General of Banks Program, and the Special Program; (iii) all programs of Treasury Board Canada; and (iv) all programs of the Office of the Comptroller General of Canada.

Joint administrative services provided to Treasury Board and the Comptroller General are recovered on the basis of the TBS/OCG share of the total person-year population of the three departments, such recoveries being vote-netted.

C. Domestic Coinage

Objective

To provide funds for the production of domestic coinage.

Resource Summary

The Domestic Coinage Activity accounts for 14.9 percent of all 1985-86 Financial and Economic Policies Program expenditures.

Figure 6: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Domestic Coinage*	45,000	48,000	(3,000)

* Represents gross costs for production and sale of coinage; gross sales receipts are credited directly to the Consolidated Revenue Fund

Description

While the Royal Canadian Mint Act assigns responsibility for the production, storage and movement of bullion and coinage to the Mint, it assigns legal title of coins of the currency of Canada to the Minister of Finance. It also authorizes the Minister of Finance to make payments out of the Consolidated Revenue Fund for costs relating to the production and shipment of coins and to deposit proceeds from the sales of such coins into the Consolidated Revenue Fund.

The Domestic Coinage Activity provides funds for the payment of:

- the production of coins; and
- the costs of storage, preparation and movement of coins of the currency of Canada.

The primary results of this Activity are the timely production and delivery of domestic coins of the currency of Canada in response to demands of the Canadian banks and various financial institutions.

Responsibility for policy inputs is split between Crown Corporations Directorate and Debt Management Division (Financial Sector Policy Branch) while the Administration Branch is responsible for administering payments, revenues and inventories.

Revenue is generated from the sale of coins at face value to chartered banks.

Figure 7: Sales and Cost Analysis ($000)

	1983-84	1982-83
Coinage Sales	54,313	52,992
Production Costs	21,123	30,969
Other Costs	1,375	1,830
Net Profit	31,815	20,193

NOTE: The production costs for 1983-84 have decreased substantially due to a build-up of inventories at year end 1982-83.

D. International Financial Organizations

Objective

To provide funds for the payment of Canada's subscriptions and obligations to various international organizations.

Figure 8: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
International Development Association	195,100	207,000	(11,900)
International Bank for Reconstruction and Development	9,200	30,700	(21,500)
International Finance Corporation	6,500	-	6,500
	210,800	237,700	(26,900)

Description

The International Development Association (IDA) is an affiliate of the World Bank and lends resources for development projects in the world's poorest countries on highly concessional terms.

There have been six replenishments to the IDA fund since it was founded in 1960 and Canada has participated in all six. Contributions to IDA are usually made in the form of non-negotiable, non-interest bearing demand notes. The statutory item in the Estimates for IDA represents the drawdown of these notes by IDA as required to fund its projects throughout the world.

The International Bank for Reconstruction and Development (IBRD), usually referred to as the World Bank, is the single largest and most important source of development financing in the world. IBRD operates on much the same principles as a commercial bank, except that it does not accept deposits. Some 143 countries, including all major countries except the USSR, belong to the World Bank. The member countries of the Bank purchase shares in the Bank, a portion of which is paid-in when the shares are purchased and the remainder is considered callable when required by the Bank. The Bank then lends the funds it receives and borrows additional resources on the world financial markets against its callable capital in order to assist economic development. Because the bulk of the World Bank's resources are raised on the financial markets, its lending terms closely reflect commercial rates.

The statutory item in the Estimates for IBRD relates to payments for World Bank shares subscribed to by Canada as part of the 1979 General Capital increase of the World Bank.

The International Finance Corporation (IFC) is another affiliate of the World Bank Group. Canada subscribes to the capital of the IFC and total authorities granted to date were for the purchase of 20,952 paid-in shares. The purpose of the IFC is to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in less developed areas, thereby supplementing the activities of the IBRD.

The International Finance and Development Division of the International Trade and Finance Branch is responsible for coordinating Canada's participation in IDA, IBRD and IFC.

The Bank of Canada acts as Canada's depository and banker for IDA, IBRD and IFC. It maintains a Canadian dollar account and a security account for IDA, IBRD and IFC.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	32,932	31,917	28,928
Contributions to employee benefit plans	4,605	4,123	4,356
Other personnel costs	2	2	2
	37,539	36,042	33,286
Goods and services			
Transportation and communications	4,292	4,943	4,636
Information	1,964	4,924	3,611
Professional and special services	7,288	8,165	8,170
Rentals	1,837	1,980	1,073
Purchased repair and upkeep	581	1,208	647
Domestic coinage	45,000	48,000	22,499
Other utilities, materials and supplies	1,248	1,365	1,251
All other expenditures	-	-	262
	62,210	70,585	42,149
Total operating	99,749	106,627	75,435
Capital	293	1,014	1,191
Less: Receipts and revenue credited to the Vote*	8,369	7,949	7,568
Net expenditures	91,673	99,692	69,058

* Operating expenditures recovered from Treasury Board Canada and the Office of the Comptroller General

2. Personnel Expenditures

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	115	74	69	50,350 - 96,300	66,700
Scientific and Professional	236	287	277	14,911 - 88,120	45,500
Administrative and Foreign Service	184	190	169	12,766 - 63,870	37,900
Technical	39	38	36	12,635 - 57,764	30,900
Administrative Support	230	230	246	12,636 - 37,130	22,100
Operational	7	8	7	13,253 - 39,988	20,400

NOTE: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 11: Net Program Cost ($000)

	1985-86 Operating Expendi-tures	Add Capital	Add Other Costs*	Total Cost	Deduct Revenue	Total Net Costs 1985-86	Total Net Costs 1984-85
Financial and Economic Policies	99,749	293	5,473	105,515	8,369**	97,146	104,995

* Other costs include services provided without charge by Public Works and other departments.

** Operating expenditures recovered from Treasury Board and the Office of the Comptroller General.

C. Revenue Analysis

Figure 12 provides a listing of the non-tax revenue generated by the program. These revenues are credited to the Consolidated Revenue Fund and are not available for use by the Program.

Figure 12: Revenue by Source ($000)

	1983-84	1982-83
Return on Investments Loans, Investments and Advances	2,956,915	3,321,320
Refunds of previous years' expenditure	2,444	15,317
Bullion and coinage	55,700	53,817
Premium and discount on exchange	18,973	10,549
Miscellaneous	3,920	3,404
Financial and Economic Policies Revenue	3,037,952	3,404,407

Public Debt Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Estimated expenditures of $25,545,000,000 for the 1985-86 Public Debt Program will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Public Debt		
(S)	Interest and Other Costs	25,545,000	20,350,000
	Total Program	25,545,000	20,350,000

Program by Activities

(thousand of dollars)	1985-86 Main Estimates		1984-85 Main Estimates
	Budgetary Operating	Total	
Interest Costs	25,265,000	25,265,000	20,100,000
Servicing and Issuing Costs	280,000	280,000	250,000
	25,545,000	25,545,000	20,350,000

Program Overview

A. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Interest Costs	25,265,000	22,390,000	2,875,000	3-6
Servicing and Issuing Costs	280,000	270,000	10,000	3-6
	25,545,000	22,660,000	2,885,000	

B. Background

1. Introduction

The public debt is a residual program in that it represents the cost of issuing or maintaining the borrowings required to fund all other government programs and initiatives. Public debt interest is paid on the gross federal debt which includes:

- unmatured debt, consisting of domestic marketable bonds, treasury bills, Canada Savings Bonds, foreign borrowings and federal investments in the Canada Pension Plan Investment Fund less the government's own holdings of these instruments;

- superannuation accounts, which include the Public Service Superannuation Account, the Canadian Forces Superannuation Account, the RCMP Superannuation Account, and the Supplementary Retirement Benefits Account; and

- other categories, including the Canada Pension Plan Account, various deposit and trust accounts, uncashed interest and matured debt, special year-end accounts, and miscellaneous liabilities.

2. Legal Mandate

The legal mandate for this program is set out in Part IV of the Financial Administration Act which describes the requirement for Parliamentary authority for all borrowings and provides the general authorities governing the incurrance and management of the public debt.

3. Program Objective

The objective of the Public Debt Program is to provide funds for the interest and servicing costs of the public debt and for the issuing costs of new borrowings.

4. Program Organization for Delivery

Organization: The Program does not contain administration resources which are instead contained in the Financial and Economic Policies Program. The Financial Sector Policy Branch is responsible for managing the federal government's domestic and foreign debt program while the Bank of Canada is the chief issuing and redemption agent in respect of the domestic debt.

5. Program Description

The Program is divided into two activities which reflect the different purposes for which expenditures are made.

Interest Costs: This activity provides for the following interest charges:

- Interest on Unmatured Debt Payable in Canada: includes interest costs associated with domestic marketable bonds, treasury bills, Canada Savings Bonds, and federal investments in the Canada Pension Plan Investment Fund less the government's own holdings of these instruments.

- Interest on Unmatured Debt Payable in Other Countries: includes interest charges on foreign borrowings in the form of marketable bonds, bank and other loans denominated in foreign currencies.

- Interest on Other Liabilities: includes interest charges with respect to the Public Service Superannuation Account, the Canadian Forces Superannuation Account, the RCMP Superannuation Account and the Supplementary Retirement Benefits Account; Canada Pension Plan Account, various deposit and trust accounts, uncashed interest and matured debt, including Canada Savings Bonds and marketable bonds, special year-end accounts and miscellaneous liabilities.

Servicing and Issuing Costs: This activity provides for costs incurred in redeeming and transferring bonds, commissions for cashing coupons and for payment of registered interest, commitment fees on the undrawn balance of the standby credit arrangements and also provides for bond discount, premiums and commissions, advertising, administrative, legal, printing and distribution costs.

Fiscal Transfer Payments Program
Expenditure Plan

1985-86

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Appropriation Authority

Estimated expenditures of $5,426,822,000 for the 1985-86 Fiscal Transfer Payments Program will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Fiscal Transfer Payments Program		
(S)	Payments to provincial governments under the Constitution Acts, 1867-1982, Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, and Other Statutory Authority	5,127,122	5,456,989
(S)	Payments to the provinces under the Public Utilities Income Tax Transfer Act	299,700	209,600
	Total Program	5,426,822	5,666,589

Program by Activities

(thousand of dollars)	1985-86 Main Estimates		1984-85 Main Estimates
	Budgetary Transfer Payments	Total	
Fiscal Transfer Payments	5,426,822	5,426,822	5,666,589

Program Overview

A. Financial Summary by Activity

Figure 1: Financial Summary by Sub-Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Statutory Subsidies	35,805	35,799	6	4-6
Fiscal Equalization	5,095,000	5,437,000	(342,000)	4-7
Reciprocal Taxation	240,000	210,230	29,770	4-7
Public Utilities Income Tax Transfer	299,700	234,000	65,700	4-7
Youth Allowances Recovery	(243,683)	(231,000)	(12,683)	4-7
	5,426,822	5,686,029	(259,207)	

B. Background

1. Introduction

The Fiscal Transfer Payments Program provides funds which are paid to the provinces under a number of statutory authorities, the most important of these being the Federal Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. The purpose of Part I of this Act is to allow all provinces, irrespective of their fiscal capacity, to deliver an acceptable level of services. The Act is reviewed and revised every five years following consultations with the provinces.

Federal financial, economic, tax and other policies bear heavily on negotiations concerning statute revisions and, in turn, the statutory provisions governing the levels of transfer payments are an important factor in determining the fiscal framework.

Policies and negotiations which culminate in arrangements under which payments are made or the formulae by which actual payments are to be calculated are the responsibility of the Financial and Economic Policies Program.

2. Legal Mandate

Payments to the provinces and territories through the Fiscal Transfer Payments Program are authorized principally under the following statutes: Constitution Act, Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, Public Utilities Income Tax Transfer Act and the Federal Provincial Fiscal Revision Act.

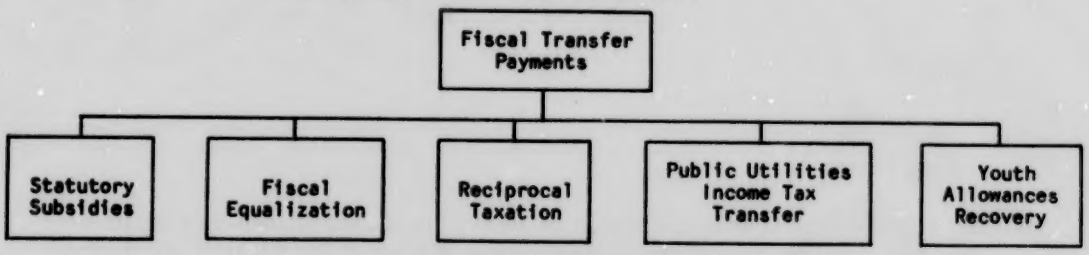
3. Program Objective

The objective of the Fiscal Transfer Payments Program is to provide funds for payments to provincial governments under various statutory authorities.

4. Program Organization for Delivery

Activity Structure: The program consists of one activity which is divided into five sub-activities so as to reflect the different purposes and authorities under which payments are made.

Figure 2: Activity/Sub-Activity Structure



Organization Structure: Amounts of transfers and the timing of payments are specified by statute or in regulations made pursuant to statute. Administration of the statutes and calculation of payments is the responsibility of the Federal-Provincial Relations Division. Payments processing is carried out by Financial Services Division.

5. Program Description

Statutory Subsidies: are unconditional payments by the government of Canada to the governments of the provinces. The subsidies were established by the Terms of Confederation and subsequent arrangements as new provinces entered Confederation. Payments commenced in 1867 and are payable in perpetuity, subject only to further constitutional amendments. There are four classes of payments:

- allowances to support provincial governments and legislatures;
- per capita allowances;
- interest on provincial debt allowances; and

- special grants and allowances.

The BNA Act specifies that subsidies payable to the provinces be adjusted on the basis of the provincial population determined in each decennial census. For the Prairie provinces, population adjustments are made more frequently, as provided in the legislation establishing the provinces, in recognition of their rapid growth when they joined Confederation. Subsidies payable under other Acts are similarly specified.

Fiscal Equalization: is a program of unconditional transfer payments to fiscally-disadvantaged provinces. The provisions of Part I of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977 were amended in 1982 for a five year period. The equalization formula specified in the statute produced a comprehensive measure of each province's capacity to derive revenue from taxation. This is compared against an equalization standard based on the average of the capacities of British Columbia, Saskatchewan, Manitoba, Ontario and Quebec.

Provincial equalization entitlements are determined by statutory formula. A province's entitlement is equal to its population multiplied by the positive difference, if any, between the per capita provincial yield from a representative tax system (defined by statute) and the average per capita yield of that system in the five standard provinces.

Reciprocal Taxation: is a program whereby the federal government remits (directly or indirectly) to participating provinces, payments in lieu of provincial taxes and fees (includes provincial general sales taxes, motor fuel, tobacco and amusement taxes, and motor vehicle registration fees) on its consumption or use of goods and services. In return, the participating provincial governments pay federal sales and excise taxes on their purchases of goods.

The Public Utilities Income Tax Transfer: program was originated in 1948 at which time the level of transfer was set at 50 percent of federal tax paid by investor-owned public utilities. Since the enactment of the Public Utilities Income Tax Transfer Act in 1966, unconditional statutory payments of 95 per cent of the federal income tax paid by investor-owned public utilities on income derived from the generation and/or distribution to the public of electrical energy, natural gas and steam are made to the province.

Youth Allowances Recovery: is calculated as three percent of the Federal Tax payable in the province of Quebec with respect to the fiscal year. The amount included in Estimates is based on the forecast Federal Tax payable.

Canadian Import Tribunal Program
Expenditure Plan

1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $2,210,000 in support of the 1985-86 Canadian Import Tribunal Program. The remaining expenditures, estimated at $254,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Import Tribunal Program		
5	Program expenditures	2,210	1,462
(S)	Contributions to employee benefit plans	254	162
	Total Program	2,464	1,624

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Import Tribunal Program	
5	Canadian Import Tribunal - Program expenditures	2,210,000

Extracts from Part II of the Estimates

Program by Activities

(thousand of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Total	
Canadian Import Tribunal	41	2,464	2,464	1,624
	41	2,464	2,464	1,624

Section I
Program Overview

A. Highlights

The Canadian Import Tribunal, formerly the Anti-dumping Tribunal, has established the following major goals for the 1985-86 fiscal year:

Injury Inquiries: To conduct under new inquiry procedures an increased number of inquiries to determine whether dumped or subsidized imports into Canada are injurious to the domestic industry.

References and rulings: On request, to provide advice on the question of evidence of material injury at the initiation or investigation stages of a case by the Deputy Minister of National Revenue, Customs and Excise, and to issue rulings as to which of two or more persons is the importer of the subject goods on which duties are payable.

Reviews: To review annually during the next three years at least 20 of the material injury findings which were issued under the former Anti-dumping Act and which remain in effect under the Special Import Measures Act. On December 31, 1984, some 66 findings of material injury were in effect, some of which dated back to the 1970s.

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Canadian Import Tribunal	2,464	1,981	483	5-9
Authorized person-years	41	35	6	

C. Background

1. Introduction

The Canadian Import Tribunal is an independent, statutory quasi-judicial tribunal established under the Special Import Measures Act to inquire as to whether the importation of goods is causing material injury to Canadian industry or is retarding the establishment of production in Canada and to determine appropriate action. These inquiries result in the issuance of findings or reports by the Tribunal. Findings establish the basis under which National Revenue, Customs and Excise, levy anti-dumping or countervailing duties and reports assist the government in determining whether safeguard action should be taken respecting other imports.

2. Legal Mandate

The Canadian Import Tribunal derives its authority from the Special Import Measures Act, which replaced the 1969 Anti-dumping Act. The Special Import Measures Act came into force on December 1, 1984. It was designed to modernize and streamline Canada's previous anti-dumping and countervailing legislation, and to bring it into conformity with its international obligations. In the case of dumping, we refer to the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade (the Anti-Dumping Code), and in the case of subsidization, to Article 6 of the Subsidies and Countervailing Duties Agreement (the Subsidies and Countervailing Duties Code). These agreements were negotiated under the auspices of the GATT "Tokyo Round" of multilateral tariff negotiations and signed by Canada in 1979. Countries adhering to these agreements are obliged to ensure that their anti-dumping and countervailing legislation and practices are not in conflict with the criteria and procedures set out in the Codes.

3. Program Objective

To determine whether dumped or subsidized imported goods are injuring Canadian producers and to inquire into other matters in relation to injurious imports that are referred to it by the Governor in Council.

4. Program Description

The investigation and conduct of hearings including inquiries to determine the existence of material or serious injury to Canadian industry due to the importation of goods.

5. Program Organization for Delivery

The Canadian Import Tribunal reports to the Minister of Finance. The Tribunal is a court of record which conducts several types of proceedings, generally in a quasi-judicial fashion. The Tribunal consists of five regular members, to which may be added up to five temporary members. It is supported by a secretariat, which provides support services and by a research unit, which conducts economic studies.

The Tribunal is located in Ottawa. In arriving at its decisions, the Tribunal receives representations, hears evidence and holds public hearings. Although hearings normally are held in Ottawa, they may be held anywhere in Canada.

D. Planning Perspective

1. Environment

Economic Conditions: The economic climate is the key environmental factor which affects the Tribunal's activities. As international economic conditions deteriorate, there is a tendency for Canadian manufacturers to lodge more complaints with National Revenue Canada, Customs and Excise, thereby resulting in more preliminary determinations of dumping or subsidization and hence more inquiries by the Canadian Import Tribunal.

2. Initiatives

The Canadian Import Tribunal, in the upcoming year, plans to make significant changes to its inquiry procedures to bring them into conformity with the new legislation and to discharge efficiently its statutory responsibilities. A significant increase in workload is anticipated as a result of the passage and proclamation of the Special Import Measures Act in 1984. With an enhanced awareness on the part of Canadian manufacturers of the recourse provided by the Special Import Measures Act against unfair import competition, an increase in the Tribunal's workload is anticipated.

3. Program Effectiveness

In the context of current government trade policy, criteria for measuring the effectiveness of the Canadian Import Tribunal Program must be related to its objective of determining whether dumped or subsidized imported goods are injuring Canadian producers and the inquiring into other matters related to injurious imports. This is achieved by conducting inquiries to determine the degree of injury, if any, or the potential injury to any Canadian manufacturer or industry as a result of the dumping or subsidization of foreign goods. The result of this process is the issuance of findings with respect to material injury. In cases where the Tribunal finds material injury due to dumping, anti-dumping duties are levied by National Revenue, Customs and Excise, in the amount of the difference between the export price and normal value in the country of export. These duties, however, may be reduced or eliminated by the government if upon report by the Tribunal they are deemed not to be in the public interest.

The Tribunal may review its affirmative findings of injury at any time, on its own initiative or upon an application which it finds has merit, and may alter, continue or rescind its findings. If a finding is not reviewed and continued by the Tribunal within five years of its date, the finding lapses. If a finding is reviewed and maintained in force, subject to alteration, if any, the five year rule will again apply, subject to earlier review.

4. Performance Information/Resource Justification

The expenditures for the Canadian Import Tribunal consist primarily of salaries and the direct expenses of its employees.

The current level of resources was established to enable the Tribunal to carry out the following activities which relate directly to the fulfillment of the statutory responsibilities:

- References (Sections 33, 34 and 35 of the Act) - When the Deputy Minister of National Revenue, Customs and Excise, decides not to proceed with a dumping or subsidization investigation because the evidence does not disclose to his satisfaction that material injury or retardation has occurred or will occur, the Deputy Minister or the complainant may refer this question to the Tribunal. The Tribunal then decides whether there is sufficient indication of injury to cause an investigation to be continued. If a formal investigation is launched by the Deputy Minister, the exporter, importer or government of the country of export may refer the matter to the Tribunal as to whether there is a reasonable indication of injury in an attempt to determine the investigation.

- Injury Inquiries (Section 42 of the Act) - These are economic inquiries involving the examination of a wide variety of factors and the formulation of findings by the Tribunal as to whether the importation of dumped or subsidized goods is materially injurious to Canadian producers of like goods. Findings of the Tribunal that such imports are the cause of material injury result in the imposition of anti-dumping or countervailing duties by National Revenue, Customs and Excise. In addition, pursuant to Section 45 of the Special Import Measures Act, the Tribunal reports to the Minister of Finance if it finds that the imposition of duties would not or might not be in the public interest.

- Governor in Council Inquiries (Section 48 of the Act) - The Tribunal is asked to inquire into and report on matters referred to it by the Governor in Council. These inquiries are generally more extensive and far-ranging than injury inquiries. Imports of service are now also included in this type of inquiry under the Special Import Measures Act.

- Reviews (Section 76 of the Act) - The Tribunal may, on its own initiative or at the request of the Deputy Minister of National Revenue, Customs and Excise, or any person or government, review its findings and may rehear any matter in this process.

- Importer Rulings (Section 89 of the Act) - The Tribunal may be asked to rule on the question as to which of two or more persons is the importer of goods on which duty is payable.

- Reconsiderations (Section 91(1)(g) of the Act) - The Tribunal may reconsider any finding it has made when its ruling as to who is the importer identifies a person other than the one specified by the Deputy Minister of National Revenue.

Figure 2: Distribution of Workload (Under the Anti-dumping Act)

	Section 16 Dumping	Section 16.1 Governor in Council	Section 31 Reviews	Section 13 References	
Calendar Year	Findings Issued(1)	Reports Issued(2)	Review Findings and Alterations	Referrals	Total
1979	14	-	6	2	22
1980	13	-	6	1	20
1981	11	1	7	1	20
1982	15	-	4	1	20
1983	19	1	8	1	29
1984	16	2(3)	13	2	33

(1) There were 66 findings of material injury due to dumping in effect at December 31, 1984.
(2) The 1983 and 1984 reports related to subsidized imports.
(3) Does not include inquiry with respect to the footwear and skate industry which was in progress at year end. Hearings have been held and the report is to be completed in June 1985.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 3: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,819	1,398	1,211
Contributions to employee benefit plans	254	162	173
	2,073	1,560	1,384
Goods and services			
Transportation and communications	75	89	50
Information	70	70	36
Professional and special services	150	180	93
Rentals	25	24	4
Purchased repair and upkeep	5	6	4
Utilities, materials and supplies	66	35	6
	391	404	193
Total operating	2,464	1,964	1,577
Capital	.....	17	12
Total expenditures	2,464	1,981	1,589

2. Personnel Expenditures

Figure 4: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	10	6	5	50,350 - 96,300	65,336
Scientific and professional	8	9	10	14,570 - 65,080	49,574
Administrative and foreign service	10	5	4	13,912 - 60,465	36,592
Technical	4	5	2	12,635 - 57,764	29,882
Administrative support	9	10	10	12,636 - 31,946	20,949

The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 5: Program Costs for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs*	Total Net Cost 1985-86	Total Net Cost 1984-85
Canadian Import Tribunal	2,464	341	2,805	2,319

* Services provided without charge by other departments.

Inspector General of Banks Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $2,065,000 in support of the 1985-86 Inspector General of Banks Program. The remaining expenditures, estimated at $254,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Inspector General of Banks Program		
10	Program expenditures	2,065	1,570
(S)	Contributions to employee benefit plans	254	178
	Total Program	2,319	1,748

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Inspector General of Banks Program	
10	Inspector General of Banks - Program expenditures	2,065,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Total	
Inspector General of Banks	42	2,319	**2,319**	1,748
	42	2,319	**2,319**	1,748

Section I
Program Overview

A. Highlights

The Inspector General of Banks has established the following major goals for 1985-86.

Bank Inspections: The Inspector General will conduct inspections of 72 banks to determine their financial condition and to ensure compliance with the Bank Act and the Quebec Savings Banks Act.

Licencing and Examination of Foreign Banks' Subsidiaries and Representative Offices: The Inspector General will administer the licencing and conduct examinations of foreign banks' subsidiaries to ensure that business practices are consistent with Canadian standards. The Office will also monitor the activities of 73 representative offices of foreign banks to ensure that they are operating within Canadian regulations.

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Inspector General of Banks	2,319	1,748	571	6-9
Authorized person-years	42	33	9	

C. Background

1. Introduction

The Inspector General of Banks has the statutory responsibility for the administration of the Bank Act and the Quebec Savings Banks Act. This entails, with respect to chartered banks, the general administration of the Acts, supervision of compliance with the Acts and Regulations by the banks and the supervision and inspection of banks to assess their solvency and to ensure the protection of depositors and shareholders. In addition, the Inspector General advises the Minister on policy matters relating to banks and the banking system, recommends, as necessary, changes to the Acts and related Regulations and provides assistance to the public in the provision of information regarding banks and the Act and in the resolution of disputes with banks. This program is administered independently of the other programs in the Department of Finance.

Under Section 247 of the Bank Act, the costs of operating the Office of the Inspector General of Banks are recovered from all banks operating in Canada. These recoveries are credited to the Consolidated Revenue Fund in the subsequent fiscal year and are not available for use by the Program.

2. Legal Mandate

The Inspector General receives his mandate under Part IX of the Bank Act and Section 56 of the Quebec Savings Banks Act.

3. Program Objective

To ensure that the provisions of the Bank Act and the Quebec Savings Banks Act are being duly observed so that the confidence of the public in the Canadian banking system is sustained.

4. Program Description

The administration of Bank Act, and the conduct of examinations and inquiries into banking activities to ensure adherence to the provisions of that Act and the Quebec Savings Banks Act and that banks are in sound financial condition.

5. Program Organization for Delivery

The Office of the Inspector General of Banks has its headquarters in Ottawa and has a staff of 42 person-years. The Inspector General reports to the Minister of Finance and is appointed by the Governor-in-Council. The Office receives administrative support services from the Department of Finance. A single activity comprises the program.

D. Planning Perspective

1. Environment

Economic Conditions: The Inspector General of Banks attempts to encourage a balance and degree of diversity in the various ventures that banking institutions engage in so that there is minimum risk to the solvency and reputations of these institutions.

During periods when the economy is going through a period of adjustment, both domestically, nationally or on a regional basis and abroad, there can be a serious erosion of the financial positions of governments, corporations and individuals which may result in the reduced credit worthiness of certain classes of borrowers. The Inspector General will in times such as these most strongly encourage banks to diversify their lending activity to avoid concentrations of loans to a small number of large borrowers or to a few specific sectors of the economy. He will also insist that banks maintain prudent previsions against losses on loans, appropriate levels of liquid assets and adequate capital and reserves.

2. Initiatives

The Inspector General of Banks does not plan to make any major changes to either the content or the thrust of the Program in the upcoming year. The Office is however constantly striving to up-grade its supervisory practices to respond to changing domestic and international conditions and has undertaken the following initiatives:

Upgrading Computer Based Information System: Improvements to the computer based information system to assist the analysis of the financial positions of banks will be undertaken in the 1985-86 fiscal year.

Monitoring Procedures/Guidelines: The Inspector General will in the 1985-86 fiscal year be reviewing its definitions and procedures regarding capital adequacy, further developing procedures for the assessment of the adequacy of liquidity, and its definition and disclosure guidelines with respect to non-performing loans and the setting up of provisions against such loans.

3. Program Effectiveness

Criteria for measuring the effectiveness of the Inspector General of Banks Program must be related to its objective of ensuring that the provisions of the Bank Act and the Quebec Savings Banks Act are being duly observed by the Banks. This is being achieved by conducting annual

or more frequent inspections of each incorporated bank to assess their financial conditions and to ensure compliance with the Acts. The inspection process may lead to the prescribing of remedial action to correct unsatisfactory conditions found to exist in any bank.

Another measure of effectiveness is the number of public inquiries on banking activity that are received and responded to. As the public has become more aware of the role of the Inspector General of Banks, it has used the Office as a focal point to lodge complaints and to gain information on a broad range of banking matters. The proper and timely handling of these inquiries will have a positive effect on the public perception of the banking system.

In essence the intended impact of the program is to ensure that banks individually and collectively remain solvent thereby sustaining a high degree of confidence in the Canadian banking system in Canada and internationally.

4. Performance Information/Resource Justification

The expenditures for the Inspector General of Banks Program consist primarily of salaries and the direct expenses of its employees.

The current level of resources was established to enable the office to carry out the following activities which relate directly to the fulfillment of the statutory responsibilities of the office:

- receive, review, assess and make recommendations on applications for the incorporation of new banks;
- receive, review, assess and make recommendations on requests for additional deemed authorized capital i.e.: market share;
- complete the formulation and promulgation of Regulations under the two Acts;
- carry out the necessary supervision and inspection of the banks as required by the Acts;
- implement and apply procedures to monitor the compliance with the Acts, regulations or other directives by banks and others;
- develop, implement and monitor information systems necessary for efficient and effective supervision of banks;
- provide assistance to the public on matters relating to the Acts and the activities of banks; and
- provide advice and input to questions of policy with respect to banks, other financial institutions and the financial system.

There is a direct relationship of person-years to workload and any considerable increase in workload especially concerning the number of banks requiring inspection, the number and complexity of compliance questions and the number of public inquiries could result in additional resources being required.

Figure 2: Comparative Workload Statistics

	1984-85	1983-84	1982-83	1981-82
Inspections: - Person-days	2,250	2,000	1,500	1,400
- Domestic (1)	25	20	16	11
- Foreign (1)	65	60	55	28
Incorporations (2)	5	13	48	-
Public Inquiries (3)	2,000	927(est)	540	-
Legislative Reform (4)	-	2	6	11

(1) The number of compulsory annual bank inspections has been increasing in direct relation to the number of new banks being incorporated.

(2) The number of new banks being incorporated has tapered off as the majority of foreign banks have now been incorporated.

(3) These figures are based on estimates.

(4) In 1985-86 changes to banking legislation will be influenced by changes to legislation governing non-bank financial institutions.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 3: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,815	1,372	1,125
Contributions to employee benefit plans	254	178	190
	2,069	1,550	1,315
Goods and services			
Transportation and communications	160	114	99
Information	20	12	7
Professional and special services	58	57	52
Rentals	-	6	4
Purchased repair and upkeep	-	2	8
Utilities, materials and supplies	12	7	5
Construction and acquisition of machinery and equipment	-	-	1
	250	198	176
Operating expenditures	2,319	1,748	1,491
Total expenditures	2,319	1,748	1,491

2. Personnel Expenditures

Figure 4: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	5	6	5	50,350 - 96,300	76,065
Scientific and professional	-	1	-	20,523 - 88,120	-
Administrative and foreign services	23	15	17	13,912 - 60,465	41,117
Technical	4	3	3	12,635 - 57,764	28,407
Administrative support	10	8	8	12,636 - 31,946	21,788

The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 5: Program Costs for 1985-86 ($000)

	1985-86 Operating Expenditures	Add* Other Costs	Less Revenue	Total Net Cost 1985-86	Total Net Cost 1984-85
Inspector General of Banks	2,319	263	2,582	-	-

* Services provided without charge by other Departments.

C. Revenue Analysis

Figure 6 reports the non-tax revenue generated by the program. This revenue is credited to the Consolidated Revenue Fund and is not available for use by the Program.

Figure 6: Revenue by Source ($000)

	1984-85	1983-84
Services and service fees		
Cost of bank inspections	1,699	1,232
Foreign bank registration fees	27	27
Canadian Payments Association fees	17	13
Inspector General of Banks Revenue	1,743	1,272

D. Schedule of Chartered Banks (1984)

Domestic Banks

Montreal City & District Savings Bank
Bank of Alberta
Bank of British Columbia
Bank of Montreal
The Bank of Nova Scotia
Canadian Commercial Bank
Canadian Imperial Bank of Commerce
Continental Bank of Canada
The Mercantile Bank of Canada
Morguard Bank of Canada
National Bank of Canada
Northland Bank
The Royal Bank of Canada
The Toronto-Dominion Bank
Western & Pacific Bank of Canada

Foreign Banks

ABN Bank Canada
BT Bank of Canada
Banca Commerciale Italiana of Canada
Banca Nazionale del Lavoro of Canada
Banco Central of Canada
Bank of America Canada
Bank of Boston Canada
Bank of Credit and Commerce Canada
Bank Hapoalim (Canada)
Bank Leumi le-Isreal (Canada)
The Bank of Tokyo Canada
Banque Nationale de Paris (Canada)
Barclays Bank of Canada
The Chase Manhattan Bank of Canada
Chemical Bank of Canada
Citibank Canada
Comerica Bank Canada
Continental Illinois Bank (Canada)
Crédit Commercial de France (Canada)
Crédit Lyonnais Canada
Credit Suisse Canada
Dai-Ichi Kangyo Bank (Canada)
Deutsche Bank (Canada)
Dresdner Bank Canada
First Interstate Bank of Canada
The First National Bank of Chicago (Canada)
Fuji Bank Canada
Grindlays Bank of Canada

Hanil Bank Canada
Hong Kong Bank of Canada
The Industrial Bank of Japan (Canada)
Intern. Commercial Bank of Cathay (Canada)
Irving Bank Canada
Israel Discount Bank of Canada
Korea Exchange Bank of Canada
Lloyds Bank International Canada
Manufacturers Hanover Bank of Canada
Mellon Bank (Canada)
Midland Bank Canada
Mitsubishi Bank of Canada
The Mitsui Bank of Canada
Morgan Bank of Canada
National Bank of Detroit, Canada
National Bank of Greece (Canada)
National Westminster Bank of Canada
Overseas Bank (Canada)
Overseas Union Bank of Singapore (Canada)
Paribas Bank of Canada
Republic National Bank of New York (Canada)
Sanwa Bank (Canada)
Seattle-First Bank Canada
Security Pacific Bank Canada
Société Générale (Canada)
Standard Chartered Bank of Canada
State Bank of India (Canada)
Swiss Bank Corporation (Canada)
Union Bank of Switzerland (Canada)
Wells Fargo Bank Canada

Special Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates for expenditures of $958,000 in support of 1985-86 Special Program.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Special Program		
15	Foreign Claims Fund	85	100
L20	Advances to St. John Harbour Bridge Authority	873	950
	Total Program	958	1,050

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Special Program	
15	Special Program - To extend the purposes of Finance Vote 22a, Appropriation Act No. 9, 1966, to authorize payment out of the Foreign Claims Fund of the expenses incurred in investigating and reporting on Canadian claims prior to agreements relating to the settlement of such claims being entered into with governments of other countries and to authorize a payment to the Foreign Claims Fund of	85,000
L20	Special Program - Advances in respect of a toll bridge across the harbour of Saint John, N.B. in accordance with terms and conditions set out in an agreement relating to the financing, construction and operation of the toll bridge entered into between Canada, New Brunswick, the City of Saint John and the Bridge Authority, approved by the Governor in Council, (a) to the Saint John Harbour Bridge authority established by c.150 of the Statutes of New Brunswick, 1961-62; or (b) to a trustee for the holders of securities issued by the Authority; the total amount of advances for the fiscal year to be based on the difference for the year between the operating and financing costs of the toll bridge and the actual revenue of the Bridge Authority, as determined pursuant to the agreement, repayable if the actual revenue of the Bridge Authority for the fiscal year exceeds the amount of the operating and financing costs for such year	873,000

Extracts from Part II of the Estimates

Program by Activities

(thousand of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Budgetary Operating	Non-budgetary Loans investments advances	Total	
Special Program	85	873	958	1,050
	85	873	958	1,050

Program Overview

A. Background

1. Introduction

The Special Program is used to finance special requirements not specifically related to the other programs in the Department of Finance. The 1985-86 expenditure plan includes items for Contributions to the Foreign Claims Fund and Advances to the Saint John Harbour Bridge Authority.

2. Legal Mandate

The Foreign Claims Fund was established by the Minister of Finance in accordance with Vote 22a of Appropriation Act No. 9, 1966 and payments to the Fund are authorized by annual appropriations.

The Government of Canada signed an agreement in 1966 with the Province of New Brunswick, the City of Saint John, and the Saint John Harbour Bridge Authority. Advances by Canada are authorized by appropriations.

3. Program Description

Contributions to the Foreign Claims Fund: The Foreign Claims Fund was established by the Minister of Finance in 1966 to receive certain moneys from the custodian of Enemy Property and later from the governments of Bulgaria, Romania, Hungary, Poland, Czechoslovakia and most recently from Cuba and China for nationalized property of Canadians. These moneys are then used to pay Canadian claimants for losses suffered. In June, 1970, the Foreign Claims Commission was established to review and investigate claims for losses and to recommend awards to claimants. At that time it was agreed that the Government of Canada would pay the costs for developing its regulations and procedures in the amount of $40,000 plus one half of the annual operating costs of the Foreign Claims Commission.

Advances to the Saint John Harbour Bridge Authority: The agreement regarding the construction and financial operation of the Saint John Harbour Bridge was signed in July 1966 by the Government of Canada, the Province of New Brunswick, the City of Saint John, and the Saint John Harbour Bridge Authority. The terms of the agreement provide that operating deficits are covered by advances from Canada in return for which Canada received (i) interest-earning debentures to finance repayment of debt principal, and (ii) non-cumulative interest-bearing notes to cover operating cash shortfalls and to finance payment of debt interest. The agreement expires when all the Authority's debt has been

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repaid or in the year 2021 (51 years after the issuance of its debentures), whichever comes first. The advances from Canada were made under authority of a $10 million non-lapsing Department of Finance vote in the Supplementary Estimates of 1965-66 (E) and lapsing votes in 1982-83, 1983-84 and the current year. In recent years, there have been no operating losses; however, a significant portion of the debt servicing is still not being met from operating revenues.

Department of Insurance Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Department of Insurance Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts, provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $12,262,000 in support of the 1985-86 Department of Insurance Program. The remaining expenditures, estimated at $1,244,000 for employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Insurance		
30	Program expenditures	12,262	11,662
(S)	Contributions to employee benefit plans	1,244	1,103
	Total Program	13,506	12,765

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Insurance	
30	Insurance - Program expenditures	12,262,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Supervision of Companies	165	10,002	...	**10,002**	9,488
Actuarial and Other Services	26	1,546	...	**1,546**	1,454
Administration	35	1,943	15	**1,958**	1,823
	226	13,491	15	**13,506**	12,765

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 25 - Program expenditures	11,127,000	12,881,000	**11,978,185**
Statutory - Civil service insurance actuarial liability adjustment	-	328,753	**328,753**
Statutory - Contributions to employee benefit plans	1,027,000	1,143,000	**1,143,000**
Total Program	12,154,000	14,352,753	**13,449,938**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Department of Insurance does not plan any major change in either the nature or direction of its Program in 1985-86. Emphasis will be on continuing the following initiatives undertaken during previous fiscal years:

- to continue with the review of the scope and emphasis of systems and procedures used to monitor those financial institutions for which the Department is responsible (see page 18); and
- to continue with the work required for the revision of the legislation respecting supervised companies (see page 12).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Supervision of Companies	10,002	10,052	(50)	15
Actuarial and Other Services	1,546	1,416	130	21
Administration	1,958	1,847	111	24
	13,506	13,315	191	
Person-years	226	214	12	

Explanation of Change: The financial requirements for 1985-86 are 1% or $191 thousand higher than the 1984-85 forecast expenditures. The increase is required for:

	($000s)
• provision for salary increases	543
• increased operating costs	23
• more complete utilization of authorized person-years	450
• reduction in administrative expenses expected to be incurred in connection with the liquidation of Pitts Insurance Company and Cardinal Insurance Company (see page 19 for further details)	(825)

Explanation of 1984-85 Forecast: The 1984-85 forecast is $550 thousand or 4% higher than the 1984-85 Main Estimates of $12.8 million (see Extracts from Part II of the Estimates, page 4). The difference is the net of additional resources of $1,000,000 being sought through Supplementary Estimates to meet higher than expected expenses in 1984-85 in connection with the liquidation of Pitts Insurance Company and Cardinal Insurance Company, and a saving of $450 thousand resulting from an anticipated underutilization of authorized person-years.

B. Recent Performance

1. Highlights

The Department's supervisory function was strengthened by an increase in authorized person-years of 11 between fiscal year 1982-83 and fiscal year 1984-85 (from 154 in 1982-83 to 161 for 1983-84 to 165 for 1984-85).

During the period under review, the Department allocated resources in such a manner as to emphasize the monitoring of companies having weaker financial positions than average. Particular attention has been paid to companies with significant investment activities in Western Canada having regard for the continued depressed economic situation in that area of the country. More frequent examinations of such companies were conducted by the examination staff and professional real estate appraisal services were used more extensively to assist in determining current values of real estate investments and mortgage loans (see page 13).

In the property and casualty area, the Department has developed proposals for strengthening the legislative provisions, in the context of experience gained from the recent failures of three companies, and these proposals have been under discussion with the industry. The Department has also taken steps to increase the frequency of monitoring companies' financial positions so that adverse trends can be detected and discussed with company officials on a more timely basis.

More detailed information is being sought with regard to reinsurance arrangements and this is also being analyzed in an effort to recognize potential weaknesses before serious problems develop (see page 13).

In the life insurance area, the Department has reallocated existing resources to permit more intensive review and study of the appropriateness of the actuarial methods and assumptions used by the companies for their various blocks of business (see page 13).

Work has continued on drafting proposals for revisions to the legislation relating to the financial institutions supervised by the Department. Although the drafting of sections dealing with a number of major policy issues, particularly those relating to powers, has been deferred pending decisions by the government on the future direction in which financial institutions should be permitted to evolve, work on drafting of provisions not touching on these major policy issues has been able to proceed.

The Department of Insurance is actively participating with the Department of Finance and other interested parties in a review of the major policy issues related to the future direction of financial institutions and the legislation governing their operations.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Supervision of Companies	10,093	9,125	968
Actuarial and Other Services	1,354	1,366	(12)
Administration	1,674	1,663	11
Civil Service Insurance actuarial liability adjustment	329	-	329
	13,450	12,154	1,296

Explanation of Change: The difference between actual expenditures and Main Estimates as shown above is primarily the result of 1983-84 administrative expenses related to the winding-up of Pitts Insurance Company and Cardinal Insurance Company being about $1.24 million higher than forecast. This additional expense was offset by savings in salary costs resulting from an underutilization

of authorized person-years in 1983-84. The required additional resources were approved through Supplementary Estimates. The difference is also due to a statutory actuarial liability adjustment, made annually to the Civil Service Insurance Account to bring the balance in the account up to the amount of the liabilities of the account determined by an actuarial valuation as of the end of each fiscal year. The adjustment is made pursuant to provisions of the Civil Service Insurance Regulations. The amount of $329 thousand was the adjustment required as of March 31, 1983 (see also page 25).

C. Background

1. Introduction

The Department of Insurance is the organization responsible at the federal level for the supervision of all federally registered or licensed financial institutions other than chartered banks. The supervision of chartered banks is the responsibility of the Inspector General of Banks. The Department also has responsibility for the supervision of employer-sponsored pension plans relative to employments under federal jurisdiction.

In addition, the Department is responsible for the provision of actuarial advice to other departments and performs extensive actuarial services in the valuation of government pension and insurance programs.

The deputy head of the Department is the Superintendent of Insurance and the responsible Minister is the Minister of Finance. Currently, administrative responsibility for the Department has been delegated by the Minister of Finance to the Minister of State (Finance).

2. Legal Mandate

The Department of Insurance Act of 1932 provided that the Department would be responsible for the administration of the legislation respecting federally registered or licensed insurance, trust and loan companies. Since that time, legislation has been enacted with respect to supervision of other types of financial institutions. Administration of such legislation, other than that related to chartered banks, has been assigned to the Department.

The Department also has specific responsibility under various Acts for the provision of actuarial services and advice.

Further information and a list of statutes administered is provided in Section III of the Plan (see page 29 for details).

3. Program Objective

The objective of the Program is to protect the public against financial loss from the operations of federally registered or licensed financial institutions and registered pension plans and to provide actuarial services for the government and other government departments.

4. Program Organization for Delivery

Activity Structure: The Department of Insurance has one program consisting of three activities, namely, Supervision of Companies, Actuarial and Other Services, and Administration.

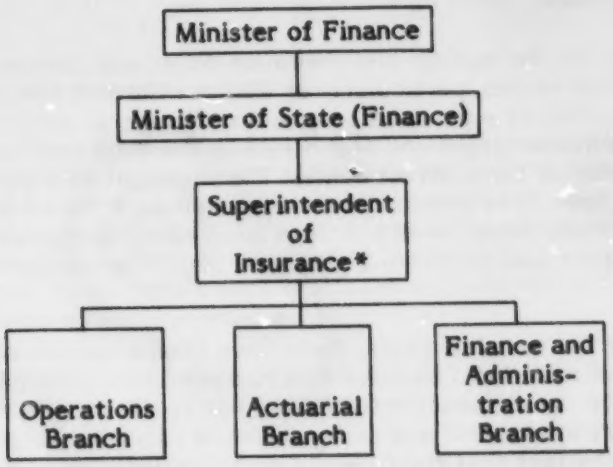
The Supervision of Companies Activity comprises the supervision of financial institutions as well as the supervision of pension plans subject to the Pension Benefits Standards Act.

The Actuarial and Other Services Activity is responsible for the provision of actuarial services to the government and other government departments.

The Administration Activity which includes the Office of the Superintendent provides executive direction and central support services to the above two main activities. In addition to these functions, the Administration Activity carries out administration of the Civil Service Insurance Act and Part I of the Excise Tax Act.

Organization Structure: The Department is organized into three branches, namely Operations Branch, Actuarial Branch and Finance and Administration Branch. Headquarters of the Department is located in Ottawa and regional offices are maintained in Toronto, Montreal, Winnipeg, Vancouver and Halifax. Figure 3 shows the relationship between the organization and activity structures.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



Activity	Operations Branch	Actuarial Branch	Finance and Administration Branch	Activity Totals
Supervision of Companies	9,552	450		10,002
Actuarial and Other Services		1,546		1,546
Administration			1,958	1,958
	9,552	1,996	1,958	13,506

* Resources for the Office of the Superintendent are included in Finance and Administration Branch.

The supervision of financial institutions is carried out by the staff of the Operations Branch. In addition to a staff at headquarters, the Branch has a staff of examiners that performs the examination of the financial condition and affairs of companies under its supervision. The main force of examiners is stationed in Toronto where the head offices of companies are concentrated. Other smaller offices are situated in Montreal, Winnipeg, Vancouver and Halifax.

The supervision of pension plans subject to the Pension Benefits Standards Act is carried out by staff of the Actuarial Branch. The remaining staff of this branch is responsible for the provision of actuarial services and advice to the government and to other government departments.

5. Cost Recovery

Approximately 85% of the Department's regular ongoing costs are recovered, primarily from supervised financial institutions (see page 28 for further information).

D. Planning Perspective and Performance Review

1. Environment

Competition for the savings and insurance dollar and depressed economic conditions and real estate values, particularly in Western Canada, continue to affect the financial position of supervised companies. Financial institutions with significant investments in mortgages and real estate in the West continue to have to write down the value of these investments. The activities of these companies will continue to have to be monitored closely to protect the interest of the public. Although the operating results of most supervised companies have improved recently, capital and surplus margins remain narrow compared to historical standards.

During the past few years, there have been a number of events that have weakened the traditional barriers that had previously existed between the activities undertaken by the different sets of financial institutions. These events, the move towards integration and deregulation of financial institutions in the United States, and the fact that the federal legislation relating to non-bank financial institutions has not undergone complete revision for many years has led to intense pressure from trust companies, loan companies, insurance companies and co-operative credit associations for revision of the federal legislation applicable to them.

Faced with the dilemma of trying to decide what type of financial institution should be allowed to undertake what type of activity in a rapidly changing environment, the government appointed an Industry Advisory Committee in 1983 to provide it with advice on the direction in which financial institutions should be permitted to evolve in the future. Pressure continues for revision of the legislation and the Department of Insurance is participating with the Department of Finance and other interested parties in the preparation of policy papers on major outstanding issues. The Department will be heavily involved in preparing the legislation once the major policy issues are decided.

There is continuing activity on the pension reform front, from the perspective of both public and private pension plans. The Report of the Parliamentary Task Force on Pension Reform was tabled in December, 1983, and took the reform process one step further by examining and reporting upon the proposals for reform of the Canadian retirement income system contained in the Government of Canada's paper Better Pensions for Canadians. The February 15, 1984 budget document "Action Plan for Pension Reform" set out the government's plan for action to raise the minimum standards of private pension plans and strengthen public pensions. Draft legislation to amend the federal Pension Benefits Standards Act, incorporating the budget proposals for private pension plans, was tabled in Parliament in the spring of 1984 for discussion purposes. The Department is heavily involved in the pension reform process because it administers the Pension Benefits Standards Act and because it provides actuarial expertise on pension matters relating to government programs, both public and employer-sponsored.

2. Initiatives

The Department does not plan to make any major change in the nature or direction of its Program in 1985-86.

3. Update on Previously Reported Initiatives

- In the property and casualty area, the Department has created specialty positions in the claims and reinsurance fields during fiscal year 1984-85. Having a casualty actuary on staff has enabled the Department to better analyze the adequacy of claim reserves. In the reinsurance area, additional information is collected from companies and analyzed by the reinsurance specialist who advises on the adequacy of reinsurance arrangements.

- Commencing with fiscal year 1984-85, the Department identified financial resources of $100 thousand to be available for the obtaining of professional services on a contract basis. The requirement for such services, particularly professional real estate appraisal service, has arisen as a consequence of the increased emphasis on real estate investments by trust, loan and life insurance companies and the volatility of real estate values, particularly in Western Canada, in the last few years.

- The planning stage for the review of the scope and emphasis of the financial analysis, examination and other procedures and techniques used to monitor the financial institutions supervised by the Department began in January of 1984. The study stage commenced in June of 1984 and will continue through fiscal year 1985-86 (see page 18 for further information).

4. Program Effectiveness

Criteria for measuring the effectiveness of the Department are related to its main objective of protecting the public against financial loss from the operations of supervised financial institutions and providing actuarial services and advice to other departments.

The development of measures of effectiveness for the supervision of financial institutions will be deferred until the study of the scope and emphasis of systems and procedures used to supervise financial institutions is completed. This study will continue during the fiscal year 1985-86.

Notwithstanding the above, since the Department's objective is to protect the public against financial loss and since financial loss usually occurs when companies become insolvent, the number of companies that become insolvent in a given fiscal year gives some indication of effectiveness (see Figure 4 - 1984-85 data is as of October 1984).

Figure 4: Canadian Companies Supervised by the Department That Became Insolvent During the Last 10 Fiscal Years

Fiscal Year	Number of Canadian Companies Supervised[1]	Number of Canadian Companies that Became Insolvent During Fiscal Year
1984-85	270	0
1983-84	270	4[2]
1982-83	269	1
1981-82	271	1
1980-81	269	2
1979-80	258	0
1978-79	250	0
1977-78	252	0
1976-77	246	0
1975-76	239	1

1 Life insurance companies, property and casualty insurance companies, trust companies, loan companies, co-operative credit societies, investment companies.

2 Includes Greymac Mortgage Corporation, Seaway Mortgage Corporation and Fidelity Trust Company. Although these companies were not declared by a Court to be insolvent in 1983-84, they did encounter serious financial problems and only meet their contractual obligations with financial support from Canada Deposit Insurance Corporation.

Section II
Analysis by Activity

A. Supervision of Companies

Objective

To protect the public against financial loss from the operations of federally registered or licensed financial institutions and registered pension plans.

Sub-Objectives

- To ensure the financial solvency and the propriety of management policies and operations of federally registered or licensed insurance, investment, trust and loan companies, fraternal benefit societies and co-operative credit societies; and provincial insurance, loan and trust companies that are supervised under agreement or arrangements with their home provinces or the Canada Deposit Insurance Corporation.

- To provide the government with detailed information with respect to the operations and financial positions of the institutions enumerated above.

- To ensure the financial solvency of, and the propriety of management policies with respect to pension plans subject to the Pension Benefits Standards Act.

Resource Summary

The Supervision of Companies Activity accounts for approximately 74% of the total program expenditures and 73% of total person-years for 1985-86.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Supervision of Companies	10,002	165	10,052	155	10,093	151

Of the total Estimates of $10,002,000 for 1985-86, an amount of $8,252,000 represents costs of regular ongoing departmental activities and an amount of $1,750,000 is to provide for costs incurred in connection with the liquidation of two supervised insurance companies which have been placed under the control of the Superintendent of Insurance. The forecast expenses of $10,052,000 for 1984-85 include $7,477,000 for regular ongoing expenses and $2,575,000 with respect to liquidation work (see page 20 for further details).

Past Financial Performance

Figure 6: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Supervision of Companies	10,093	151	9,125	161	968	(10)

Explanation of Change: The difference between actual expenditures and Main Estimates is primarily the result of additional resources approved through Supplementary Estimates to meet higher than forecast expenses related to the winding-up of Pitts Insurance Company and Cardinal Insurance Company (see page 19 for further details).

Description

The Supervision of Companies Activity involves: the supervision of all federally registered or incorporated financial institutions, other than chartered banks; the supervision of certain provincial insurance, trust and loan companies that are supervised under arrangements with their home provinces; and the provision of examination and other technical services to the Canada Deposit Insurance Corporation. This Activity also includes the supervision of pension plans registered under the Pension Benefits Standards Act. At September 30, 1984 this involved the supervision of 574 financial institutions and 688 pension plans.

The headquarters staff carries out work related to incorporation and other corporate changes, registration, financial analysis, verification of actuarial reserves, control of assets required to be deposited by non-resident companies, and policy-making. The field staff of examiners of companies regularly visit company offices for the purpose of on-site examinations of companies' financial conditions, affairs and management practices.

Pension plans supervised under the Pension Benefits Standards Act are plans related to employments that fall within federal jurisdiction, i.e. the types of employment that are subject to the federal labour code. The Pension Benefits Standards Act parallels similar legislation existing in seven provinces. The Department maintains a close liaison with the provincial administrators in this area in order to promote uniformity in requirements and practices and to avoid duplication.

Pursuant to statute, the Department publishes annual Reports containing information on the financial condition and affairs of supervised financial institutions and also makes available to the public, through a computer data bank, information from annual financial statements filed by these companies. The work related to the publications and the data bank is handled by headquarters staff of the Operations Branch.

Performance Information/Resource Justification

The Department has not yet been able to develop reliable indicators of performance for the Supervision of Companies Activity. Although the number of companies supervised provides some indication of workload, the Department has found that it is not a good indicator. One category of financial institution may require more supervision than another category and, even within a category, the amount of supervision may vary significantly from company to company. The number of companies supervised may remain the same, while workload may increase because of a decline in capital and surplus margins.

Similarly, the size of the company supervised has proven not to be a reliable indicator. The Department supervises companies that range in size from less than $500 thousand to over $8 billion in assets. Frequently, the smaller companies require more supervisory time than do the larger companies.

The principal objective of this Activity is to try to ensure that supervised companies remain solvent. One indication of the financial strength of supervised companies, i.e. their ability to withstand adverse conditions, is the ratio of their capital and surplus to liabilities. As this ratio declines, the risk of serious financial problems and loss to the public increases, as does the amount of supervisory time necessary to try to ensure that companies remain in a position to meet their financial obligations.

As can be seen from Figure 7, with the exception of the life industry, there has been an improvement during the last two years in capital and surplus margins as a percentage of liabilities. Early 1984 operating results in the property and casualty industry indicate that the improvement in this industry may not continue in 1984. In addition, it is not expected that capital and surplus margins will be restored to levels known in the past. As a consequence, the potential for financial institutions to encounter financial problems continues to exist.

Figure 7: Trend in the Capital and Surplus Ratios of Major Groups of Supervised Canadian Companies*

December 31	Life Insurance Companies	Property and Casualty Insurance Companies	Trust and Loan Companies
	%	%	%
1983	6.28	34.0	4.88
1982	6.41	31.1	4.61
1981	7.38	27.4	4.62
1980	7.97	28.2	4.89
1979	8.13	30.3	5.13

* Ratios are calculated by dividing capital and free surplus by liabilities and appropriated surplus. Because of the different nature and amount of the guarantees provided by the different groups of companies and the different financial reporting requirements applicable to them, the ratios are not comparable between groups.

In any case, with the improvement in operating results in recent years, the Department is not requesting any increase in person-year resources for the fiscal year 1985-86 with a view to ensuring that the Department's current resources are used as effectively as possible.

Planning for the review of the scope and emphasis of systems and procedures used to monitor financial institutions commenced in January, 1984. The review commenced in June, 1984 and will continue into fiscal year 1985-86. It focuses on an examination of the methods and procedures used in the supervision process, including information collection, analysis thereof and field examination activities, with a view to maximizing the Department's effectiveness.

All of the expenses incurred by the Department in supervising financial institutions are recovered by annual assessments against those institutions (see page 19). The assessable expenses are prorated amongst all supervised financial institutions other than investment companies on the basis of income. For investment companies, the basis is assets. The rates of assessment shown in Figure 8 may be considered as an indicator of the growth in the Department's regular ongoing expenses relative to the growth of the financial institutions supervised.

Figure 8: Rates of Assessment for Regular Ongoing Expenses

	1983-84	1982-83	1981-82	1980-81
	$	$	$	$
Insurance Companies [1]	0.41	0.36	0.35	0.38
Trust Companies [2]	0.35	0.26	0.26	0.31
Loan Companies [2]	0.17	0.24	0.17	0.24
Co-operative Credit Societies [2]	0.33	0.25	0.22	0.26
Investment Companies [3]	34.27	34.18	31.19	25.99

1 Rate per $1,000 of net premiums.
2 Rate per $1,000 of total income.
3 Rate per $1,000,000 of mean assets.

As can be seen from Figure 8, the rates of assessment increased for 1983-84 for all companies except loan companies. The rate for loan companies was unusually high in 1982-83 as a result of expenses related to the Greymac Mortgage Corporation and Seaway Mortgage Corporation problems. For the other companies, the increased rates reflect the increased resources being used by the Department in carrying out its supervisory activities and a decline in the rate of growth of the assessment base.

It is relevant to note that the recoverable expenses referred to in the foregoing are those incurred by the Department in its regular ongoing supervision of companies. As referred to in departmental expenditure plans for 1983-84 and 1984-85, the Superintendent of Insurance was directed by the Court to take control of three supervised insurance companies for purposes of rehabilitating or liquidating their operations. The rehabilitation of Strathcona General Insurance Company ceased during 1983-84 with the company's amalgamation with Northumberland General Insurance Company. This action terminated the Department's responsibility in this regard. In the case of Pitts Insurance Company and Cardinal Insurance Company, the Department continues to be directly involved in overseeing the administrative arrangements related to their liquidation, a procedure that is expected to continue for a number of years because of the complexity of liquidating an insurance company.

Under the provisions of the Canadian and British Insurance Companies Act, the administrative expenses incurred by the Superintendent in connection with the liquidation of these companies are paid from the departmental appropriation and subsequently assessed against the industry. The intent of the legislation is to preserve the remaining assets of the insolvent company for the benefit of policyholders. During the fiscal years 1981-82 and 1982-83, administrative expenses in connection with the foregoing amounted to about $7.4 million and this amount has been assessed against the industry.

In 1983-84, expenditures relating to the rehabilitation of Strathcona General Insurance Company and the liquidation of Pitts Insurance Company and Cardinal Insurance Company amounted to $2.9 million. These amounts have also been assessed against the industry. Assessable expenses of about $2.6 million and $1.8 million are forecast for 1984-85 and 1985-86 respectively in connection with the liquidation of Pitts Insurance Company and Cardinal Insurance Company.

B. Actuarial and Other Services

Objective

To provide actuarial services and advice to the federal government and to government departments with respect to programs under development or administration.

Resource Summary

The Actuarial and Other Services Activity accounts for approximately 11% of the total program expenditures and 12% of total person-years for 1985-86.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Actuarial Services	1,546	26	1,416	25	1,354	25

Past Financial Performance

Figure 10: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Actuarial Services	1,354	25	1,366	26	(12)	(1)

Description

In the provision of actuarial services, the Department undertakes the following:

- actuarial valuation of, and statutory reports on, government pension and insurance programs other than unemployment insurance and government annuities; actuarial advice and calculations relating to ongoing administration of such plans;

- actuarial work relating to statutory reports and various duties and frequent special studies concerning the Canada Pension Plan;

- advice and calculations concerning actuarial aspects of programs adopted or proposed by other departments; and

- advice to the Department of National Revenue concerning funding of actuarial deficiencies and certain current service payments under pension plans registered for income tax purposes.

Performance Information/Resource Justification

The volume and complexity of the work of this Activity depend to a great extent on factors outside the control of the Department. Most of the staff is required to respond to requests for information, calculations and special studies that originate in other departments. Despite these uncertainties, attempts are made to schedule major projects well in advance. Figure 11 indicates the major projects scheduled for 1985-86. All major projects reported in the Department's 1984-85 expenditure plan are on schedule except the Statutory Actuarial Report on the Regular Force Death Benefit Account as at December 31, 1980 which is now expected to be completed early in fiscal year 1985-86 rather than late in fiscal year 1984-85 as originally reported. On the other hand, the Statutory Actuarial Report on the Canadian Forces Superannuation Account as at December 31, 1983 was initiated in fiscal year 1984-85, one year earlier than expected.

Figure 11: 1985-86 Major Project Schedule

1985-86 Major Project Schedule

	To be Initiated in 1985-86	Continued from Previous Years	Year Scheduled for Completion
Canada Pension Plan			
- projections and other cost estimates relating to miscellaneous proposals for amendment		X	ongoing
Public Service Superannuation Account (PSSA) and Public Service Death Benefit Account (PSDBA)			
- Statutory Actuarial Report on PSSA as at December 31, 1983		X	1985-86
- Statutory Actuarial Report on PSDBA as at December 31, 1983		X	1985-86
- System study of data collection procedures for PSSA	X		1986-87
- cost calculations relating to various possible amendments		X	ongoing
Canadian Forces Superannuation Account (CFSA) and Regular Force Death Benefit Account (RFDBA)			
- Statutory Actuarial Report on CFSA as at December 31, 1983		X	1986-87
- Statutory Actuarial Report on RFDBA as at December 31, 1980		X	1985-86
- cost calculations relating to various possible amendments		X	ongoing
RCMP Superannuation Account			
- cost calculations relating to various possible amendments		X	ongoing

C. Administration

Objective

To provide executive direction and financial, personnel and administrative services for the Program, and to administer the Civil Service Insurance Act and Part I of the Excise Tax Act.

Resource Summary

The Administration Activity accounts for approximately 15% of the total program expenditures and 15% of total person-years for 1985-86.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	1,958	35	1,847	34	1,674	32

Past Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Administration	1,674	32	1,663	33	11	(1)

Description

Office of the Superintendent: development of policy, strategic planning, proposals for revisions to legislation, research, program evaluation, and administration of the liquidation of insurance companies.

Financial Services: administration, design and maintenance of financial systems within the Department; provision of financial services and advice.

Personnel Services: administration, design and maintenance of personnel systems; provision of personnel services and advice.

Administrative Services: administration, design and maintenance of administrative support; provision of records management, materiel management, library, telecommunications, office accommodation and security services.

In addition to the above services which provide executive direction and support to the Department's other activities, this Activity is also responsible for the administration of the following legislation:

Civil Service Insurance Act: Under the Civil Service Insurance Program, the Government of Canada offered life insurance to its own permanent employees on an optional basis. No new policies have been issued since the introduction of the Supplementary Death Benefit Plan for the Public Service and Armed Forces in 1954. The present work consists of maintaining premium records and administering the provisions of the Civil Service Insurance Act with respect to death claims and requests for cash surrender values. Approximately 4,900 policies comprising $21 million of insurance currently remain in force.

Excise Tax Act (Part I): Under Part I of the Excise Tax Act, a 10% premium tax is imposed on certain insurance premiums paid by residents of Canada to unauthorized insurers, or to authorized insurers through brokers or agents outside Canada.

Performance Information/Resource Justification

Figure 14: Ratio of Administration Activity Costs and Person-Years to Total Department Costs and Person-Years

	1985-86		1984-85		1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration Activity	1,958	35	1,847	34	1,674	32
Total Department	13,506	226	13,315	214	13,121	208
Ratio	14.5	15.5	13.9	15.9	12.8	15.4

Note: The apparent increase in the cost of the administration activity in relation to total departmental costs results from distortion caused by the fact that total departmental costs in each year include significant extraordinary expenses of varying amounts related to the liquidation of two supervised insurance companies. If these expenses are excluded from total departmental costs, the ratio of administration activity costs to total departmental costs is 16.4% for 1983-84, 17.2% for 1984-85 and 16.7% for 1985-86.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 15: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	8,888	8,036	7,388
Employee benefit plans	1,244	1,103	1,143
	10,132	9,139	8,531
Goods and Services			
Transportation and communications	538	538	441
Information	62	62	77
Professional and special services	2,552	3,345	3,652
Rentals	37	40	39
Purchased repair and upkeep	38	38	24
Utilities, materials and supplies	131	131	142
All other expenditures	1	1	2
	3,359	4,155	4,377
Total operating	13,491	13,294	12,908
Capital	15	21	213
Total expenditures	13,506	13,315	13,121*

* Does not include the adjustment of $329 thousand for the Civil Service Insurance actuarial liability.

2. Personnel Expenditures

Figure 16: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	11	8	8	50,350 - 96,300	70,605
Scientific and Professional					
Actuarial Science	21	25	23	22,583 - 64,468	44,968
Administrative and Foreign Service					
Administrative Services	12	10	9	13,912 - 57,987	34,145
Commerce	101	101	97	15,635 - 60,465	46,261
Program Administration	15	15	15	13,912 - 57,987	33,267
Other	7	7	6		32,519
Technical					
Social Science Support	2	-	-	12,635 - 57,764	24,798
Administrative Support					
Clerical and Regulatory	33	37	39	12,932 - 31,743	22,502
Secretarial, Stenographic and Typing	24	23	23	12,636 - 31,946	20,755

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 17: Net Program Cost ($000)

	Operating Expenditures 1985-86	Add Other Costs[1]	Total Costs	Receipts Credited to Revenue[2]	Net Cost 1985-86	Net Cost 1984-85
Supervision of Companies	10,002	1,070	11,072	10,800	272	427
Actuarial and Other Services	1,546	133	1,679	449	1,230	1,142
Administration	1,958	162	2,120	1,601	519	586
	13,506	1,365	14,871	12,850	2,021	2,155

1 Other costs include: ($000)

- Accommodation provided without charge by DPW 927
- Other services provided without charge by other departments 438

2 Receipts Credited to Revenue include:

- Assessments against supervised financial institutions 11,750
- Charges to Canada Deposit Insurance Corporation and Canada Pension Plan for services provided 750
- Fees under Pension Benefits Standards Act 350

The above revenues do not include taxes collected pursuant to the provisions of Part I of the Excise Tax Act. Currently, tax revenues of about $1,000,000 per annum are realized in that regard.

C. Policy on Cost Recovery

Pursuant to statute, regular ongoing expenses incurred by the Department in connection with the supervision of financial institutions are recovered from these institutions by means of an annual assessment. Expenses incurred in connection with work done for the Canada Pension Plan and the Canada Deposit Insurance Corporation are recovered from those organizations. These recoveries include recovery of the related portion of the cost of the Administration Activity as well as the related portion of the cost of services provided free by other departments such as, for example, accommodation costs. In the case of pension plans supervised under the Pension Benefits Standards Act, fees paid by the plans cover about 70% of the costs incurred for this work. In all, approximately 85% of the Depart-

ment's regular expenses are recovered from the above sources. In addition, costs incurred in connection with the rehabilitation or liquidation of supervised companies are fully recovered from the industry.

D. Legal Mandate - Additional Information

The Department of Insurance Act of 1932 provided that the Department would be responsible for administration of the following Acts:

- Canadian and British Insurance Companies Act
- Foreign Insurance Companies Act
- Loan Companies Act
- Trust Companies Act
- Civil Service Insurance Act

Responsibility for administration of the following statutes has been assigned to the Department since that time:

- Co-operative Credit Associations Act
- Investment Companies Act
- Pension Benefits Standards Act
- Excise Tax Act - Part I

The Canada Deposit Insurance Corporation Act requires the Superintendent of Insurance to conduct examinations of each trust and loan company to which the Trust Companies Act and Loan Companies Act apply.

Order in Council (P.C. 1968-1029) authorized the Minister of Finance to enter into an agreement with any province, whereby the Superintendent of Insurance is to provide supervisory services in accordance with provincial legislation in respect of certain classes of companies incorporated in or transacting business in the province, provided that the Superintendent supervises comparable companies under federal legislation. Pursuant to such agreements, the Superintendent provides supervisory services with respect to provincial insurance companies and trust companies in Manitoba and provincial trust companies in Nova Scotia and Prince Edward Island.

The Chief Actuary of the Department of Insurance is required by the Canada Pension Plan Act to prepare a report based on an actuarial examination of the Plan at least every five years, as well as a report indicating the effect of any proposed amendments to the Plan.

Actuarial reports are required to be laid before Parliament at least once every five years under the following Acts: Public Service Superannuation Act, (separate reports with regard to the Superannuation Account and the Public Service Death Benefit Account), Canadian Forces Superannuation Act, (separate reports for the Canadian Forces Superannuation Account and the Regular Force Death Benefit Account), RCMP Superannuation Act and RCMP Pension Continua-

tion Act. Although the above Acts do not specifically require the Department of Insurance to prepare the actuarial reports, the custom has been to have the reports prepared by the Department.

The Superintendent of Insurance is required by paragraph 20(1)(s) of the Income Tax Act to advise the Minister of National Revenue as to the deductibility of certain employer contributions to registered pension plans.

Department of Justice Canada

1985–86 Estimates

Part III

Expenditure Plan

965

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Department of Justice Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into three sections. Section 1 presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $151,093,000 in support of the 1985-86 Administration of Justice Program. The remaining expenditures, estimated at $7,632,000 for contributions to employee benefit plans and the Minister's salary and motor car allowance will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Justice		
	Administration of Justice Program		
1	Operating expenditures	75,364	68,135
5	Grants and contributions	75,729	53,850
(S)	Minister of Justice-Salary and motor car allowance	42	41
(S)	Contributions to employee benefits plans	7,590	6,645
	Total Program	158,725	128,671
	Canadian Unity Information Office Program		
	Appropriation not required		
-	Program expenditures	-	16,117
	Item not required		
-	Contributions to employee benefit plans	-	349
	Total Program	-	16,466
	Total Department	158,725	145,137

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Justice	
	Department	
	Administration of Justice Program	
1	Administration of Justice - Operating expenditures	75,364,000
5	Administration of Justice - The Grants listed in the Estimates and contributions	75,729,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Budgetary Transfer payments	Total	
Legal Services	416	23,866	91	-	23,957	22,851
Litigation Services	530	28,015	684	-	28,699	27,684
Legislative Services	85	6,578	110	-	6,688	5,614
Legal Policy and Program Development	109	8,799	45	75,729	84,573	59,315
Administration	249	14,667	141	-	14,808	13,207
	1,389	81,925	1,071	75,729	158,725	128,671

Section I
Program Overview

A. Highlights

Highlights of the Administration of Justice Program during 1985-86 will be:

- counsel, either from within the Department of Justice or retained as Crown agents from the private sector by the Attorney General and supervised by the Department of Justice, will conduct all litigation in which the Crown is involved. Approximately 320 lawyers from the Department will be dedicated to this work. The total cost will be $28,699,000. Additional sums will be spent from the programs of other departments and agencies in payment of Crown agents. In 1983-84 the total cost for the payment of Crown agents was $12,981,889 (see page 19);

- a full range of legal services will be provided to the Crown and its departments and agencies. These services will be carried out by approximately 290 lawyers from the Department of Justice and on very limited occasions by Crown agents retained by the Attorney General and supervised by the Department of Justice. The cost of the services, within this Program, will be $23,957,000 (see page 17);

- all legislation required by the government will be drafted by the Department of Justice. 20 lawyers will be assigned to the preparation of draft bills, and 18 lawyers will be engaged in the preparation and review of delegated legislation. In addition, a new revision of the statutes of Canada, on which four lawyers will be working, will be completed and tabled in Parliament (see page 16). The total cost of these legislative activities will be $6,688,000 (see page 23);

- in carrying out its responsibilities for policy development and implementation, 56 lawyers and other professionals will be assigned to the tasks. Some major results of those tasks and the resources to be applied to them during 1985-86 are:

  - contributions will be made to three major programs whose costs are shared with the provinces: criminal legal aid of $64,633,000 (see page 26); native courtworkers, $3,930,800 (see page 26); and, compensation to victims of crimes, $2,626,000 (see page 26);

- criminal law reform will continue with emphasis on the development and introduction of proposals respecting sentencing principles and procedures, mental disorder, police powers, contempt of court, pre-trial procedure, defamatory libel, prostitution, hate literature, pornography and obscenity, and sexual offences against children at a total cost of $2,354,633 (see page 27);

- proposals for divorce law reform and to facilitate enforcement of maintenance and custody orders will be reviewed and implemented at an estimated cost of $314,631 (see page 28);

- the introduction of legislation to make federal laws consistent with the Canadian Charter of Rights and Freedoms. Resources dedicated to this purpose are $307,020 (see page 28);

- work will continue, at a proposed cost of $248,914, on the Federal Statutes Compliance Project designed to develop modern ways to facilitate compliance with the law and to ensure that laws are administered fairly, economically and effectively (see page 28);

- a public legal education and information program will be implemented which is designed to improve access to justice through increasing public awareness and understanding of the law. This will involve a requirement for $1,030,000 (see page 28);

- the work of the Commission of Inquiry on sentencing will continue with the intensive examination of sentencing practices and penalties. This inquiry, which is independent of the Administration of Justice Program, is expected to require $1,056,186 during 1985-86 (see page 29).

B. Financial Summary by Activity

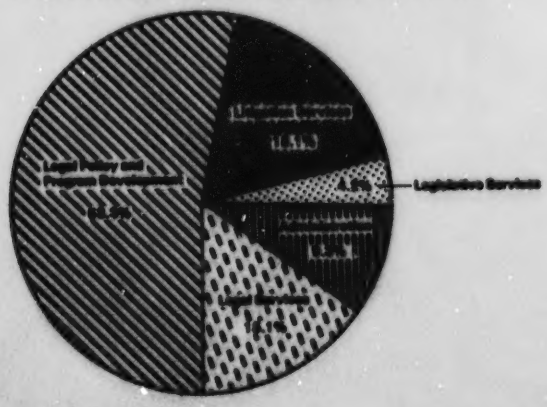
Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Legal Services	23,957	22,725	1,232	17
Litigation Services	28,699	27,011	1,688	19
Legislative Services	6,688	6,096	592	23
Legal Policy and Program Development	84,573	84,516	57	26
Administration	14,808	13,066	1,742	35
	158,725	153,414	5,311	
Authorized person-years	1,389	1,391	(2)	

Explanation of Change: The financial requirements for 1985-86 are 3.5% or $5.3 million higher than the 1984-85 forecast expenditures. This increase is a composite figure which incorporates numerous small changes in the Program.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of September 30, 1984) is $24.7 million or 19.2% higher than the 1984-85 Main Estimates of $128.7 million (Extracts from Part II of the Estimates page 4). The difference reflects two major items: a contribution of $10.5 million for the Young Offenders Program and an expenditure of $12. million for the Legal Aid Program, as approved in the Supplementary Estimates 1984-85.

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86



C. Background

1. Introduction

The Department of Justice was created by an Act of Parliament in 1868. For approximately a century it remained relatively small in size, acting primarily in a supervisory capacity, overseeing and administering the work of lawyers in the private sector retained to act on behalf of the Crown, particularly in matters involving litigation. Generally speaking, most of the legal services required by governmental departments and agencies were provided by lawyers on the staffs of those departments and agencies, with matters of major governmental concern being referred to the Department for its opinion. In 1962, the report of the Royal Commission on Government Organization recommended that the legal services of the government be provided by the Department of Justice, with five exceptions: the Judge Advocate General; the Legal Division of the Department of External Affairs; the Legal Branch of Taxation in the Department of National Revenue; the Pensions Advocates in the Department of Veterans Affairs; and, the Legal Officers in the RCMP. That recommended integration was completed by 1970. In 1967, the Legal Branch of Taxation was incorporated into the Department. The Legal Branch of the RCMP was dissolved in 1979 and responsibility for providing all legal services was assigned to the Department. Also, in 1982, the Department assumed responsibility for certain of the legal work of the Department of External Affairs.

The Administration of Justice Program, which encompasses the work of the Department, performs two distinct functions on behalf of the government.

The Attorney General function of the Department is primarily concerned with the application of existing law. The duties performed in carrying out that function include the provision of legal advice to the heads of all departments and some agencies of the government in all matters of law (see page 17), the preparation of legislation (see page 23), and the conduct of litigation (see page 19). In providing such services to departments and agencies there is a special regard for the public interest.

The Minister of Justice function is primarily concerned with: the policy considerations underlying the substantive law for which the Minister has direct responsibility (Criminal Code, divorce, etc.) (see page 25); the substantive or procedural content of government bills, regulations and departmental directives which may affect fundamental human rights or liberties; the legal mechanisms which are employed by other Ministers to give effect to governmental objectives; ensuring

that the administration of public affairs is in accordance with the law; and, "such other duties as are at any time assigned by the Governor in Council".

2. Legal Mandate

The roles and responsibilities of the Department of Justice are based on the Department of Justice Act which provides for three broad areas of endeavour. First, the Department is empowered to provide a full range of legal services to the Government of Canada and its departments and agencies including the provision of legal advice, the preparation of legal documents, the drafting of legislation and the conduct of litigation. Second, the Department is charged with ensuring that the administration of public affairs is carried out in accordance with the law. Third, the Department has the lead responsibility in the planning, development and implementation of government policies in areas related to the administration of justice and such other areas as are assigned by the Governor in Council.

The major statutes, in addition to the Department of Justice Act, that provide direction to the work of the Department of Justice are the Canadian Bill of Rights, the Statutory Instruments Act and the Statute Revision Act. The Canadian Bill of Rights requires the examination of all bills introduced in the House of Commons and all regulations transmitted to the Clerk of the Privy Council for registration to ascertain whether any of the provisions thereof are inconsistent with the purposes and provisions of that Act. The Statutory Instruments Act requires the examination of regulations according to criteria set out in that Act. The Statute Revision Act provides for the periodic revision and consolidation of the public general statutes of Canada and of the regulations of Canada.

Acts for which the Minister of Justice has responsibility are listed in Section III: C.

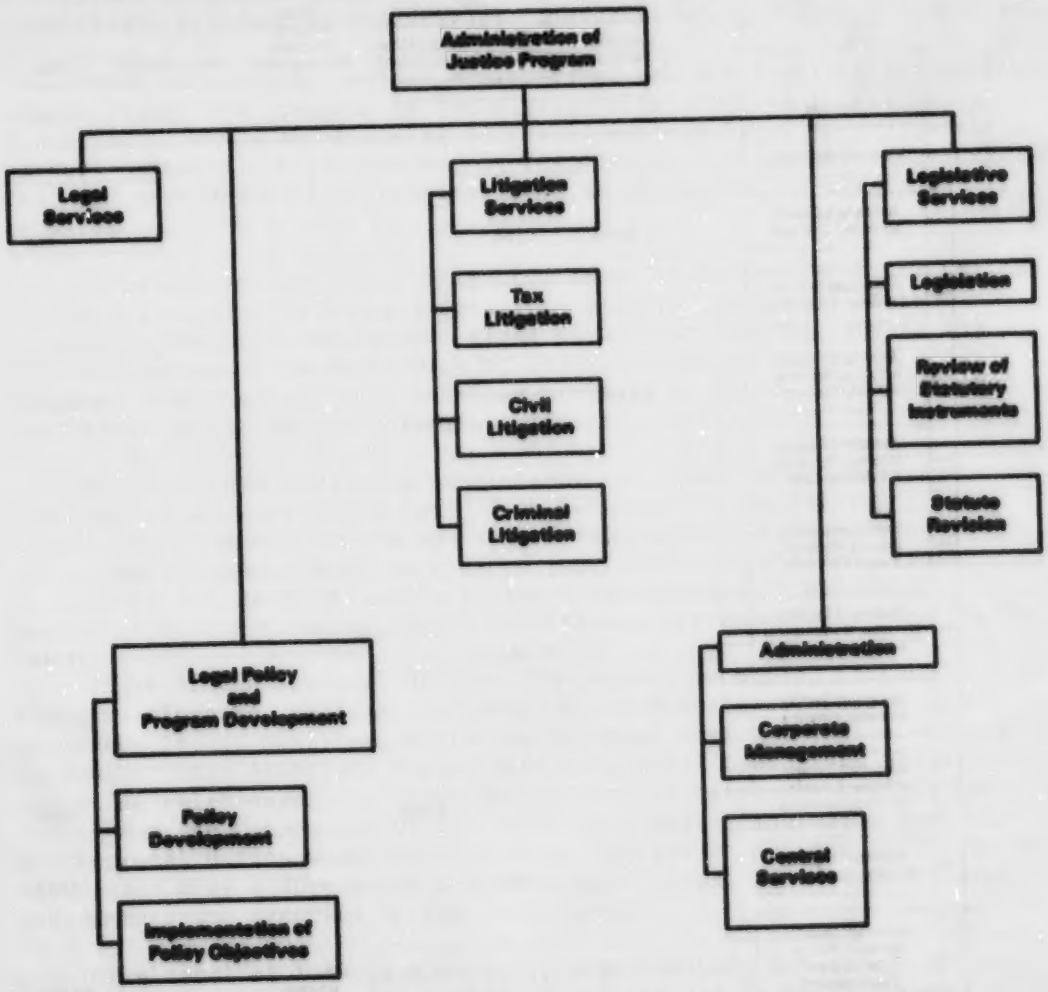
3. Program Objective

To provide legal services to the Government of Canada and to government departments and agencies; to superintend the administration of justice in Canada in all matters not within provincial jurisdiction; and to propose policy initiatives and programs in connection therewith.

4. Program Organisation for Delivery

Activity Structure: The Administration of Justice Program is composed of five activities, which are depicted together with their associated sub-activities in Figure 3.

Figure 3: Activity Structure



These are described in more detail in Section II of this Plan.

Organisation Structure: The Administration of Justice Program is administered by a Deputy Minister who is accountable to the Minister of Justice for the management of the Program.

Two Associate Deputy Ministers and a total of seven Assistant Deputy Ministers and three Assistant Deputy Attorneys General report directly to the Deputy Minister. Figure 4 outlines the organizational structure, its relationship to the Program's activity structure and provides a breakdown of 1985-86 resources.

Figure 4: 1985-86 Distribution of Resources by Organization and Activity ($000)

	Litigation Services	Legal Services	Legislative Services	Legal Policy & Program Development	Administration	Total
Minister					1,184	1,184
Deputy Minister					2,429	2,429
Associate Deputy Minister, Civil Law	6,062	1,198				7,260
Associate Deputy Minister, Litigation						
Assistant Deputy Attorney General, Civil Litigation	22,481	3,354				25,835
Assistant Deputy Attorney General, Criminal Law						
Senior Assistant Deputy Minister, Legal Services						
Assistant Deputy Minister, Commercial and Property Law		17,249				17,249
Assistant Deputy Minister, Finance						
Assistant Deputy Minister, Legislative Programming			6,666			6,666
Assistant Deputy Minister, Public Law		2,156		1,477		3,633
Assistant Deputy Minister, Policy Planning and Development				83,096		83,096
Assistant Deputy Attorney General, Admiralty and Maritime Law	155					155
Assistant Deputy Minister, Administration					11,195	11,195
Total Appropriation	28,699	23,957	6,666	84,573	14,808	158,725

The services of the Administration of Justice Program are provided through three organizational components: a Headquarters in Ottawa; 39 Departmental Legal Services Units (DLSUs) attached to client departments and agencies; and 9 Regional Offices.

Headquarters provides to the DLSUs and Regional Offices a pool of expertise in litigation and in the following areas of law: constitutional, international, administrative, human rights, real property, commercial, information and privacy, and criminal.

Headquarters also advises Ministers of the implications for indicidual rights and freedoms of their proposals; provides functional direction to DLSUs and Regional Offices; develops legal policy; administers and develops programmes; is responsible for legislative services; and provides central services such as financial and personnel services.

Prosecutions and other litigation heard in National Capital Region courts are handled by Headquarters. In addition, tax litigation arising in Manitoba, designated areas of Ontario, Quebec, and in the Atlantic provinces is dealt with by Headquarters, as are civil litigation and departmental legal services provided in those areas of Quebec not served by the Montreal Regional Office.

DLSUs provide advice and assistance to client departments and agencies on all matters of law. Such matters include legal opinions and advice, reports, briefs and memoranda; submissions; drafting instructions; negotiations; representations and interventions; draft agreements and undertakings; and, legal instruments. The Senior Assistant Deputy Minister, Legal Services is responsible for the DLSUs.

Eight of the Regional Offices (Vancouver, Edmonton, Saskatoon, Winnipeg, Toronto, Halifax, Yellowknife and Whitehorse) report to one Associate Deputy Minister, while the Montreal Regional Office reports to another, the Associate Deputy Minister, Civil Law. This division of reporting relationship reflects the difference between the Civil Law of Quebec and the Common Law of the other provinces. The major part of the Regional Office workload relates to litigation matters, although in most cases they also provide a full range of legal services to client departments and agencies at the local level.

Of a total of 1389 person-years, approximately 240 are in DLSUs, 485 are allocated to Regional Offices and 664 are in Headquarters. Approximately 700 of the total staff complement are legal officers, 30 are articling students, 60 are para-legals, and 8 are professionals with specialities in fields such as sociology, psychology, and criminology who are working on legal policy matters. The remaining 591 staff provide management, technical, and administrative support services.

D. Planning Perspective

1. Environment

Several environmental factors have been identified which will have a major impact on the direction to be taken by the Program during 1985-86.

The Constitution: The Constitution, and especially the Canadian Charter of Rights and Freedoms, will continue to exert a significant influence on the Program in several ways. The Department will maintain a major role in the ongoing constitutional discussions, including the two currently planned First Ministers' Conferences, and in the review of a number of specific constitutional questions.

The provisions of the Charter will unquestionably continue to the subject of litigation at all levels of the court system. In addition, the ongoing implementation of the Charter will result in increased demands by departments and agencies for advice as to the applicability of the Charter provisions to their existing and proposed programs and policies, and in a need for departmental leadership in promoting legal and administrative reforms to ensure compliance with the Charter. Also, legislation will be required to ensure that federal laws are consistent with the Charter.

Access to Justice: There is continuing widespread concern about questions relating to the accessibility of the justice system. There are ongoing demands for assistance for certain groups who, for financial, cultural or other reasons are not able to enjoy the full benefits and protections of the system. Also, there is continuing pressure for improvements in the measures designed to inform and educate the public about the laws which govern their lives.

The Court System: As access to justice is being improved an increasingly heavy burden is being placed on our court system. Numerous initiatives have been introduced by the federal courts to cope with their additional workload. It appears, however, that no matter how much more efficiently those courts conduct their affairs, some structural and jurisdictional changes may be required to solve the problems, particularly at the appellate level.

In addition to proposals respecting the internal restructuring of the court system, alternatives to the formal court structure, such as arbitration and mediation, as methods of dispute resolution are being examined. These are being looked at in the context not only of elimination of backlogs of cases which have built up but also as to what role the courts ought to play in determining issues between the state and its citizens and between citizens themselves.

Relations between Citizens and the Federal Government: Public response to the degree of government intervention required in a modern, complex state has resulted in pressure to re-examine some of the fundamental aspects of that intervention. In addition to the major review of the criminal law, which is underway, designed to bring that law into line with the current needs of society, the Program will have to continue its examination of regulatory laws including the extent of the use of the criminal law as a means of controlling behaviour. Also, the regulatory machinery of the state will have to undergo some basic review.

Native Legal Questions: The great increase in activity surrounding native issues which has been generated by the constitutional discussions, by the negotiations of aboriginal land claims and particularly by demands for aboriginal self-government will mean increased involvement of the Program in native justice-related questions.

Divorce, Maintenance and Custody: The family continues to be the natural and fundamental group unit of society. A modern, coherent policy for the family must emerge to respond to changes in its structure which have occurred as a result of altered social patterns. Spouses increasingly face marriage breakdown and divorce. In some cases, the disintegration of the family has been characterized by an increasing incidence of physical and emotional abuse of children and violence among family members. As a result, the need for a more humane process for the resolution of family disputes and for more effective methods of enforcing maintenance and custody orders arising from these disputes will increase.

International Relations: With the rapid development of the interdependence of both our culture and our economy with those of other countries, there will be increasing legal activity with respect to such matters as the extra-territorial application of domestic laws, treaties on international cooperation in many fields, and the resolution of our boundary disputes with our neighbours.

Efficiency, Effectiveness and Economy: The recent change in government will likely result in the introduction of some new initiatives, and the acceleration of existing initiatives designed to realize greater efficiency, effectiv-ness and economy in the implementation of federal programs. The importance of this task in relation to the Program will be heightened by increasing public pressure to eliminate unnecessary expenditures in the criminal justice system in order to combat rising costs. The challenge for the Program, therefore, lies in the need to achieve higher levels of efficiency, effectiveness and economy while ensuring an appropriate level of quality and quantity in the delivery of its services.

2. Initiatives

Initiatives planned for 1985-86, which have significant resource implications:

- With a view to achieving easier access to the law by the public and also to make that law more comprehensible, a new revision of the statutes of Canada will be completed and introduced into Parliament. The cost of this initiative during 1985-86 is estimated at $1,509,000.

- Completion of the review of federal laws and the introduction into Parliament of legislation for amending those laws in relation to guarantees contained in the Canadian Charter of Rights and Freedoms, including the equality rights which become effective in April, 1985. The resources to be applied to this initiative during 1985-86 total $307,020.

- In keeping with the demands that the government be involved in the lives of its citizens only to the extent necessary to ensure the carrying out of government policies, work will continue on the Administrative Law Reform Project initiative begun in 1983. This work includes an examination of the Statutory Instruments Act, re-evaluation of the status of the Crown with regard to liabilities, immunities, privileges and prerogatives, completion of a pilot project on the rationalization of social benefits appeal tribunals, examination of the desirability of setting minimum rules of procedure for administrative agencies, and further research on a proposal that there be established an advisory council on administration. Amendments, incorporating some of the results of the project, will be proposed to the Statutory Instruments Act, the Crown Liability Act and the Federal Court Act. During 1985-86 this initiative will require the expenditure of $248,808.

3. Program Effectiveness

To measure the effectiveness of the Program it is necessary to examine each of the Activities separately. This is so because, even though there is some overlap of effectiveness measures between different activities, there are fundamental distinctions which must be drawn among them based on the nature of the services provided and the clientele being served. Consequently, the effectiveness of each Activity will be reported on in the Analysis by Activity section relating to that Activity.

Section II
Analysis by Activity

A. Legal Services

Objective

To provide the Government of Canada and its departments and agencies with appropriate and timely legal services in accordance with their expressed needs, exclusive of the services provided by the Litigation Services Activity and the Legislative Services Activity.

Resource Summary

This Activity accounts for approximately 15% of the 1985-86 Administration of Justice Program expenditures and 30% of the total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Legal Services	23,957	416	22,725	421	19,176	410

The expenditures for this activity will be applied as follows: 90% for salaries and wages and contributions to employee benefit plans; and 10% for other operating expenditures.

Description

A full range of legal services is provided (exclusive of litigation counsel and legislative drafting) to the government, its departments, and many of its agencies. These services are provided through lawyers employed in the Department of Justice or through contracts with lawyers in the private sector. In addition to the legal specialisation which arises out of the unique aspects of government legal work, units of expertise in functional areas of the law such as property law, international law, constitutional law, etc., have been developed. Services extend to both the civil law and the common law and with respect to all federal, provincial and territorial laws.

Performance Information/Resource Justification

The primary outputs of this activity are legal advice and opinions, and draft legal documents. The lawyers and notaries providing these services are located at Headquarters, in the DLSUs, and in Regional Offices. At Headquarters, there is a central pool providing expertise in the following fields of law: constitutional, international, administrative, human rights, admiralty and maritime, property, commercial, information and privacy, and criminal. There are also lawyers and notaries assigned to the offices of 39 departments and agencies. In addition, each of the Department of Justice's Regional Offices provides a similar service, either fully or in some cases only partially, to the regional offices of client departments and agencies. The type and volume of the services provided vary greatly depending on the requirements of the client, which makes it difficult to predict the extent of resource support necessary to provide a satisfactory level of service. Historical workload data can provide some indication of trends from which rough projections of future requirements can be made. These projections must be adjusted, however, for known and anticipated variations in future demand based on other factors such as changes in government policy.

On April 1, 1984, all legal officers began recording all time spent on both operational and non-operational work. That data has been input to a departmental automated system. When the reports have been produced, the results will be analyzed to determine how best they might be related to other performance indicators, which are being developed, to generate useful performance information.

Based on past experience, 416 person-years and $23,957,000 are requested to provide the existing level of services to the government and its departments and agencies.

The principal method of determining the effectiveness of this Activity is through cyclical program evaluations. The first such major evaluation of this Activity is nearing completion. As part of that evaluation, interviews were conducted with the directors of legal offices, as well as a sample of lawyers and clients in the National Capital Region and across the country. The final results are now being analyzed but preliminary results based on early interviews which were conducted largely within the National Capital Region show that the Activity is meeting its objective. Clients expressed overall satisfaction with the performance of the program. Most of their legal needs are being met, with but few exceptions. A more detailed report of the results of the study will be provided in next year's Expenditure Plan, when analysis of the evaluation will have been completed.

B. Litigation Services

Objective

To regulate or conduct all litigation for or against the Crown or any federal department, in respect of any subject within the authority or jurisdiction of Canada.

Resource Summary

This activity accounts for approximately 18% of the 1985-86 Administration of Justice Program expenditures and 38% of the total person-years.

In Figure 6 there has, in certain limited instances, been an arbitrary assignment of expenditures among the sub-activities because it is neither feasible nor desirable in those cases to keep bookkeeping records which differentiate among those sub-activities.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Civil Litigation	12,628	175	11,948	175		
Tax Litigation	4,305	95	4,089	95	breakdown	
Criminal Law	8,610	228	8,139	228	not	
Other	3,156	32	2,835	32	available	
	28,699	530	27,011	530	26,468	465

The expenditures for this activity will be applied as follows: 77.6% for salaries and wages and contributions to employee benefit plans; and 20% for operating expenditures and 2.4% for capital expenditures.

Description

Litigation Services provides counsel to the Government of Canada in litigious matters. Services are provided in both the common law and the civil law systems and at all levels of the provincial and federal court systems and before administrative bodies. The services are provided either by lawyers employed in the Department of Justice or through the retention of Crown agents in the private sector. When Crown agents are retained they are instructed by the Department of Justice but paid by the departments and agencies for whom the services are performed. The work of Litigation Services is divided functionally into three areas: civil litigation, tax litigation and criminal law, each constituting a sub-activity.

Civil Litigation : The function of this sub-activity is to represent the federal Crown in civil conflicts which have given rise, or may give rise, to legal proceedings in the courts or before commissions, boards or other tribunals.

Tax Litigation : This sub-activity is involved in the enforcement, through legal action, of the federal fiscal statutes.

Criminal Law : This sub-activity is engaged in the enforcement, by prosecution or other legal action, of certain federal laws.

Performance Information/Resource Justification

The principal outputs of this activity are: in the field of criminal law, criminal charges dealt with and extradition proceedings completed; and in the fields of civil litigation and tax litigation, actions settled or brought to judgment, judgments enforced, and court opinions and judgments obtained in references and interventions. Although the nature and level of activity with respect to each of these outputs are largely beyond the control of the Program as they are generated by factors independent of the Department of Justice, data can be collected and in the future will be reviewed to see whether any useful trends are disclosed which will assist in projecting resource requirements. In that regard, as a start, data is being collected as to the numbers of cases being handled before the different levels of courts and the approximate length of time to handle each case in the different categories. Figure 7 sets out the total of appeals heard by the Supreme Court of Canada and the number of appeals in which counsel representing the federal Crown appeared. Figure 8 provides similar information respecting matters before the Federal Court of Appeal. Figures 9 and 10 show respectively the tax evasion cases referred to the Department of Justice and the number of convictions related to drug cases in Canada.

On April 1, 1984, all legal officers began recording all time spent on both operational and non-operational work. Data collected since April 1,1984 has been input to a departmental automated system. Systems are currently being developed to obtain comparable data from Crown Agents. When the reports have been produced, the results together with other performance indicators, will be used to assess the performance of departmental lawyers and Crown Agents.

The effectiveness of this Activity will be determined, in part, through formal program evaluations. Such an evaluation is presently in progress and the results of it will be reported next year when the report will have been completed. There are also some performance indicators which, over the course of time will provide a partial

measure of effectiveness. They relate to the dollar value of civil claims for and against the Crown which are handled by this Activity. The first year's data is set out in Figure 11.

Figure 7:

Total appeals heard by the Supreme Court of Canada and appeals in which the federal Crown was represented

Crown Represented

1981	1982	1983	1984
44	36	39	49

Total

1981	1982	1983	1984
124	129	89	96

Figure 8:

Matters heard by the Federal Court of Appeal and those in which the federal Crown was represented**

Crown Represented

1981	1982	1983	1984*
682	984	1667	830

Total

1981	1982	1983	1984*
948	1302	1937	958

*Figures are from January to July 31, 1984.
**Source: Federal Court of Canada Statistics 1971 to July 31, 1984.

Figure 9: Tax Evasion Cases Referred to the Department of Justice by the Department of National Revenue - Taxation

Fiscal Year	81-82	82-83	83-84	84-85*
Number of cases referred to Justice	194	176	198	116
Number of cases disposed of in the Courts	157	159	177	126
Number of incomplete cases in Justice inventory	191	195	199	166

* Figures are for the 9 months ending December 31, 1984. Historically a number of cases are referred just prior to the fiscal year end.

Figure 10:

Convictions related to Drug Cases(1)

1981	1982	1983
48,463	38,621	30,814

Figure 11:

Dollar value of Civil Litigation in Canada (excluding tax cases) in progress

Against the Crown	By the Crown
$2,961,492,730	$452,121,920

(1) These figures include cases prosecuted by provincial authorities.

Narcotic, controlled and Restricted Drug Statistics, 1983, Bureau of Dangerous Drugs, Health Protection Branch, Department of National Health and Welfare.

C. Legislative Services

Objective

To provide, in an appropriate and timely fashion, for the legislation needs of government by drafting and examining bills and regulations, and revising and consolidating the public statutes and regulations of Canada.

Resource Summary

This activity accounts for approximately 4% of the 1985-86 Administration of Justice Program expenditures and 6% of the total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Legislation	2,475	45	2,286	45	breakdown not available	
Review of Statutory Instruments	2,207	29	2,005	23		
Statute Revision	2,006	11	1,805	13		
	6,688	85	6,096	81	4,827	75

The expenditures for this activity will be applied as follows: 54.7% for salaries and wages and contributions to employee benefit plans; 43.6% for operating expenditures and 1.7% for capital expenditures.

Description

The functions performed by Legislative Services are divided into three sub-activities which are as follows:

Legislation : This sub-activity is concerned with the drafting of federal statutes and statutory instruments under authority from and pursuant to the directions of Cabinet and individual Ministers. It also involves the preparation of legislation for publication. In addition, all bills presented to the House of Commons are examined to ensure consistency with the rights which are protected under the Canadian Bill of Rights, the International Covenant on Civil and Human Rights and the Canadian Charter of Rights and Freedoms.

Review of Statutory Instruments : The work carried out in this subactivity consists in examining, on behalf of the Deputy Minister of Justice and the Clerk of the Privy Council who have statutory responsibility in that regard, all proposed regulations, as provided by the Statutory Instruments Act. As with draft bills, all draft regulations are also examined to ensure consistency with the rights protected under the Canadian Bill of Rights, the Canadian Charter of Rights and Freedoms and the International Covenant on Civil and Human Rights. The work of the sub-activity also includes a review of all other documents submitted to the Governor in Council.

Statute Revision : On a periodic basis the public general statutes and regulations are revised and consolidated in accordance with the requirements of the Statute Revision Act. Such a consolidation and revision of the statutes is currently underway (see page 16).

Performance Information/Resource Justification

The outputs of this activity are: draft bills and statutory instruments, and published Parts II and III of the Canada Gazette and the annual Statutes of Canada; certified bills and regulations; and, published consolidations of statutes and regulations. Because the activity is wholly service-oriented the type and volume of the workload depends entirely on the demands imposed by the government and its departments and agencies and, with respect to the examination of draft statutes pursuant to the Canadian Bill of Rights, on the volume of the statutes tabled in Parliament. The demands of the government and the numbers of statutes tabled are in turn determined by the changing environment to which the government and Parliament must respond. Some workload indicators have been developed which provide data on past performance with respect to some of the outputs of this activity. They may, over time, disclose trends. Figure 13 sets out the number of Government Acts (other than Appropriation Acts) passed in each calendar year. Figure 14 portrays the number of sets of regulations examined annually, the approximate number of Orders in Council examined annually, and the number of proclamations and commissions drafted annually.

Figure 13: Government Acts (other than Appropriation Acts) Passed per Calendar Year

1980	1981	1982	1983
28	54	43	37

Figure 14: Sets of Regulations Examined Annually, Orders in Council Examined Annually (approximate) and Proclamations and Commissions Drafted Annually

Year	Sets of Regulations Examined	Orders In Council Examined (approximate)	Proclamations and Commissions Drafted
1981	1296	2500	202
1982	1264	2750	231
1983	1401	2850	330

D. Legal Policy and Program Development

Objective

To ensure that the Administration of Justice Program objectives, programs, policies, and plans are responsive to changing Canadian needs insofar as those needs pertain to federal law, the system of justice and the legal operations, practices and policies of the Government of Canada. Further, in consonance with approved policy objectives, to bring about beneficial change in the law and system of justice in Canada.

Resource Summary

This activity accounts for approximately 53% of the 1985-86 Administration of Justice Program expenditures and 8% of the total person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy Development	5,074	84	4,907	84	breakdown not available	
Implementation of Policy Objectives	79,499	25	79,609	22		
	84,573	109	84,516	106	46,141	80

The expenditures for this activity will be applied as follows: 6% for salaries and wages and contributions to employee benefit plans; 4% for operating expenditures and 90% for transfer payments.

Description

The Legal Policy and Program Development activity consists of the following sub-activities:

Policy Development: The primary function of this sub-activity is the formulation and preparation of long and medium term plans and policies designed to attain governmental goals and departmental objectives. Policy Development includes interaction with such external sources as federal central agencies, other federal government departments, other levels of government, non-governmental organizations, and the public at large.

Implementation of Policy Objectives Through Program and other Initiatives: The primary thrust of this sub-activity is to bring about beneficial change in the law and the system of justice. In support of this thrust, a relatively large grants and contributions program is in place. Two broad concerns underline this sub-activity; that there should be equality before and under the law, and that both the legislative and non-legislative features of the system of justice should be appropriate to meet contemporary Canadian needs.

Performance Information/Resource Justification

Policy Development: During 1985-86 this sub-activity will be concerned with a number of continuing and new policy initiatives, principally in the areas of criminal law, administrative law and family law, but also including other policy matters which fall within the purview of the responsibilities of the Minister of Justice. The initiatives which will require the application of relatively substantial resources are the following:

- a continuation of the in-depth, fundamental and coordinated revision of the criminal law with a view to the provision of a new Criminal Code by 1987. During 1985-86 four projects within the revision are scheduled for completion: police powers, mental disorder, sentencing principles and procedures, defamatory libel, and pre-trial procedure. Other projects on which work will be taking place during 1985-86 are: homicide, protection of life, assault, vandalism, arson, infractions against public safety, offences against social institutions, and jurisdiction of the courts. Resources required for this purpose during 1985-86 are $1,482,310 including 23 person years;

- in addition to the Criminal Code revision, there will be an ongoing identification of emerging issues in criminal law and procedure and the development of policies to deal with those issues. Within the purview of this work during 1985-86 will be the review and implementation of proposals for legislation dealing with: drinking and driving, computer crime, pornography, prostitution, writs of assistance, telewarrants, hate propaganda, sexual offences against children and adults, technical and procedural changes for the general improvement of the administration of justice, mutual assistance in criminal law enforcement between Canada and the United States, extradition and fugitive offenders, the protection of trade secrets and confidential commercial information, and the rationalization and consolidation of federal traffic laws. Required to carry out this work are resources totalling $872,323 including 17 person-years;

- the ongoing review of federal legislation and regulations and the development of proposals for amending the body of federal laws to bring them into compliance with the guarantees contained in the Canadian Charter of Rights and Freedoms, including those respecting equality which come into effect in April 1985. This review requires $307,020 including 5 person-years;

- an Administrative Law Reform Project. This is a special project which includes an examination of the Statutory Instruments Act, re-evaluation of the status of the Crown with regard to liabilities, immunities, privileges and prerogatives, completion of a pilot project on the rationalization of social benefits appeal tribunals, examination of the desirability of setting minimum rules of procedure for administrative agencies, and further research on a proposal that there be established an advisory council on administration. Total resources needed are $248,808 including 2 person-years;

- continuation of the Federal Statutes Compliance Project, the purpose of which is twofold: first, to identify non-criminal offences and provide adequate procedural safeguards for dealing with them, and second, to design and facilitate the adoption of fairer, more effective and more economical compliance systems. The carrying out of this project during 1985-86 will require $248,914 including 3.5 person-years;

- the development, for introduction into Parliament, of legislation to ensure the appropriate application of Canadian law in offshore areas under Parliament's jurisdiction will entail extensive consultations and negotiations with the provinces affected by the legislation. This work will require $114,808 including 2 person-years during 1985-86;

- with respect to family law policy, proposals for reform of the divorce legislation will be developed and introduced into Parliament. Accompanying such reform will be: a review and implementation of proposals to facilitate the enforcement of maintenance and custody orders emanating from provincial courts; and proposals concerning mediation services, and status of women issues. The resources proposed to be applied to these purposes total $314,631 including 6 person-years;

- during 1985-86 the Public Legal Education and Information Program, including a contribution Fund on the Access to Legal Information, will continue. Accompanying this, research and development on public participation in law reform and

practical means to make the laws more understandable will be undertaken. This will require $1,030,000 including 7 person-years;

- within the Program, in addition to the development of legislative proposals respecting sentencing and the work of the Commission of Inquiry dealing with sentencing practices and penalties, resources of $2,000,000 including 8 person-years will be required to implement sentencing reform initiatives. The resources will be used for transitional assistance to the provinces in the form of project support aimed at the encouragement and facilitation of the establishment of provincially delivered programs, for training, education and orientation activities aimed at both the professional criminal justice community and, more generally, at the public at large, and for research and evaluation activities;

- in carrying out the government's initiative for Justice to Victims of Crime, $850,000 including 5 person-years will be required for legal education and information, research on such matters as victims' needs, alternative funding strategies (fine surtaxes), impact victim statements, and on policy changes made in police charging and in policy prosecution for battered wives. Through contribution funding, assistance will be given to provinces in the development of comprehensive victim assistance programs and to criminal law reform activities on sexual offences against children and youths; and

- policy initiatives will be developed relative to judicial salaries and benefits. This will call for a review of judicial remuneration and benefits as a result of the 1983 Report on Judges' Salaries and Benefits and other reports and representations as well as proposals for amendment of the Judges Act and related statutes. For this purpose $72,404 including 1 person-year will be needed.

Implementation of Policy Objectives Through Program and other Initiatives: This sub-activity is involved essentially with the management of transfer payments. The list of the transfer payments within the Administration of Justice Program is contained in Section III.

In respect of the transfer payments there are two underlying concerns, i.e., that there should be equality before and under the law, and that both the legislative and non-legislative features of the system of justice should be appropriate to meet contemporary Canadian

needs. To meet these concerns the funds are used to support a number of identified issues:

- access by the poor to legal advice and representation;
- overcoming the cultural barriers confronting native people in gaining access to the legal system and treatment under it;
- the need for increased public awareness of legal rights and of the operation of the system of justice;
- law review and reform;
- improvements to the system of justice; and
- research and legal scholarship.

The following contribution funds have been allocated to this Program:

• Criminal Law Reform Fund	$417,500
• Special Projects - Legal Aid	$250,000
• Consultation & Development Fund	$235,000
• Human Rights Law Fund	$400,000

Three major contribution programs cost-shared with the provinces are also administered by this Program:

• Criminal Legal Aid for Adults and Young Offenders	$64,633,000
• Native Courtworkers	$ 3,930,800
• Compensation to victims of crimes	$ 2,626,000

To administer these funds and contribution programs this sub-activity will require $722,839 including 11 person-years.

The following student programs:

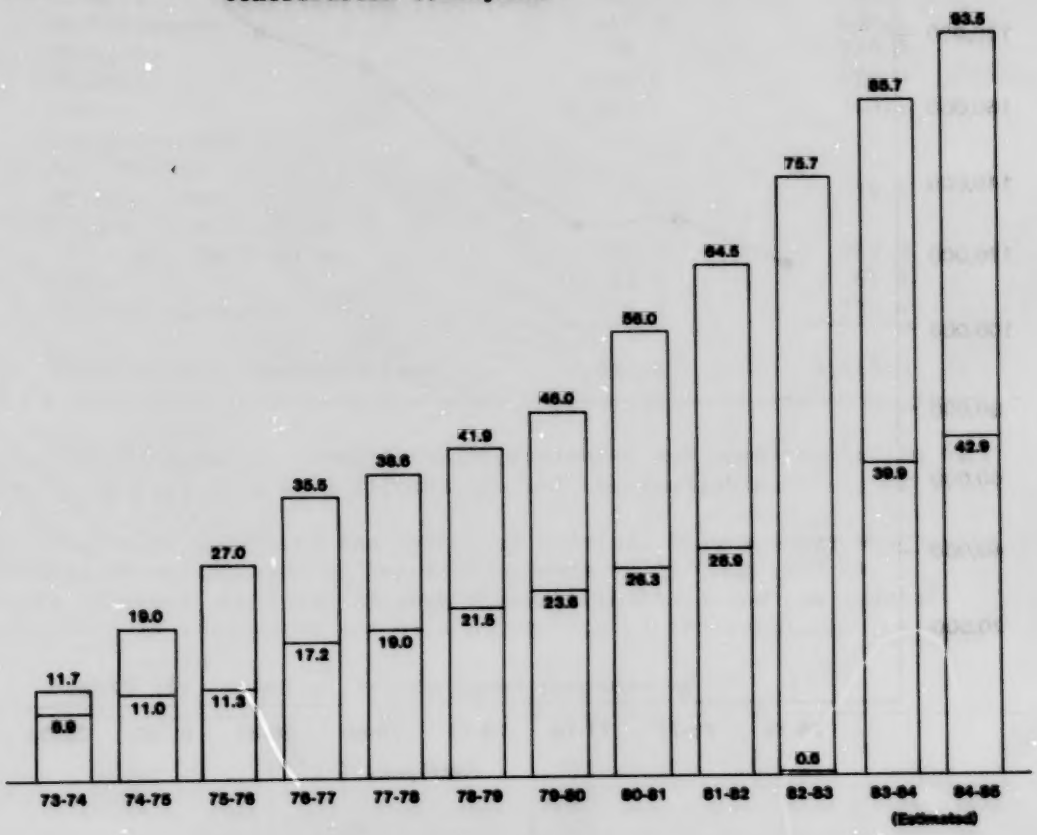
- Duff-Rinfret Bursaries ($95,500)
- Native Law Students ($267,600)
- Civil Law/Common Law Exchange Program ($242,000)

as well as a number of annual grants and contributions totalling $2,634,600 are administered by the Program.

Figure 16 sets out the total national criminal legal aid expenditures shareable between the federal and provincial governments and the federal contribution to those expenditures. Figure 17 shows the number of criminal cases completed in which legal aid was granted. Some caution must be used, however, in interpreting this caseload data. The federal government's data is provided by the provinces and among provinces there is no consistency respecting the definition of the term "case". Furthermore, reporting of all legal aid activities is not

complete in all provinces. Nonetheless, the available data does, on the whole, present a general trend of legal aid services in Canada. Efforts are being made to improve the quality of legal aid statistics, both by the Department of Justice and the Canada Centre for Justice Statistics.

Figure 16: Total Expenditures on Criminal Legal Aid with Federal Contribution ($000,000)



* Under the Legal Aid Agreement signed with the provinces in March 1984, federal payments to the provinces for the legal aid expenditures changed from a lag year basis to a current year basis starting in 1983-84. As a result of this agreement the provinces were not paid for the 1982-83 expenditures. During 1983-84, they were paid only for the 1983-84 expenditures. However, the Yukon and Northwest Territories did receive payment for 1982-83. If, in the future a province withdraws from the agreement, it will receive payment for the 1982-83 expenditures.

Figure 17: National Criminal Legal Aid Caseload

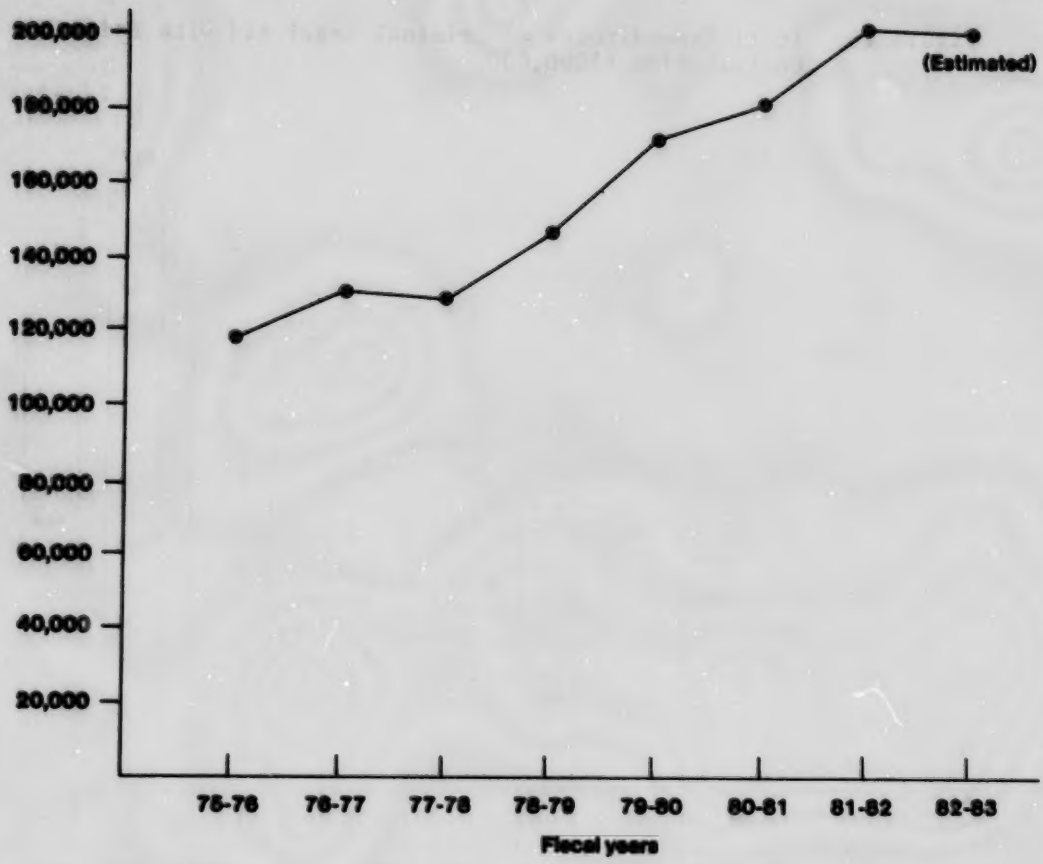


Figure 18 provides data on the federal contribution to the Native Courtworker Program, broken down by province and territory. This program is funded on an equal cost-sharing basis with the provinces and the territories.

Figure 18: Federal Contribution to Native Courtworker Program ($000)

	1983-84	1984-85
British Columbia	627.2	589.7
Alberta	681.5	760.8
Saskatchewan	449.3	430.4
Manitoba	196.1	230.5
Ontario	400.0	429.0
Quebec	219.7	340.1
New Brunswick	-	-
Nova Scotia	-	-
Newfoundland	67.0	79.4
Prince Edward Island	-	-
Northwest Territories	201.6	263.9
Yukon	45.5	61.8
Special native projects	4.3	229.4
Total Federal Contributions	2,892.2	3,415.0

This Program is presently being evaluated and upon completion of that evaluation much more information will be available.

Figure 19 indicates the number of criminal injury cases which were compensated during each of the fiscal years 1975-76 to 1983-84. Figure 20 shows the total of such compensation paid and the federal share both in real terms and as a percentage of the total.

Figure 19: Criminal Injury Cases Compensated

1975-76	1,963
1976-77	2,586
1977-78	2,604
1978-79	3,232
1979-80	3,812
1980-81	2,963
1981-82	3,077
1982-83	3,191
1983-84	3,980
1984-85	*
1985-86	*

* the number of cases for those years is not available

Figure 20: Federal Contributions for Criminal Injuries Compensation, Related to Total Compensation Paid

	Amount of Compensation paid	Federal Contribution	Federal contribution as a percentage of compensation
1975-76 1,2,3	4,412,067	1,020,515	23.1
1976-77 3	6,221,600	1,111,690	17.9
1977-78 3	6,560,156	2,115,864	32.2
1978-79 3	7,258,238	2,190,870	30.2
1979-80 3	9,201,070	2,178,510	23.7
1980-81 3	12,032,914	2,244,444	18.6
1981-82 4	14,523,993	2,329,723	16.0
1982-83 4	18,573,760	2,406,306	13.0
1983-84 4	19,749,404	2,442,992	12.3
1984-85 4	*	2,549,000	
1985-86 4	*	2,626,000	

* Amount of compensation paid for those years by the provinces and territories is not available.

1 For Alberta, January-March 1976; no federal-provincial cost-sharing agreement existed for earlier periods.

2 No claims were received from the Yukon for 1975-76.

3 Up to 1980-81, exclusive of Prince Edward Island and Nova Scotia, for which jurisdictions no federal-provincial cost-sharing arrangements exist.

4 From 1981-82, exclusive of Prince Edward Island, which is now the only jurisdiction without a criminal injuries compensation program.

E. Administration

Objective

To provide policy and management direction and coordination to the Department of Justice; to provide central administrative services to the Department of Justice and the Law Reform Commission of Canada; and, to operate a Central Divorce Registry for Canada.

Resource Summary

This activity accounts for approximately 9% of the 1985-86 Administration of Justice Program expenditures and 18% of the total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Central Services	11,402	191	10,111	193	breakdown	
Corporate Management	3,406	58	2,955	60	not available	
	14,808	249	13,066	253	12,586	256

The expenditures for this activity will be applied as follows: 64% for salaries and wages and contributions to employee benefit plans; 35% for operating expenditures; and, 1% for capital expenditures.

Description

This Activity consists of the following sub-activities.

Central Services: Provides a full range of services, advice and information needed for the acquisition, allocation and control of the human, financial and material resources of the Department of Justice and the Law Reform Commission of Canada. Included in those services are financial, administrative, personnel, library, official languages and security services. A central divorce registry for Canada is maintained in which are recorded divorce actions and a searching service in connection with all divorce petitions proceeding to trial.

Corporate Management: Provides the Department of Justice with management and policy direction, program evaluation and internal audit services, communication services, and development and coordination of long-range plans.

Performance Information/Resource Justification

Figures 22 and 23 show respectively the ratio of Administrative Services expenditures and person-years to the total program costs.

Figure 22: Relationship of Administration expenditures to total Administration of Justice Program expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	$	$	$
Administration of Justice Program Expenditures	158,725	153,414	109,198
Administration Expenditures	14,808	13,066	12,586
Percentage of Total	9.3%	8.5%	11.5%

The Department's average expenditures on training and development have been historically low when compared to those of the Public Service. An increase of $80,000 in this fiscal year will permit greater participation in training programs provided by the law societies to keep officers abreast of developments in the various functions and fields of law.

During this fiscal year, the Department expects to begin the operation of its automated opinions and precedents retrieval system. Lawyers in the Department will be able to search an index in either French or English, by means of remote terminals, to determine whether any previous departmental file material, in specified areas of importance, would be useful in their current work.

Since the legal profession has historically been highly document-oriented, productivity and effectiveness gains can be anticipated through greater use of word processing and information retrieval systems. The Department will accelerate its purchase of related equipment in this fiscal year. A new automated financial budget control system will also be implemented to improve information provided to managers.

Figure 23: Relationship of Administration person-years to total Administration of Justice Program person-years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	P-Y	P-Y	P-Y
Administration of Justice Program Person-years	1,389	1,391	1,286
Administration Person-years	249	253	256
Percentage of Total	17.9%	18.2%	19.9%

Figure 24 discloses the number of divorce petitions registered in the Central Divorce Registry in each of the last four years and Figure 25 provides the number of searches conducted in the Central Divorce Registry over the same period.

Figure 24: Divorce Petitions Registered

1980-81	78,022
1981-82	80,780
1982-83	80,573
1983-84	77,515

Figure 25: Divorce Registry Searches

1980-81	1,078
1981-82	1,331
1982-83	1,378
1983-84	1,400

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 26: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	$	$	$
Personnel			
Salaries and wages	54,502	50,500	45,017
Contributions to employee benefit plans	7,589	6,645	6,792
Other personnel costs	82	76	150
	62,173	57,221	51,959
Goods and Services			
Transportation and communications	4,992	4,516	4,064
Information	3,204	1,950	1,437
Contractual services	5,044	7,142	5,731
Other professional and special services	4,912	3,293	2,888
Rentals	157	241	414
Purchased repair and upkeep	219	250	325
Utilities, materials & supplies	1,199	1,028	1,328
All other expenditures	25	22	6
	19,752	18,442	16,193
Total operating	81,925	75,663	68,152
Capital	1,071	855	1,711
Transfer payments	75,729	76,896	39,336
Total expenditures	158,725	153,414	109,199

2. Personnel Expenditures

Figure 27: Authorized Person-years Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	19	15	10	50,350-96,300	70,076
Others	-	1	0		
Scientific and Professional					
Law	720	743	634	20,523-88,120	48,684
Library Science	9	9	9	19,782-50,712	32,250
Economic-Sociology-Statistics	6	7	8	14,570-65,080	46,775
Others	1	1	1		
Administrative and Foreign Service					
Administrative Services	49	28	35	13,912-57,987	36,004
Financial Administration	11	10	9	13,853-57,980	39,140
Information Services	6	7	6	13,579-57,980	39,529
Personnel Administration	14	14	11	13,330-63,870	37,723
Program Administration	8	20	11	13,912-57,987	37,660
Others	6	4	4		
Technical					
Social Science Support	54	54	49	12,635-57,764	33,490
Others	2	2	2		
Administrative Support					
Clerical	152	136	135	12,932-31,743	21,839
Secretarial	326	326	325	12,636-31,946	21,941
Others	-	5	3		
Operational					
General Services	5	7	8	13,253-39,988	21,293
Others	1	2	2		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 28: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Uniform Law Conference of Canada to assist in payment of administrative expenses	4	4	4
Uniform Law Conference of Canada for the research purposes of the Conference	25	25	24
International Commission of Jurists	19	19	19
L'Institut international de droit d'expression française (IDEF)	2	2	2
Grants to encourage student specialization in legislation drafting drafting	94	94	94
Grants to encourage native people to enter the legal profession	268	213	133
Duff Rinfret Scholarship Program	96	96	84
Canadian Association of Chiefs of Police for the Law Amendments Committee	17	17	17
British Institute of International and Comparative Law (CLAS)	10	10	10
Hague Academy of International Law	12	12	11
Canadian Institute of Resources Law	-	-	10
Research Centre in Public Law - University of Montreal	-	-	20
International Law - University of British Columbia	-	-	10
	547	492	438
Contributions			
Contributions to the provinces and territories in accordance with agreements with the Minister on behalf of Canada to assist in the operation of legal aid systems	64,553	67,067	30,003
Contributions to the provinces and territories in accordance with agreements with the Minister on behalf of Canada to assist in the operation of programs to compensate victims of crimes	2,626	2,549	2,406

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions to encourage experimental and research work in legal aid	250	300	125
Contributions to Canadian Association of Chiefs of Police and to provinces to employ law students with police forces	-	-	318
Contributions for a Summer Exchange Program between civil and common law students	242	342	334
Canadian Law Information Council	400	445	424
Pilot Projects relating to Family Courts	-	-	15
Canadian Association of Provincial Court Judges	70	70	60
Criminal law reform	1,801	1,010	880
Native Court-worker and related programs for native people and representatives of the legal system	3,931	3,415	2,892
Consultation and Development Fund	285	335	146
University of Ottawa Legislative Drafting Programme	90	85	82
Canadian Society of Forensic Science	37	37	27
Human Rights Law Fund	400	500	434
Public Legal Education and Information Fund	500	251	-
Summer Employment Program	-	-	752
	75,185	76,406	38,898
Total transfer payments	75,732	76,898	39,336

Note: Totals may differ slightly due to rounding.

B. Cost Analysis

Figure 29: Program Costs ($000) by Activity for 1985-86

	Expenditures 1985-86	Add Other Costs	Total Costs 1985-86	Total Costs 1984-85
Legal Services	23,957	2,324	26,281	25,012
Litigation Services	28,699	2,958	31,657	29,908
Legislative Services	6,688	474	7,162	6,554
Legal Policy and Program Development	84,573	608	85,181	85,126
Administration	14,808	1,390	16,198	14,438
	158,725	7,754	166,479	161,038

Costs added to expenditures to obtain the total cost for 1985-86 include accommodation provided without charge by the Department of Public Works ($6,689) and services provided by Supply and Services ($124), Treasury Board ($933) and the Department of Labor ($8).

C. Acts for which the Minister of Justice has Responsibility

Access to Information Act
Annulment of Marriages (Ontario) Act
Anti-Inflation Act

Bills of Lading Act

Canada Evidence Act
Canada Prize Act
Canada - United Kingdom Civil and Commercial Judgments Convention Act
Canadian Bill of Rights
Canadian Human Rights Act
Criminal Code
Crown Liability Act

Department of Justice Act
Divorce Act

Escheats Act
Extradition Act

Federal Court Act
Food and Drugs Act
Foreign Enlistment Act
Fugitive Offenders Act

Garnishment, Attachment and Pension Diversion Act

Identification of Criminals Act
Interpretation Act

Judges Act

Law Reform Commission Act
Lord's Day Act

Marriage Act

Narcotic Control Act

Official Secrets Act

Permanent Court of International Justice Act
Postal Services Interruption Relief Act
Privacy Act

State Immunity Act
Statute Revision Act
Statutory Instruments Act
Supreme Court Act

Tax Court of Canada Act
Tobacco Restraint Act

War Measures Act

Economic Council of Canada

1985–86 Estimates

Part III

Expenditure Plan

1013

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Economic Council of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources, as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more detail on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $7,859,000 in 1985-86 in support of the Economic Council of Canada Program. The remaining expenditures, estimated at $786,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority ($000)

Vote		1985-86 Main Estimates	1984-85 Main Estimates
	Economic Council of Canada		
20	Program expenditures	7,859	7,645
(S)	Contributions to employee benefit plans	786	700
	Total Program	8,645	8,345

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Economic Council of Canada	
20	Economic Council of Canada - Program expenditures	7,859,000

Program by Activity ($000)

	1985-86 Main Estimates				1984-85
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	Main Estimates
Ongoing Work of the Economic Council	133	8,597	48	8,645	8,345

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 20 - Economic Council of Canada - Program Expenditures	7,477,000	7,477,000	7,316,952
Statutory - Contributions to Employee Benefit Plans	671,000	747,000	747,000
Total Program	8,148,000	8,224,000	8,063,952

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Council is charged by its Act to issue policy advice, to further public education and to contribute to the formulation of public consensus on economic issues and relevant policy thrusts. The Council's commitment to these tasks involves an ongoing process of consultation with all sectors of the economy. Parallel economic research, policy analysis and communications programs feed into the process to enable the Council to discharge its responsibilities. In these respects, the following specific undertakings are to be emphasized in 1985-86:

- submission of the Twenty-Second Annual Review to the Prime Minister and, more broadly, to the Canadian public, in the fall of 1985 (see pages 13, 14, and 17);

- publication of studies concerning: the taxation of capital income; the policies, practices and performances of government enterprises; the principal issues related to health care programs; the efficiency, effectiveness and equity dimensions of the Canadian education systems; and the policies and programs affecting Canada's energy development and security (see page 17);

- the issuing of technical discussion papers on the labour market implications of technological changes and on the principal economic issues confronting Canadian agriculture (see page 17); and

- publication of the proceedings and edited versions of papers for the Council-sponsored colloquia on the role of women in the work force and on the performances of certain Crown corporations in light of their explicit and implicit objectives (see pages 14, 17 and 18).

2. Financial Summary

Funding requirements for the Economic Council of Canada, for both the Estimates and the current fiscal year, are presented in Figure 1.

Figure 1: Financial Summary ($000)

	Main Estimates 1985-86	Forecast 1984-85	Change
Ongoing Work of the Economic Council	8,645	8,345	300
Authorized person-years	133	133	--

The net increase of $300,000 in 1985-86 requirements over the 1984-85 forecast reflects provisions for an increase of $311,000 to cover inflationary cost in salaries and employee benefits and a decrease of $11,000 to cover sponsorship of Expo 86 (funds given to Transport Canada).

B. Prior Years' Performance

1. Highlights of Prior Years

No change is expected to the Council's performance relative to the goals highlighted in its 1984-85 expenditure plan.

Highlights of the program's performance in 1983-84 were:

- publication of two consensus documents; "The Bottom Line: Technology, Trade, and Income Growth", and the "Twentieth Annual Review: On the Mend";
- release of twenty-six technical (discussion) papers and five research studies dealing with major economic issues ranging from energy and western development to labour market matters (see Figure 7, page 19);
- wide ranging consultation with respect to work in progress which led to postponement of publication of reports on western development and productivity growth but allowed greater accommodation of extensive pre-publication consultation in the final reports (although basic research and policy analysis were completed during 1983-84);

- revision, updating and restructuring of the CANDIDE econometric model of the Canadian economy (with finishing touches applied in early 1984-85);

- a sharp stepping-up of the Council's consultative program, particularly with constituencies other than the federal government (see Figure 8, page 20); and

- approval by Council of the work programs, staffing and funding of two new research and policy analysis groups during 1983-84, one to examine the very complex issue of taxation of capital income and the other to study the roles, objectives and performances of Crown corporations (government enterprises), at all levels of government, which are involved in the provision of goods and services to the public (see Figure 12, page 23).

Although not reflected in its 1983-84 expenditure plan, the Council participated in the hearings of the Macdonald Commission on several occasions. Full-time Council members and staff economists provided professional advice to the research and policy analysis program of the Commission with the mutual understanding that both parties retain complete independence on the development and presentation of their reports and policy recommendations. Moreover, on invitation, Council members and staff contributed analysis and technical recommendations to the Small Business Consultative Committee and made presentations to a number of parliamentary task forces.

2. Review of Financial Performance

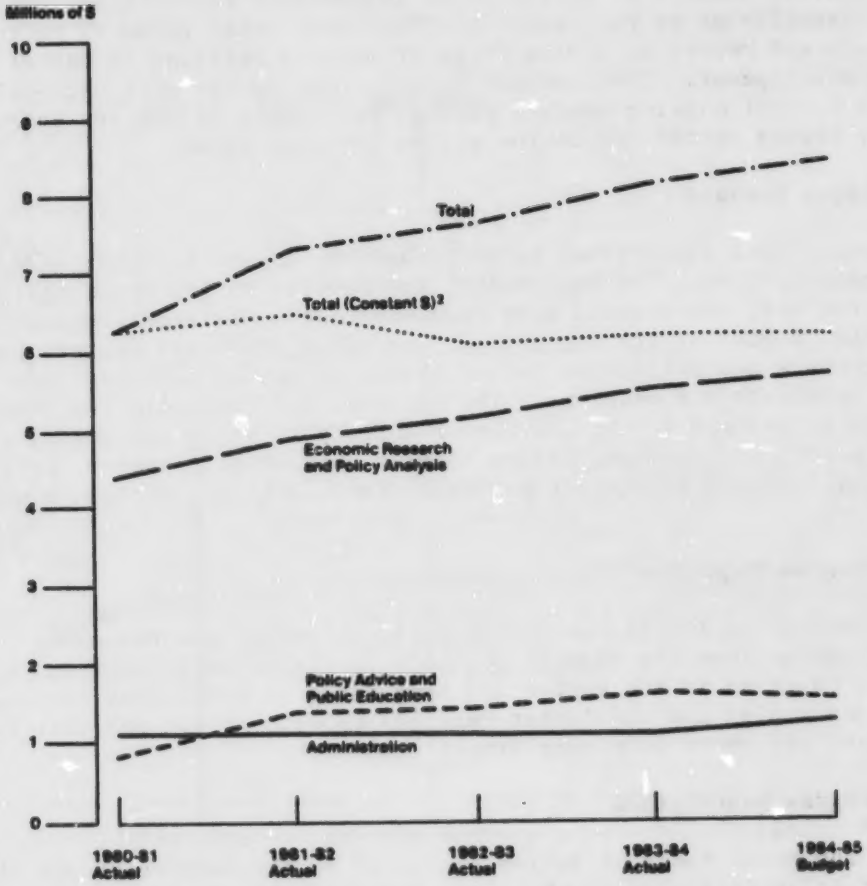
Figure 2: Main Estimates and Actual Expenditures Comparison for 1983-84 ($000)

	Main Estimates 1983-84	Actual Expenditures 1983-84	Change
Total Program	8,148	8,064	(84)

3. Research Expenditure Trends - 1980-81 to 1984-85

Figure 3 provides an overview of trends in expenditure levels among the three main functions of the Economic Council from 1980-81 to 1984-85. The graph depicts the increased priority assigned to the Policy Advice and Public Education function relative to the Research and Administration functions since 1980-81. It also highlights the fact that the Council's expenditure level is actually lower on the basis of constant 1980-81 dollars (the Consumer Price Index (CPI) was used as the deflation factor).

Figure 3: Expenditure Distribution by Function from 1980-81 to 1984-85[1]



[1] Except where otherwise indicated, figures represent current dollar values.

[2] The mid-year CPI values were used to calculate the constant (1980-81) dollar, expenditure levels.

Note: Included in each function are prorated overhead costs such as employee benefits, severance payments and overtime.

C. Background

1. Introduction

The Economic Council of Canada is an independent research and advisory body, established by Parliament in 1963, with broad terms of reference to study and report on a wide range of matters relating to Canada's economic development. The Economic Council remains the only national body with a special ongoing mandate through Parliament to address economic policy issues pertaining to the medium and long terms.

2. Legal Mandate

The Council was established by Parliament on August 2, 1963, under the Economic Council of Canada Act, and reports to the Prime Minister. Under the Act, the Council must transmit to the Minister responsible an Annual Report of its activities, including financial statements, and must prepare and publish an Annual Review of medium and long-term economic prospects and problems. The Act does not constrain the Council's mandate in respect to the sectors of society to which its policy advice is directed, the economic issues that it chooses to research, or the consultations and communications that the Council may decide to undertake.

3. Program Objective

The objective of the Economic Council is to advise and recommend how Canada can achieve the highest possible levels of employment and efficient production in the medium and long terms in order that the country may enjoy a high and consistent rate of economic growth and that all Canadians may share in rising living standards.

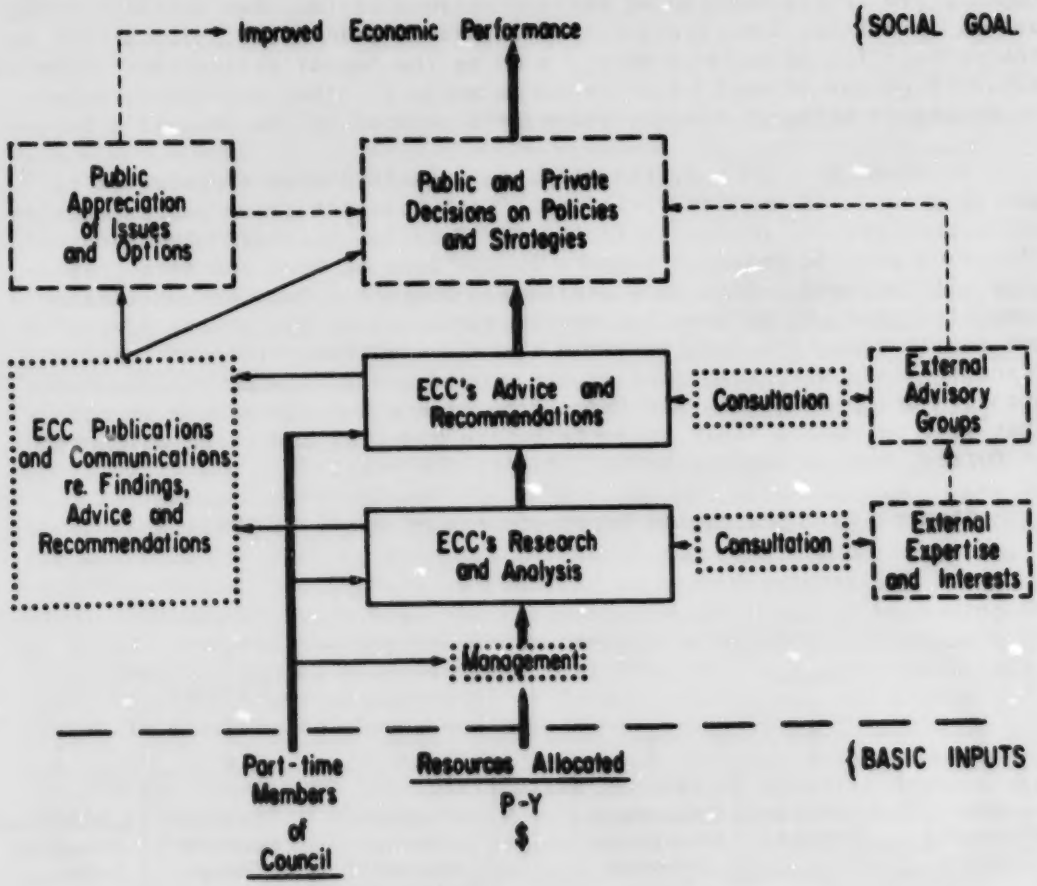
4. Program Description

Within the broad range of duties specified by the Act, there are three sets of activities through which the Council delivers its program:

- by carrying out economic research and policy analysis, consulting with representatives of all economic interests, and developing its own policy recommendations;
- by communicating findings and recommendations to decision-makers in all sectors of the economy for consideration in the development of their own policies and strategies that bear directly on the performance of the economy; and
- by fostering a fuller appreciation of economic issues throughout the country.

Figure 4 illustrates how the functional activities of the Economic Council (excluding administration) are directed towards achieving its program objective.

Figure 4: Functional Activities of the Economic Council



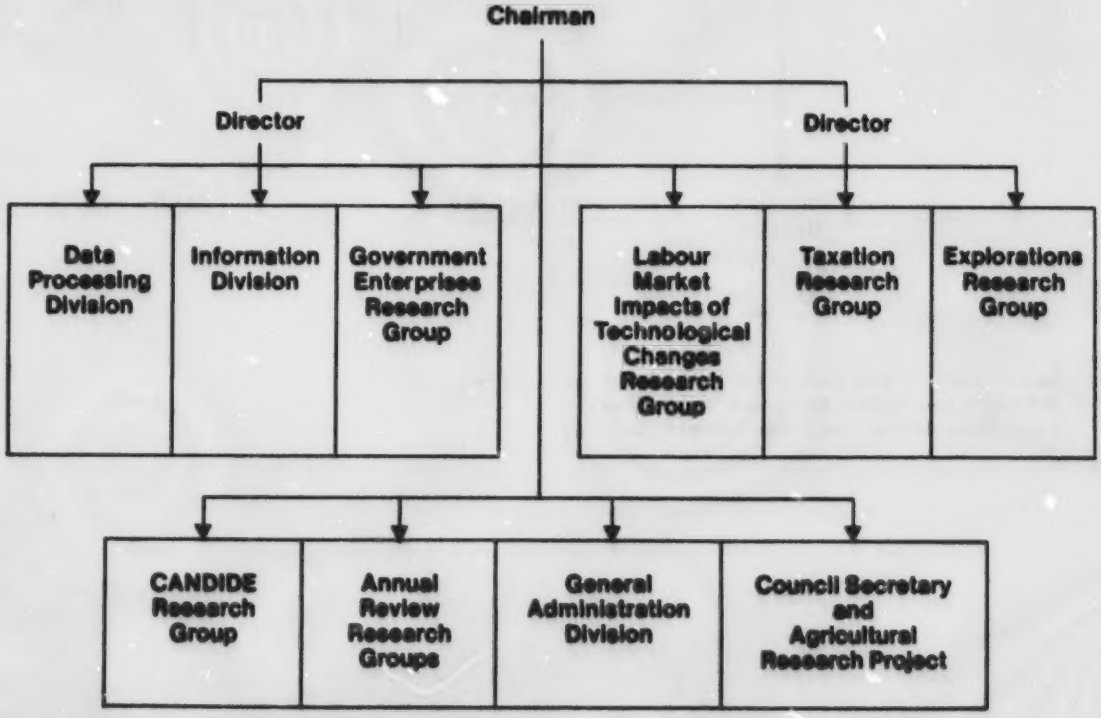
Solid line boxes indicate functional activities.
Dotted line boxes indicate processes.
Dash line boxes indicate constituencies.

5. Program Organization for Delivery

The Economic Council engages in only one main activity, which is synonymous with the program. The Council is comprised of an appointed board made up of three full-time and up to twenty-five part-time members. The full-time members, the Chairman and two directors, manage the work of a staff of economists and other specialists. The part-time members of the Council are representative of various sectors of Canadian society. They assist in setting the organization's research priorities, play a role in the preparation of major reports, such as the Annual Review, and serve on advisory groups to each major research project. They receive no salary or honoraria although their expenses are covered by the Council's budget.

As shown in Figure 5, the staff is organized into a number of research groups and service divisions. Each research group addresses specific problems and prospects facing the Canadian economy. The service divisions provide research support in the form of word and data processing, library and publication services. They also furnish publication, communications and information services related to the policy advice and public education functions and overall administrative services. Research staff are reassigned as new groups are initiated and completed projects are phased out. Excluded from Figure 5 are research groups that will terminate their projects before mid-1985 and those which may be formed, upon Council approval, during the year.

Figure 5: Organization Structure (as of April 1, 1985)



The Council's program is comprised of three main functions: research and policy analysis, policy advice and public education, and general administration. For 1985-86, the functional deployment of the Council's resources is as follows:

Research and Policy Analysis	95 person-years	$5,910,000
Policy Advice and Public Education	24 person-years	1,547,000
General Administration	14 person-years	1,188,000
	133 person-years	$8,645,000

D. Planning Perspective

1. Environment

Fulfilling the Council's mandate entails an examination of the many factors contributing to the achievement of the broad economic goals outlined in the Act -- namely, high and productive levels of employment, reasonable price stability, high and sustained levels of output, a viable balance of payments, and an equitable distribution of rising incomes.

The Council must address the full range of medium and long term strategies contributing to the achievement of these sometimes conflicting goals in the face of continually changing domestic and global conditions. Hence, the Council is required to expend substantial effort in monitoring, anticipating, and analysing a wide array of economic, political, and social issues. These range from demographic trends to technological change; from international economics and socio-political order to the operational activity of firms, industries, and labour forces in communities throughout Canada.

Factors that come into play in the process of choosing between proposals include: the studies being undertaken by other economic research and policy advisory groups; the judgement of part-time members, who take a broad interest in economic issues against a background of particular experience; and available human and financial resources.

2. Initiatives

The Council plans to undertake the following initiatives during 1985-86:

- The publication of the Twenty-Second Annual Review, which reflects the research and analysis effort of the Annual Review Group, the CANDIDE Group and the deliberations of Council itself, will provide an evaluation of past performance and alternative outlooks for the medium term in all major

dimensions of economic activity. As well, it will provide analysis of the persistent shortfall of Canada's economic growth below its potential and it will make policy recommendations designed to raise such performance over the medium term (see page 17).

- The Council will issue a report on its colloquium on women in the work force covering background research, proceedings, and conclusions and recommendations of participants (see page 18).

- In conjunction with other federal research and granting councils, the Council will sponsor a series of regional seminars, as part of the Expo 86 program, on the role of research and development in contributing to the satisfaction of social and environmental aspirations over the longer term.

3. Update on Previously Reported Initiatives

The accomplishments of the Council relative to its initiatives of prior years are presented under "Prior Years' Performance" on pages 7 and 8 of this document.

4. Program Effectiveness

Since there are various sources of policy advice and since advice offered by the Council need neither be acknowledged nor adopted by decision-makers, the effectiveness of the Council's program, in contributing to improved economic performance, can only be evaluated indirectly. The level of public interest in the Council's reports and the degree of integration of its recommendations into policy formulation can be used as proxies in assessing the impact of the Council on the economic performance of Canada. It is not possible to measure the latter but the sustained level of interest generated by the Council's research and consultation accomplishments in recent years can be identified. For example, the continuing interest in the Council's studies on pensions, on financial markets, on regulations and on the Newfoundland economy are indications of the effects of the Council's research in these areas. The following also serve to indicate the impact of Council work:

- The Council's effectiveness as a research institution is reflected in the numerous requests made by other research institutions to participate in joint undertakings. This stems in part from the strategy of "peer review" of research plans and of work in progress at crucial junctures during the development of consensus documents. The Council's participation in the Economic Research Group, which is composed of chief executives of all major economic and policy research

institutions, assures that duplication of effort is minimized. The co-operative and supportive nature of Council's operations is highlighted by the early agreements with the Macdonald Commission whereby the Council's full-time members and staff participated in the Commission's economic working groups charged with research program development although not in its policy formulation activities. Likewise, the Council has contributed professional testimony, on invitation, to several provincial commissions.

- In the area of fostering a fuller appreciation of economic issues throughout the country, a 1983 survey of free subscription magazines in the category "corporate business, general household interest, and travel" indicates that the Council's economic affairs publication, entitled Au Courant rates well above others surveyed with respect to reader interest. As well, the full-time members of Council have appeared on numerous "open line" programs and have participated in panel discussions and interviews on a wide range of economic issues. The capacity to accept invitations to participate in such public information forums is less than the number of invitations to do so.

- The Council's report "The Bottom Line: Technology, Trade, and Income Growth" was issued in June 1983. This report establishes the Council as a leading investigative body on the question of productivity improvement in the service industries where most Canadians now work and where further employment growth opportunities are most likely to occur. In 1984, the Council agreed to a request by a federal department to prepare a detailed research project outline related to productivity in service industries. Other consultative follow-up has been extensive.

- The Council's Twentieth Annual Review "On the Mend" was released in September 1983. Nineteen policy recommendations in such areas as fiscal and monetary issues, income policies and inflation, savings incentives, labour market issues, social issues, and international trade were presented with elaboration as to how each might benefit the performance of the economy over the medium term. More than a year after its release, the Council is still being called upon to discuss the Review's proposals.

5. Performance Information/Resource Justification

The Economic Council must operate within a given level of resources. The level and availability of resources exerts practical constraints on the configuration and overall level of activity of Council's operations. Thus, significant initiatives that require additional resources are dependent upon enabling policy and resourcing decisions. The Prime Minister may direct the Council to undertake such initiatives.

The process of research, analysis and consultation (see Figure 4, page 11) which leads to the publication of consensus documents involves a cycle of two and one-half to three years. Thus, results in a given year reflect resource applications of both the current and of several previous years.

Figure 6 depicts the distribution of the Council's budget for 1983-86 for each function and research project.

Five year trends of publication and institutional relations activities are provided in Figures 7 and 8 respectively. In each area the resource application will tend to be stable over the current and upcoming years. Additional information relative to expenditures on research projects and a listing of Council publications are presented in Section II of this document (see pages 23-26).

Reporting of operational performance relative to the 1983-84 expenditure plan is presented under "Prior Years' Performance" on pages 7 and 8 of this document.

Figure 6: Resources and Results by Function and Major Project for 1985-86

	($000)	Person-Years	Planned Results
A. Research and Policy Analysis Function			
Research Groups			
Annual Review Groups[1]	351	5	The publication of the 22nd Annual Review by the end of 1985.
CANDIDE Group	651	10	22nd Annual Review.
Government Enterprises Research Group	533	8	Completion of research and analysis phase by mid-1985-86 and the production of a Council consensus report on this issue in 1986.
Taxation Research Group	659	9	Completion of research and analysis phase by the end of 1985-86 and the production of a Council consensus report on this issue in 1986-87.
Labour Market Impacts of Technological Change Research Group	682	9	Release of interim reports and technical research papers and consultation with outside experts and interest groups. Consensus report is scheduled for 1986-87.
Agriculture Project	216	3	Release of interim reports and technical research papers and consultation with outside interest groups. Consensus report is scheduled for 1987-88.
Explorations Research Group	331	5	Research reports and discussion papers into major economic issues such as education and health care plus proposals for new research projects.

	($000)	Person-Years	Planned Results
Other Direct Research	565	8	Design and initiation of research programs related to two major economic issues selected by Council.
Subtotal	3,988	57	
Research Support	1,922	38	Word and data processing, library services, and publication of research reports.
Total, Research and Policy Analysis	5,910	95	
B. Policy Advice and Public Education Functions			
Council Members[2]	410	3	Formulation of policy recommendations and their dissemination to political and private sector decision-makers, consultation on the means to develop consensus on economic issues, and public education efforts.
Support Groups	1,137	21	Publication of proceedings of colloquia on women in the work force and government enterprises, media and institutional relations, information and communications services.
Total, Policy Advice and Public Education	1,547	24	
C. General Administration	1,188	14	Personnel, administrative, and financial services for overall Council operations.
Total, Economic Council	8,645	133	

[1]Person-year data represent a full year's allocation to the Annual Review process rather than to a discrete Annual Review document.

[2]The person-years do not include the part-time Council members as they do not receive salary. However, expenses incurred by them and paid by the Council are included in the estimates.

Figure 7: Publications Activities by Function 1980-81 - 1985-86

	1985-86 Forecast	1984-85 Forecast	1983-84 Actual	1982-83 Actual	1980-81 Actual
Research and Policy Analysis Function					
Publications					
- Research Studies	14	10	5	8	11
- Conference Proceedings	2	0	0	1	1
- Discussion Papers	24	24	26	12	26
Advisory and Public Education Function					
Publications					
- Consensus Documents	1	4	2	3	1
- Broad Audience Magazine					
- Issues	4	3	4	4	3
- Circulation per Issue	42,000	42,000	42,000	42,000	40,000
General Administration Function					
Publications					
- Annual Report	1	1	1	1	1

Figure 8: Institutional Relations Activities 1980-81 - 1985-86

Meetings with	1985-86 Forecast	1984-85 Forecast	1983-84 Actual	1982-83 Actual	1980-81 Actual
Federal Elected Officials	15	15	13	13	8
Federal Appointed Officials	25	25	27	23	20
Representatives of Provincial Governments	25	30	26	19	5
Representatives of Municipalities and Universities	25	25	24	13	15
Economic and Social Research Groups	15	15	19	10	17
Labour Organizations	4	3	3	2	3
Private Sector Interest Groups	40	40	37	32	22

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 9: Expenditures by Object ($000)

	Main Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	5,629	5,404	5,051
Contributions to employee benefit plans	786	700	747
	6,415	6,104	5,798
Goods and services			
Transportation and communications	444	444	442
Information	303	303	198
Professional and special services	1,116	1,127	1,248
Rentals	54	54	51
Purchased repair and upkeep	66	66	65
Utilities, materials and supplies	198	198	207
All other expenditures	1	1	2
	2,182	2,193	2,213
Total operating	8,597	8,297	8,011
Capital	48	48	53
Total expenditures	8,645	8,345	8,064

2. Personnel Expenditures

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	1985-86	1984-85	1983-84		
Management	14	15	15	50,350-96,300	72,251
Scientific and Professional	40	42	45	13,609-88,120	47,900
Administrative and Foreign Service	27	26	23	12,766-66,252	40,166
Technical	18	17	16	10,719-63,173	32,099
Administrative Support	34	33	36	12,636-37,130	24,860

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 11: Program Costs ($000)

	1985-86 Operating Expenditures	Add Other Costs	**Total Cost**	Total 1984-85
Ongoing Work of the Economic Council	8,645	812	**9,457**	9,143

Other costs of $812 thousand consist of:

	($000)
• accommodation provided without charge by DPW	710
• DSS services provided without charge	102

C. Additional Information

1. Operating Expenditures on Research from 1981-82 to 1985-86

Figure 12: Expenditures[1] on Research, 1981-82 - 1985-86 ($000)

	1985-86 Budget	1984-85 Budget	1983-84 Actual	1982-83 Actual	1981-82 Actual
Annual Reviews					
Annual Review Process	310	456	287	210	
CANDIDE	581	628	609	596	578
Subtotal	891	1,084	896	806	578
Other Consensus Reports					
Agriculture	193	135	--	--	--
Technological Change and Labour Markets	613	296	--	--	--
Government Enterprises	476	539	195	--	--
Capital Taxation	590	514	251	--	--
Energy	--	277	715	544	62
Regional Studies (Development)	--	118	552	490	227
Growth and Productivity	--	120	379	406	326
Financial Markets	--	--	139	176	337
Technological Change, Productivity and Growth	--	--	--	169	335
Labour Markets	--	--	--	211	409
Regional Studies (Fiscal)	--	--	--	--	415
Subtotal	1,872	1,999	2,231	1,996	2,111
Other Direct Research	797	316	242	355	304
Total Direct Research	3,560	3,399	3,369	3,157	2,993
Total Research Support	1,722	1,766	1,580	1,458	1,392
Total Economic Research and Policy Analysis Function	5,282	5,165	4,949	4,615	4,385

[1] Excluded are employee benefits, accommodation provided without charge by DPW, and DSS services provided without charge for all years; and, for 1984-85 and 1985-86, salary adjustment reserves.

2. Council Publications Spring 1980 to Spring 1984

The range of socio-economic issues addressed by the Council is reflected in the publications issued, in both official languages, under its auspices. The full list is too extensive to be provided in this document; however, the following list is indicative.

Annual Reviews

Seventeenth Annual Review: A Climate of Uncertainty, 1980
Eighteenth Annual Review: Room for Manoeuvre, 1981
Nineteenth Annual Review: Lean Times: Policies and Constraints, 1982
Twentieth Annual Review: On the Mend, 1983

Council Reports

Newfoundland: From Dependency to Self-Reliance, 1980
Reforming Regulation, 1981
Financing Confederation: Today and Tomorrow, 1982
In Short Supply: Jobs and Skills in the 1980s, 1982
Intervention and Efficiency: A Study of Government Credit and Credit Guarantees to the Private Sector, 1983
The Bottom Line: Technology, Trade, and Income Growth, 1983

Conference Proceedings

Reflections on Canadian Incomes: Selected papers presented at the Conference on Canadian Incomes, 1980
Peering Under the Inflationary Veil: Proceedings of a Conference on Inflation-Induced Distortions in Financial Reporting and Taxation, 1982

Research Studies

Regional Issues:

A Promise of Abundance: Extended Fisheries Jurisdiction and the Newfoundland Economy, 1980
A New Approach to Frictional Unemployment: An Application to Newfoundland and Canada, 1980
Language and Earnings in Montreal, 1980
Empirical Testing on Newfoundland Data of a Theory of Regional Disparities, 1981
The Trees Behind the Shore: The Forests and Forest Industries in Newfoundland and Labrador, 1981

Labour Markets:

An Analysis of Turnover in Ontario Industrial Establishments, 1980
Minimum Wages: The New Issues in Theory, Evidence, Policy and Politics, 1980
Meeting Skill Requirements: Report of the Human Resources Survey, 1982
Job Search Behaviour, Unemployment, and Wage Gain in Canadian Labour Markets, 1982
Unemployment, Employment, and Non-Participation in Canadian Labour Markets, 1984

Pensions:

Private Pensions in an Inflationary Climate: Limitations and Policy Alternatives, 1980
The Foreign Experience with Income Maintenance for the Elderly, 1980
The Future Financing of the Canada and Quebec Pension Plans: Some Alternative Possibilities, 1980
The Nature of Public Pension Plans: Intergenerational Equity, Funding, and Saving, 1980
Redistributive Effects of Canada's Public Pension Programs, 1980
The Future Population and Labour Force of Canada: Projections to the Year 2051, 1980

Regulation:

Compensation of Pollution Victims in Canada, 1981
The Public Regulation of Commercial Fisheries in Canada, 1981
Farm Incomes in Canada, 1982
The Choice of Governing Instrument, 1982
Economic Intervention and Regulation in Canadian Agriculture, 1982

Relationships with Developing Countries:

Canada's Trade Relations with Developing Countries: The Evolution of Export and Import Structures and Barriers to Trade in Canada, 1980
Canadian Private Direct Investment and Technology Marketing in Developing Countries, 1980

Inflation and Its Impact:

Towards a Better Understanding of the Consumer Price Index, 1980
Wage Inflation in Canada, 1955-75, 1980
Ex Post Aggregate Real Rates of Return in Canada: 1947-76, 1982

M-11

Financial Markets:

Government Assistance to Export Financing, 1984
Government in Loan Subsidies, 1984

Productivity and Technological Change:

Energy Prices and Productivity Trends in the Canadian Manufacturing Sector, 1957-76: Some Exploratory Results, 1981
The Adoption of Computer Technology in Selected Canadian Service Industries, 1981
Approaches to an International Comparison of Canada's R&D Expenditures, 1982
Canadian Productivity Growth: An Alternative (Input-Output) Analysis, 1983

Fiscal Federalism:

Equalization in a Federal State: An Economic Analysis, 1982
Internal Migration and Fiscal Structure: An Econometric Study of the Determinants of Interprovincial Migration in Canada, 1982

Other:

The Impact of Investment Incentives on Canada's Economic Growth, 1983
Marriage, Population, and the Labour Force Participation of Women, 1983

Note: In addition to the above list, over 90 technical discussion papers were issued during this same time period. As well 28 working papers and 24 technical reports were published, from 1980 through 1982, in connection with the Regulation Reference.

11-M

Employment and Immigration Canada

1985–86 Estimates

Part III

Expenditure Plan

1041

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Employment and Immigration Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are five chapters in this document. Chapter 1 provides an introduction to the Commission/Department. Chapters 2, 3 and 4 present the Expenditure Plans for each of the Commission/Department's Programs, and Chapter 5 presents the Unemployment Insurance Account.

Chapters 2 to 4 begin with extracts from Part II of the Estimates for the particular Program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

Each of these chapters that contain Program Expenditure Plans is divided into sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Chapter 5, the Expenditure Plan for the Unemployment Insurance Account has its own format, due to its unique nature.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each Program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Immigration Program	4-1
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Commission/Department Summary

Roles and Responsibilities of Employment and Immigration Canada

The passage of Bill C-27, the Employment and Immigration Reorganization Act, in 1977, created the Canada Employment and Immigration Commission by integrating the Unemployment Insurance Commission and the Department of Manpower and Immigration. The legislation also created the Department of Employment and Immigration which provides services to the Commission and the Minister in the form of two major activities: Strategic Policy and Planning, and Public Affairs. The Commission and the Department together are titled the Canada Employment and Immigration Commission/Department (CEIC/D).

The Commission/Department administers its programs and services under the following Programs:

- Corporate and Special Services Program (see chapter 2). This new consolidated Program incorporates the former Departmental Administration Program, the Commission Administration Program, the Annuities Program and the Social Insurance Number activity previously reported under the Employment and Insurance Program. Its objective is to ensure the development and implementation of policies and programs, and provide strategic operational and administrative support to CEIC/D.

- Employment and Insurance Program (see chapter 3).

- Immigration Program (see chapter 4).

Funding for both the Commission and the Department is provided in the Social Affairs envelope, administered through the Social Development Cabinet Committee. Broadly defined, this Committee oversees "the development of approaches to improve and integrate the delivery of social benefits", and oversees those federal government agencies having programs that "provide support to the welfare of the individual and to social development".

Operating within this framework and in cooperation with the public and private sectors of the economy, CEIC/D has two basic aims:

- to develop and apply a framework of policies and programs necessary for the efficient functioning of the Canadian labour market; the framework must be consistent with national economic and social goals and must promote

  - a labour force which meets national occupational needs,

  - an economy capable of growth and adaptation without undue burden on individuals, groups or regions, and

- equality of opportunity to compete for and have access to jobs.

- to develop and implement programs and policies to promote

  - an immigration flow responsive to Canada's social, cultural, demographic and economic needs,

  - the fulfillment of Canada's international commitments and humanitarian traditions,

  - the early and successful adaptation to Canadian society of people admitted as permanent residents, and

  - effective control of people seeking to enter or stay in the country, taking into account the health, safety and security of Canada.

Organization Structure

The Commission is composed of a Chairman, Vice-Chairman and two Commissioners. The Chairman is the presiding officer of the Commission. The Vice-Chairman exercises such powers, duties and functions as the Chairman may specify under authority found in subsection 8(2) of the Employment and Immigration Reorganization Act. Subsection 8(3) permits the Vice-Chairman to exercise all powers, duties and functions of the Chairman when the Chairman is absent, incapable, or when the position is vacant.

One Commissioner was named following consultation with organizations representing workers, and the other after consultation with associations representing employers. This structure was developed to give labour and management representation in the formulation, approval and implementation of programs affecting workers and employers.

The smaller Department of Employment and Immigration was created so that the government would have a Minister for the portfolio and to strengthen the traditional relationship existing between departments and the central agencies involved in policy-making. The Minister presides over the Department. The Deputy Minister is the chief executive officer, and is supported by the Associate Deputy Minister, the Assistant Deputy Minister responsible for Strategic Policy and Planning, and the Director General responsible for Public Affairs.

By statute, the Deputy Minister and Associate Deputy Minister of the Department of Employment and Immigration are the Chairman and Vice-Chairman, respectively, of the Employment and Immigration Commission. Figure 1 presents the organization of CEIC/D.

Figure 1: Organization Structure

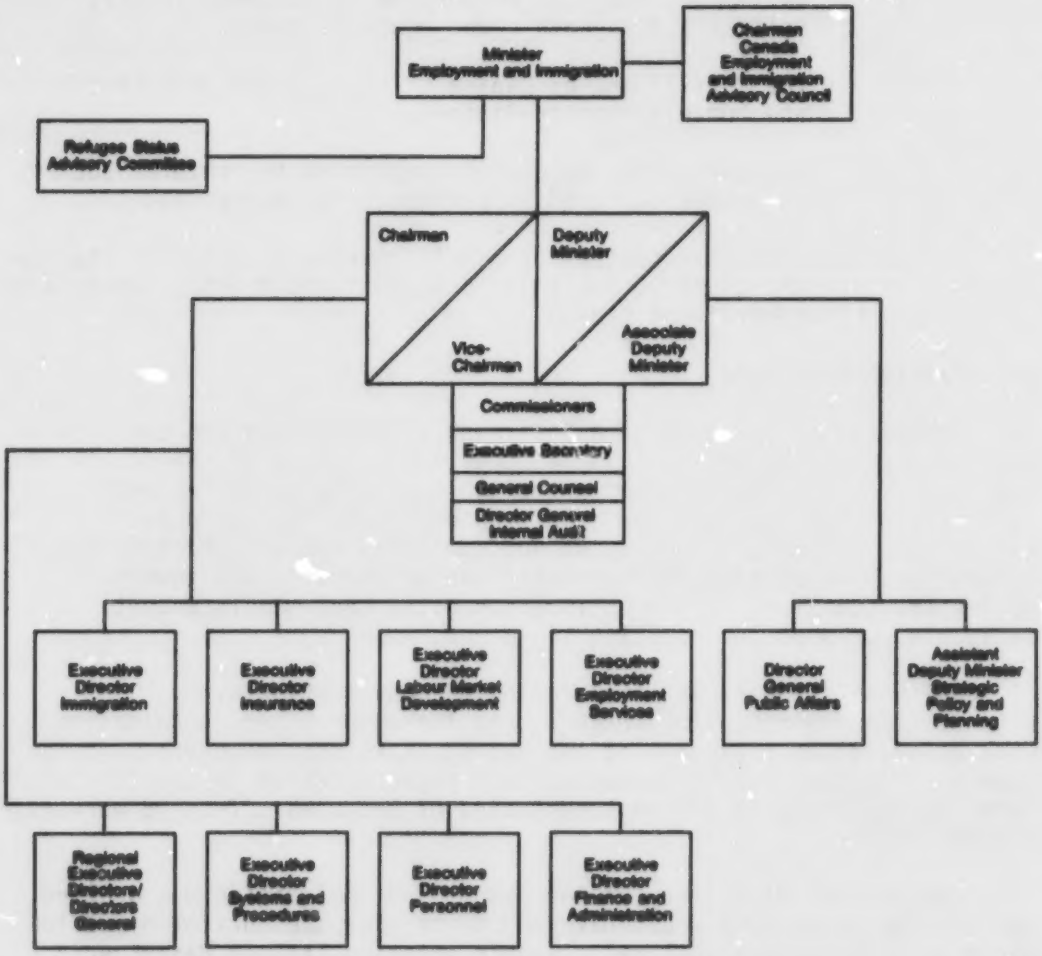

Figure 2: Department Spending Plan by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Corporate and Special Services	286,701	303,073	(16,372)	(5.40)	2-1
Employment and Insurance Program	4,536,814	5,636,970	(1,100,156)	(19.52)	3-1
Immigration Program	125,571	124,355	1,216	0.98	4-1
Gross Budgetary	4,949,086	6,064,398	(1,115,312)	(18.39)	
Less: Recoverable expenditures from the Unemployment Insurance Account	903,885	917,202	13,317	1.45	
Net Budgetary	4,045,201	5,147,196	(1,101,995)	(21.41)	

* In accordance with Sections 63 and 135 of the Unemployment Insurance Act, the costs of administration of this Act shall be charged to the Unemployment Insurance Account and financed through employee and employer premiums. On this basis, the operating costs of the Commission/Department related to the administration of the Unemployment Insurance Act are recovered from the Unemployment Insurance Account. The method used in calculating the UI administrative costs is discussed on page 5-13.

Prioritie

The priorities of Employment and Immigration Canada are determined by, and intended to reflect the overall economic and social goals of the federal government. For 1985-86, the following areas will be given priority attention:

- Strengthening National Employment Services to address the needs of the labour market in the 1980s and '90s.

  - Based on the action plan developed in the previous year, revitalization of National Employment Services has been recognized as a corporate priority through the 1985-86 fiscal year, and will be addressed through implementation of the approved action plan. The broad considerations of the Revitalization Program include a review of the following: Employment Services' role, functions and structure; the appropriateness and operation of its policies, programs, and services relative to the present and future needs of its

clientele; and the efficiency and effectiveness of current and future management processes and related support systems.

- Promoting and consolidating human resource development as an integral part of the policies and plans of the private sector, of other federal government departments and of provincial governments.

  - In line with federal government direction, CEIC/D recognizes that human resource development in the public and private sectors is central to both promoting the equality of employment opportunity in the workplace and helping to create an economy that will grow and adapt without undue burden on individuals or groups of people. CEIC/D embraces this philosophy again in 1985-86, through the promotion of instruments such as human resource planning agreements and their related components, including Affirmative Action consultations, and industrial adjustment service agreements.

- Increasing efforts to resolve the employment problems of youth, particularly their integration into the work force.

  - In anticipation of a continued thrust in this direction, additional emphasis will be placed on activities geared to a mix of practical work experience and formal training.

- Recognizing that employees are our most valuable resource and ensuring that management practices emphasize human values as the basis for maintaining and enhancing quality of service and productivity.

  - As an extension of CEIC/D's internal human resource development concerns of the previous year, the sensitive and progressive management of human resources is seen as a key corporate priority in 1985-86. This will be addressed through initiatives such as the implementation of the internal Affirmative Action plan, with particular emphasis on women, natives, and the handicapped, and through full and extensive use of staff training budgets and exercises. Espousal of this "people first" philosopy, will result in the recognition of value and contribution of the individual employee and, by extension, enhancement of staff productivity and the quality of service provided.

These priorities will be publicized internally and externally to ensure that the orientation of CEIC/D is fully understood by its personnel, clients, and economic partners.

Corporate and Special Services Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $26,653,600 in support of the Corporate and Special Services Program. The remaining expenditures, estimated at $15,866,400, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Corporate and Special Services Program		
1	Program expenditures	5,750	5,971
5	Program expenditures	20,904	23,132 *
(S)	Minister of Employment and Immigration - Salary and motor car allowance	42	40
(S)	Supplementary Retirement Benefits - Annuities agents pensions	35	35
(S)	Contributions to employee benefit plans	15,789	13,920
	Total Program	42,520	43,098

* Includes the Social Insurance Number activity (previously reported under the Employment and Insurance Program), and the Annuities Program (see page 2-54).

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Corporate and Special Services Program	
1	Corporate and Special Services - Departmental Administration - Program expenditures	5,749,600
5	Corporate and Special Services - Canada Employment and Immigration Commission - Program expenditures	20,904,000

Program by Activity

(thousands of dollars)	1985-86 Main Estimates						1984-85 Main Estimates
	Authorized person-years	Budgetary				Total	
		Operating	Capital	Sub-Total	Less: Revenues Credited to the Vote		
Departmental Management and Administration	416	22,662	79	22,741	14,706	8,035	8,013
Commission Management and Administration	2,590	229,894	1,521	231,415	205,517	25,898	26,266
Systems and Procedures	413	23,650	368	24,018	18,974	5,044	5,298
Administration of Government Annuities	108	3,407	11	3,418	-	3,418	3,371
Administration of Social Insurance Numbers	184	4,425	91	4,516	4,516	-	-
Canada Employment and Immigration Advisory Council	8	592	1	593	468	125	150
	3,719	284,630	2,071	286,701	244,181	42,520	43,098

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 1 - Departmental Administration - Program expenditures	5,529,900	7,281,128	6,755,888
Vote 5 - Administration - Program expenditures	24,370,000	30,886,767	26,969,299
Vote 10 - Employment and Insurance Program - Operating expenditures related to the Social Insurance Number activity	-	-	-
Vote 30 - Annuities - Program expenditures	-	-	-
	29,899,900	38,167,895	33,725,187
Statutory Budgetary Expenditures			
Minister of Employment and Immigration - Salary and Motor Car Allowance	39,100	40,983	40,983
Supplementary Retirement Benefits - Annuities Agents Pensions	25,000	33,435	33,435
Contributions to Employee Benefit Plans	14,466,000	15,940,000	15,940,000
Refunds of amounts credited to Revenue in previous years	-	100	100
	14,530,100	16,014,518	16,014,518
Total Program	44,430,000	54,182,413	49,739,705

The above extract reflects the new Program structure implemented in 1985-86. For additional details regarding the expenditures and recoveries from the Unemployment Insurance Account, refer to Figure 1 on page 2-8.

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

One of the key highlights for 1985-86 is the consolidation of the following into the new Corporate and Special Services Program:

- the Departmental Administration Program;
- the Commission Administration Program;
- the Annuities Program; and
- the administration of the Social Insurance Number activity, formerly under the Employment and Insurance Program.

For 1985-86 the Corporate and Special Services Program has the following goals:

Departmental Management and Administration

Strategic Policy and Planning:

- to enhance the Planning Environment Document (see page 2-25).

Public Affairs:

- to lend public affairs support to the revitalization process, to promote the concept of human resource development, to market all youth programs and to strenghten internal communications (see page 2-25).

Commission Management and Administration

Financial Services:

- to establish an improved feedback mechanism from each component of the Planning and Accountability Process (see page 2-30); and

- to integrate certain functions, such as audit and evaluation, into the Planning and Accountability Process (see page 2-30).

Personnel Services:

- to effectively integrate activities under the Human Resources Management Plan into the Planning and Accountability Process (see page 2-20); and

- to continue the implementation of the Regional Personnel Services System (RPSS) in conjunction with Systems and Procedures (see pages 2-31 and 2-36).

Systems and Procedures

- to upgrade the computer capacity of CEIC/D through the installation of computer equipment at an estimated cost of $23.0 million (see page 2-20 and 2-36).

Administration of Social Insurance Numbers

- to implement the Social Insurance Number replacement card cost recovery program without disruption to the level of service to the public (see page 2-44).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86			Forecast 1984-85				
	Expenditure	Recoverable expenditures from the Unemployment Insurance Account	Net Expenditure	Expenditure	Recoverable expenditures from the Unemployment Insurance Account	Net Expenditure	Change in Net Expenditure	For Details See Page
Departmental Management and Administration	22,741	14,706	8,035	24,138	15,171	8,967	(932)	2-22
Commission Management and Administration	231,415	206,517	25,898	242,715	208,263	34,452	(8,554)	2-26
Systems and Procedures	24,018	18,974	5,044	27,697	20,994	6,703	(1,659)	2-32
Administration of Government Annuities	3,418	-	3,418	3,366	-	3,366	52	2-37
Administration of Social Insurance Numbers	4,516	4,516	-	4,532	4,532	-	-	2-41
Employment and Immigration Advisory Council	593	468	125	625	474	151	(26)	2-45
Total	296,701	244,181	42,520	303,073	249,434	53,639	(11,119)	
Person-Years	3,719	-	3,719	3,932	-	3,932	(213)	

Explanation of Change: The net financial requirements for 1985-86 are 20 per cent or $11 million lower than the 1984-85 forecast expenditures. The decrease is primarily due to:

($ millions)

- a decrease in resources for the Summer Canada Program (63 person-years) (1.4)

($ millions)

- a decrease in resource requirements related to reductions in overhead expenditures and general restraint (2.8)
- a decrease in resources associated with the delivery of Direct Job Creation Programs (56 person-years) (4.1)
- a decrease in common services costs payable to Public Works Canada and Supply and Services Canada (2.4)
- a decrease in funding related to the steamlining of operations for Program delivery (104 person-years) (3.4)
- a decrease in funding requirements for the upgrading of Electronic Data Processing facilities (6.5)
- a decrease in the recovery from the Unemployment Insurance Account 5.3
- an increase in salaries and wages due to inflation 4.9

Explanation of 1984-85 Forecast: The 1984-85 forecast is $11 million higher (24 per cent) than the 1984-85 Main Estimates of $43 million (Extracts from Part II of the Estimates, page 2-4). The difference of $11 million reflects the following major offsetting items:

($ millions)

- an increase in resources for the Summer Canada Program (63 person-years) 1.4
- an increase in resources associated with the delivery of Direct Job Creation Programs (88 person-years) 4.4
- an increase in funding for the upgrading of Electronic Data Processing facilities 6.9
- an increase in funding for accommodation costs payable to Public Works Canada 6.4
- a decrease in resources related to the transfer of the Query Response Centre to the Immigration Program (24 person-years) (0.8)
- an increase in the recovery from the Unemployment Insurance Account (8.8)
- other miscellaneous adjustment (10 person-years) 1.0

The above represent items approved through Supplementary Estimates, items transferred from Treasury Board Vote 10 - Employment Initiatives, and items fully or partially recoverable from the Unemployment Insurance Account in accordance with the UI Act and Associated Regulations.

B. Recent Performance

1. Highlights

The highlights of Program performance for 1984-85 are as follows:

- studies will have been incorporated into the Canadian Occupational Projection System (COPS) for the hospital, shipbuilding, construction and mining sectors; new data bases have also come on stream during the year;

- suitable performance indicators, key volumes and ratios have been identified, developed and approved for the Personnel Division for 1984-85 and 1985-86; and

- briefing sessions have been held on the Planning and Accountability Process with special emphasis on inputs to the Chairman's Planning Guidelines.

The highlights of Program performance for 1983-84 were as follows:

- the Unemployment Insurance (UI) Pay Systems were maintained and enhanced to ensure continued efficient processing at record levels;

- updating of the technology of the UI pay process was continued with the installation of more optical character recognition equipment and programmable mail inserters, and upgraded computer processors;

- in preparation for the introduction of UI legislation (Bill C-56), new systems, procedures and training packages were implemented;

- insurance abuse detection systems were enhanced by implementing the Consolidated Overpayment Detection System, and a cross-match between the insurance-claimant master file and training-recipient files;

- implementation of the Metropolitan Order Processing System was continued with installations in Quebec City, Southern Ontario, and the Prairies; plans for the remaining installations (for 1984-85) were also made;

- implementation of the Insurance On-line System was continued with installations in Ontario, Quebec, and the Prairies; plans to complete the installations (for 1984-85) were also made;

- development of the National Employment Services System continued, in coordination with plans for the revitalization of National Employment Services; and

- a concept for a new computer-assisted immigration processing system was developed in conjunction with the Department of External Affairs.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84						
	Actual			Main Estimates			
	Expenditure	Recoverable expenditures from the Unemployment Insurance Account	Net Expenditure	Expenditure	Recoverable expenditures from the Unemployment Insurance Account	Net Expenditure	Change in Net Expenditure
Departmental Management and Administration	23,330	14,459	8,871	21,471	14,039	7,432	1,439
Commission Management and Administration	227,390	194,790	32,600	219,443	191,155	28,288	4,312
Systems and Procedures	20,709	15,739	4,970	21,519	16,484	5,035	(65)
Administration of Government Annuities	3,121	-	3,121	3,542	-	3,542	(421)
Administration of Social Insurance Numbers	4,633	4,633	-	4,312	4,312	-	
Employment and Immigration Advisory Council	741	563	178	592	459	133	45
Total	279,924	230,184	49,740	270,879	226,449	44,430	5,310
Person-Years	3,889	-	3,889	3,874	-	3,874	15

The above numbers have been adjusted to reflect the transfer of the Social Insurance Number activity, previously reported under the Employment and Insurance Program (Vote 10), and the Annuities Program previously reported separately under Vote 30 (see page 2-54).

Explanation of Change: The major factor contributing to the over-expenditure of $9.0 million was the result of an additional payment to Public Works Canada of $8 million for accommodation. The effect of this additional expenditure, and the following major items approved in Supplementary Estimates, offset by an over-all increase in the recovery from the Unemployment Insurance Account, contributed to the net over-expenditure of $5.3 million:

- reimbursement of part of the 1982-83 administrative costs charged to the UI Account as a result of an accounting adjustment;

- increased operating costs associated with the delivery of the consolidated Direct Job Creation Programs; and

- additional operating costs related to the delivery of the New Employment Expansion and Development Program (NEED).

In addition, the actual expenditures reflect costs incurred for the Summer Canada Program. The related resources were provided from the Treasury Board Vote 10 - Employment Initiatives.

C. Background

1. Introduction

The Corporate and Special Services (CSS) Program consolidates the following three previously existing Programs: the Departmental Administration Program, the Commission Administration Program, and the Annuities Program. In addition, one activity, administration of Social Insurance Numbers, has been transferred to the CSS Program from the Employment and Insurance Program (Vote 10).

2. Legal Mandate

The Department was created under the Employment and Immigration Reorganization Act, which was given assent on August 5, 1977. This statute also created the Canada Employment and Immigration Commission.

In addition, the Government Annuities Account was established on September 1, 1908, under the Government Annuities Act, RSC, c. G6, and was modified by the Government Annuities Improvement Act, SC 1974-75-76, c. 83.

The Government Annuities Act provided legislative authority for the sale of government annuities and the establishment of the Government Annuities Account. The Government Annuities Improvement Act increased the rate of return on government annuity contracts, provided for percentage increases in benefits and discontinued any further sale of government annuities.

3. Program Objective

The objective of the Corporate and Special Services Program is to ensure the development and implementation of policies and programs, to provide strategic, operational and administrative support that enables Employment and Immigration Canada to carry out its mission, and to provide for such other functions allocated to it.

There are six sub-objectives:

- to develop, manage, administer, coordinate and review the policies, priorities and programs of Employment and Immigration Canada to ensure that federal labour market, income-related and immigration policies and programs are developed and implemented in an effective manner consistent with national economic and social goals; and to provide information to the public in an effective and efficient manner;

- to provide effective and timely management, administrative and operational support to the programs of the Commission in accordance with the policies, directives, standards and level of service approved by CEIC/D and the central agencies;

- to design, develop, advise on, implement, provide and maintain efficient and effective systems, procedures and management tools and techniques in support of CEIC/D program and service objectives;

- to administer government annuities contracts in accordance with the Government Annuities Act and the Government Annuities Improvement Act;

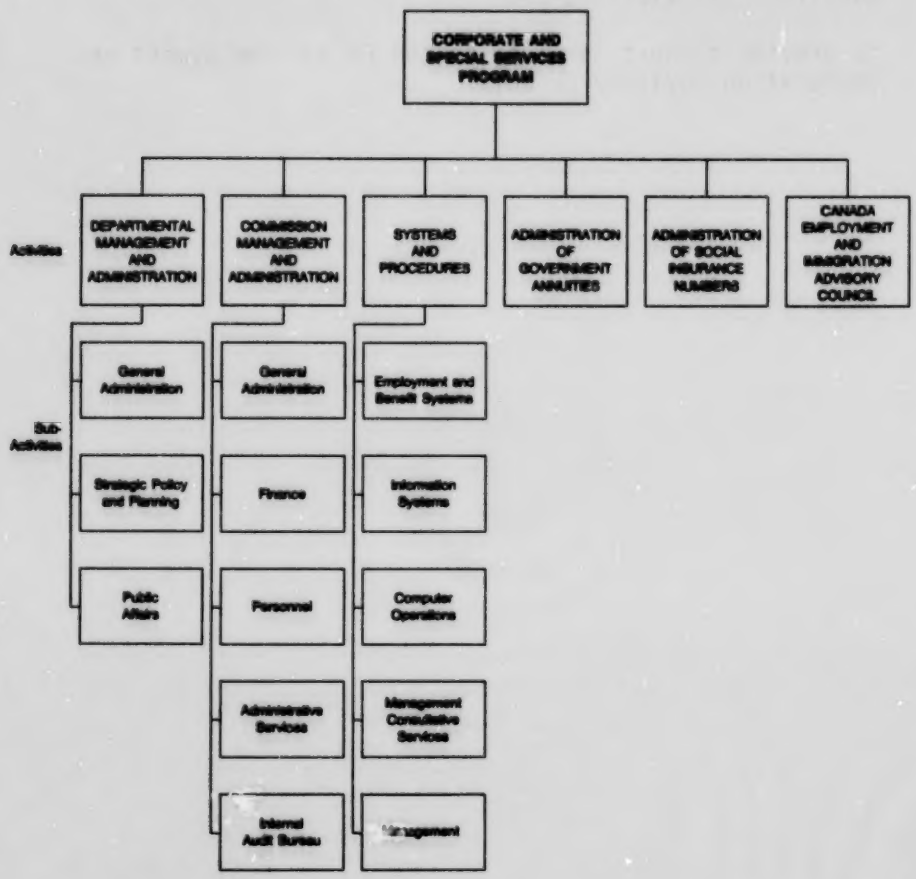
- to contribute to the administration of specific government programs through the issuance of social insurance numbers to qualified individuals; and

- to provide support services to the Canada Employment and Immigration Advisory Council.

4. Program Organization for Delivery

Activity Structure: The Corporate and Special Services Program is composed of six activities which relate directly to the six sub-objectives just identified. Each of these activities is divided into sub-activities, as presented in Figure 3. For more details, see Analysis by Activity in Section II (page 2-22 to 2-46).

Figure 3: Activity Structure



Organization Structure: As stated previously, the Corporate and Special Services Program is divided into six activities. Figure 4 relates the Program's organizational structure to its activities by showing the 1985-86 resources required.

Departmental Management and Administration: This activity includes the Minister's office and the offices of the Deputy Minister, the Associate Deputy Minister, Strategic Policy and Planning, Public Affairs and Legal Services (see page 2-22).

Commission Management and Administration: This activity includes the Office of the Commissioners for Workers and Employers, the Regional Executive Directors/Directors General, and the Executive Secretariat. In addition, the following Commission support services are included: Financial and Administrative Services, Personnel Services and the Internal Audit Bureau (see page 2-26).

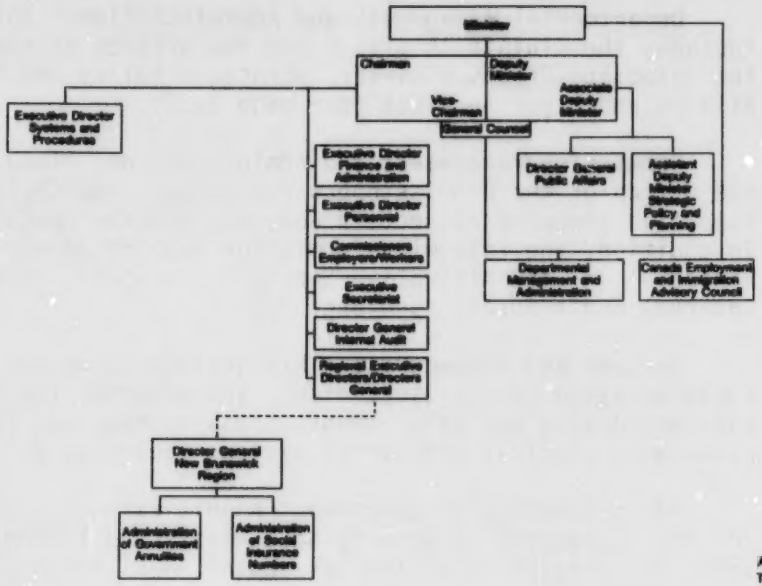
Systems and Procedures: This activity provides for the design and administration of policies, plans, and programs for CEIC/D's electronic data processing and telecommunications systems and facilities, and the associated clerical and manual systems (see page 2-32).

Administration of Government Annuities: This activity provides for the management of annuity accounts issued to individuals and group under the provisions of the Government Annuities Act, and is administered by the Director General, New Brunswick Region (see page 2-37).

Administration of Social Insurance Numbers: This activity contributes to the administration of specific government programs through the issuance of Social Insurance Numbers to qualified individuals. It is administered by the Director General, New Brunswick Region (see page 2-41).

Canada Employment and Immigration Advisory Council: This group provides support services to the Council of the same name (see page 2-45).

Figure 4: Resources by Organization/Activity ($000)



Activity							Activity Total
Departmental Management and Administration	(416 P-Y)				22,741		22,741
Commission Management and Administration	(2,590 P-Y)			231,415			231,415
Systems Procedures	(413 P-Y)	24,018					24,018
Administration of Government Annuities	(108 P-Y)		3,418				3,418
Administration Social Insurance Numbers	(184 P-Y)			4,516			4,516
Canada Employment and Immigration Advisory Council	(8 P-Y)					593	593
PROGRAM TOTAL		24 ,018	3,418	4,516	231,415	22,741	593	286,701

D. Planning Perspective

1. Environment

In providing policy and administrative support to CEIC/D's major Programs (i.e. Immigration, and Employment and Insurance), the Corporate and Special Services Program operates within the same environment, and in some cases must be doubly sensitive to selected influences.

As a major employer, CEIC/D is faced with the same pressures as other employers: the need to respond to the demands of a better-educated work force; to accommodate the need for flexibility in working arrangements required, among others, by single parents; to provide challenge and reward to employees who are not mobile and for whom there are limited chances of promotion; and to respond to the growing expectation for more humanism in the workplace. Through such instruments as the Human Resources Management Plan, greater emphasis is being placed on training to enable employees to deal effectively with a better-informed and more outspoken clientele, in the continuing pursuit of excellent service. Attention will also have to be paid to the accessibility of training to the handicapped, and to the provision of training in new technology at all levels of the bureaucracy. There will be significantly more demands for paid leave, particularly education leave, to facilitate the redirection of careers and to minimize the potential for burnout and rustout. In fact, CEIC/D will have to respond to these changes in a most prompt and effective manner if it is to play a role in leading other employers in the field of human resources management by example.

Having established a role for themselves in areas such as staffing, training, affirmative action, and health and safety, unions can be expected to at least maintain the ground they have gained. While responding to this expanding role, management will have to be increasingly careful to ensure that it is listening to and speaking to all employees represented by the unions.

In terms of relations with our economic partners, particularly the private sector, the development of specific projection tools and the continued encouragement to develop formal bilateral or multilateral agreements with the provinces, industry and individual firms will be important instruments to bring about adjustments in a coordinated way, to avoid skill bottlenecks in the economy and to favour overall growth.

Internally, following the Treasury Board's lead, a variety of proposals may be implemented with a view to improving productivity in a context of fiscal restraint. These could include amendments to legislation, reduction in headquarters controls, modifications of operating procedures and elements of reorganization. At the same time,

the current review and assessment of CEIC/D's audit and evaluation functions, including recognition of the need for better instruments for performance measurement will pave the way for significant improvements in identifying the relationship between program and service objectives, and the results which define those objectives.

2. Initiatives

Initiatives for the Corporate and Special Services Program in 1985-86 include:

Departmental Management and Administration

Strategic Policy and Planning:

- to develop strategies, in consultation with economic partners and provinces, aimed at effective ways of allowing Canadians to obtain the skills and capacities needed to participate fully in our changing labour market; and

- to evaluate various programs in Immigration, Employment Training, Job Creation, Human Resources Development and Insurance.

Commission Management and Administration

Financial Services:

- to integrate the approved Operational Plan Framework into the internal systems and processes.

Personnel Services:

- to improve the representation of target groups within CEIC/D; and

- to implement a comprehensive Human Resources Management Plan within CEIC/D at an estimated cost of $1.2 million and 36 person-years.

Systems and Procedures

- to upgrade computer capacity for CEIC/D through installation of computer equipment at an estimated cost of $23.0 million in order to better support an enhanced level of service and program delivery.

3. Update on Previously Reported Initiatives

Canadian Occupational Projection System (COPS): The basic COP System became operational in 1983-84 at a cost of $1.8 million and 27 person-years. During 1984-85 the following sectors have been incorporated into the system: hospital, shipbuilding, construction and mining. Also, during 1984-85 new data bases have also come on stream.

Task Force on Service to the Public: The toll free telephone service was fully implemented in 1983. This service provides the public with access to information on CEIC/D's main programs. This initiative will cost approximately $2.75 million and 48 person-years.

Human Rights Act: Training instruments were developed and training provided to CEIC/D employees involved in the delivery of service to the public within the approved five person-years and $200,000. Continued training is being provided to meet on-going requirements. CEIC/D policies, programs, procedures and publications are the subject of on-going review to ensure their consistency with the Human Rights Act.

Planning and Accountability Process: In 1984-85, the principles of the Planning and Accountability Process were fully applied to the 1985-86 operational planning, the 1984-85 operation and control, and the 1986-89 Multi-Year Operational Planning processes. Main Estimates, Part III, has also now been integrated into the process, although the introduction of the Operational Planning Framework will necessitate further changes. The first phases of incorporating the audit and evaluation functions were completed, and the remaining phases form part of the 1985-86 plan of action.

4. Program Effectiveness

The overall impact and effectiveness of the Corporate and Special Services Program is measured by the level and quality of service provided to the operating programs of CEIC/D through the various administrative and support activities of this Program.

CSS Program services are assessed directly through the CEIC/D Planning and Accountability Process (P&AP). This process ensures management accountability and provides continuous review, assessment, evaluation and direction for any necessary corrective action by managers and senior executives through

- development, implementation, reporting and evaluation of management contracts; and
- conducting internal audits and reviews.

In addition, there is provision in the Planning and Accountability Process for indirect general assessment of the CSS Program on a periodic basis through program evaluations of other CEIC/D Programs.

Section II
Analysis by Activity

A. Departmental Management and Administration

Objective

To develop, manage, administer, coordinate and review the policies, priorities and programs of Employment and Immigration Canada to ensure that federal labour market, income-related and immigration policies and programs are developed and implemented in an effective manner consistent with national economic and social goals; and to provide information to the public in an effective and efficient manner.

Resource Summary

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
General Administration	5,302	99	5,130	101	7,380	115
Strategic Policy and Planning	10,588	181	10,608	183	9,401	156
Public Affairs	6,851	136	8,400	144	6,549	146
Total	22,741	416	24,138	428	23,330	417
Less: Recoverable expenditures from the Unemployment Insurance Account	14,706		15,171		14,459	
	8,035	416	8,967	428	8,871	417

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	18,338	81	17,673	73	16,134	69
Transportation and Communications	624	3	674	3	1,015	4
Professional and Special Services	2,683	12	3,057	13	3,035	13
Other	1,017	4	2,655	11	2,693	12
Sub-total	22,662	100	24,059	100	22,877	98
Capital	79	-	79	-	453	2
Total	22,741	100	24,138	100	23,330	100
Less: Recoverable expenditures from the Unemployment Insurance Account	14,706		15,171		14,459	
	8,035		8,967		8,871	

Past Financial Performance

Figure 7: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
General Administration	7,380	115	4,556	92	2,824	23
Strategic Policy and Planning	9,401	156	10,315	184	(914)	(28)
Public Affairs	6,549	146	6,600	139	(51)	7
Total	23,330	417	21,471	415	1,859	2
Less: Recoverable expenditures from the Unemployment Insurance Account	14,459		14,039		420	
	8,871	417	7,432	415	1,439	2

Description

This activity includes the Minister's office and the offices of the Deputy Minister, the Associate Deputy Minister, Legal Services, Strategic Policy and Planning, and Public Affairs, and is composed of the following three sub-activities:

General Administration: This covers the functions of the offices of the Minister, the Deputy Minister, the Associate Deputy Minister and Legal Services.

Strategic Policy and Planning: Strategic Policy and Planning performs research and policy analysis to ensure that federal labour market, income-related, and immigration policies and programs are developed and implemented in an effective manner consistent with national economic and social goals.

Public Affairs: The Public Affairs Branch provides services to CEIC/D in planning, assessment, coordination and operation of information, advertising and promotional projects. The collective efforts of the Branch result in a public who are better informed about the services available through their local Canada Employment Centre (CEC) or Canada Immigration Centre (CIC), the role of CEIC/D's programs and services, and the federal government's efforts on their behalf.

Performance Information/Resource Justification

The following figures show the ratio of departmental management and administration person-years and expenditures to total CEIC/D person-years and expenditures. In both instances, the ratios have remained relatively constant over the three-year period.

Figure 8: Relationship of Departmental Management and Administration Person-Years to Total CEIC/D Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Departmental Management and Administration person-years	416	428	417
Total CEIC/D person-years	24,127	26,791	27,065
Percentage of total	1.7	1.6	1.5

Figure 9: Relationship of Departmental Management and Administration Expenditures to Total CEIC/D Expenditures ($000)*

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Departmental Management and Administration expenditures	22,741	24,138	23,330
Total CEIC/D expenditures	1,094,937	1,188,611	1,125,644
Percentage of total	2.08	2.03	2.07

* Excludes transfer payments, courses purchased from provinces and the Outreach Program.

Departmental Management and Administration has identified the following significant planned outputs for 1985-86:

Strategic Policy and Planning

- to enhance the Planning Environment document which draws together all the factors to be taken into account when longer-term directions or priorities are being considered for the organization; this will involve consolidating the data base, improving the linkage between resources and the objective of CEIC/D, as well as developing mechanisms to involve managers at all levels in the strategic planning function.

Public Affairs

- to advise CEIC/D staff on a regular basis of the revitalization process; in addition, as projects are phased in nationally, to inform local employers and client groups of CEC services available through revitalization;
- to promote the concept of human resource development, the need for it and its benefits, as well as the services available through CEIC/D to assist employers and governments;
- to market all youth programs and services to facilitate the integration of young people into the work force; and
- to disseminate timely information on policies, programs and procedures to enhance staff performance in the delivery of service to the public and to recognize outstanding performance.

B. Commission Management and Administration

Objective

To provide effective and timely management, administration and operational support to the programs of the Commission in accordance with the policies, directives, standards and level of service approved by CEIC/D and the central agencies.

Resource Summary

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
General Administration	13,106	243	12,057	259	12,727	219
Financial Services	61,092	1,061	70,654	1,191	57,299	1,172
Personnel Services	23,908	602	24,115	623	25,849	649
Administrative Services	127,985	600	131,075	620	126,267	634
Internal Audit Bureau	5,324	84	4,814	88	5,248	87
Total	231,415	2,590	242,715	2,781	227,390	2,761
Less: Recoverable expenditures from the Unemployment Insurance Account	205,517		208,263		194,790	
	25,898	2,590	34,452	2,781	32,600	2,761

Explanation of Change: The net financial requirements for 1985-86 are 25 per cent or $9 million lower than the 1984-85 forecast expenditures. The decrease is primarily due to:

	($ millions)
• a decrease in resources for the Summer Canada Program (58 person-years)	(1.3)
• a decrease in funding related to the streamlining of operations for Program delivery (87 person-years)	(2.8)
• a decrease in resource requirements related to reductions in overhead expenditures and general restraint	(1.9)
• an increase in salaries and wages due to inflation	2.8

($ millions)

- a decrease in resources associated with the delivery of Direct Job Creation Programs (56 person-years) (4.1)
- a decrease in common services costs payable to Public Works Canada and Supply and Services Canada (2.4)
- an internal transfer of resources to the Systems and Procedures activity (2.2)
- a decrease in the recovery from the Unemployment Insurance Account 2.7

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	98,966	43	105,797	44	99,086	44
Transportation and Communications	15,377	7	16,070	7	16,909	8
Professional and Special Services	15,980	7	18,015	7	16,054	7
Rental of Buildings	85,806	37	84,994	35	78,012	34
Purchased Repairs and Upkeep	1,164	-	904	-	7,170	3
Other	12,601	5	15,387	6	6,864	3
Sub-total	229,894	99	241,167	99	224,095	99
Capital	1,521	1	1,548	1	3,295	1
Total	231,415	100	242,715	100	227,390	100
Less: Recoverable expenditures from the Unemployment Insurance Account	205,517		208,263		194,790	
	25,898		34,452		32,600	

Past Financial Performance

Figure 12: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
General Administration	12,727	219	9,484	247	3,243	(28)
Financial Services	57,299	1,172	65,003	1,154	(7,704)	18
Personnel Services	25,849	649	23,916	629	1,933	20
Administrative Services	126,267	634	116,381	650	9,886	(16)
Internal Audit Bureau	5,248	87	4,659	88	589	(1)
Total	227,390	2,761	219,443	2,768	7,947	(7)
Less: Recoverable expenditures from the Unemployment Insurance Account	194,790		191,155		3,635	
	32,600	2,761	28,288	2,768	4,312	(7)

Description

The function of the Commission Management and Administration is to provide a variety of management, operational and administrative services within the over-all objective of the Corporate and Special Services (CSS) Program. Results obtained through the provision of these services contribute to policy and program development and implementation by CSS.

The Commission Management and Administration activity is composed of the following five sub-activities:

General Administration: This sub-activity essentially involves services to facilitate and support the collective work of CEIC/D senior management and incorporates the offices of the Commissionners for Workers and Employers, the regional Executive Directors and Directors General, and the Executive Secretariat.

Financial Services: Within this sub-activity departmental operational planning documents are analysed to ensure that resource needs have been clearly defined, assigned costs and substantiated to enable management to make effective decisions regarding future financial requirements. CEIC/D financial expenditures and operational results are analysed and reported to all levels of management, and general financial accounting services are provided both at national headquarters and regional

offices. In addition, financial policies, systems and procedures are monitored and evaluated continually to assess their appropriateness and effectiveness, and new systems and procedures are developed or existing systems modified to eliminate deficiencies.

Administrative Services: This includes the provision of services to departmental employees and all levels of management in the areas of materiel, facilities, directives, recorded information management, telecommunications and word processing.

Personnel Services: Within this sub-activity appropriate personnel policies, practices and procedures are developed including those related to human resource planning, staff relations, staffing and classification; training, development and counselling of staff; official languages; pay and benefits; data management; affirmative action; organization design and development; and senior management services.

Internal Audit Bureau: This includes the appropriate planning, development, conduct and management of audit assignments to ensure identification of problem areas and adequate recommendations for resolution.

Performance Information/Resource Justification

The following figures show the ratio of Commission Management and Administration person-years and expenditures to total CEIC/D person-years and expenditures. In both instances, the ratios have remained relatively constant.

Figure 13: Relationship of Commission Management and Administration Person-Years to Total CEIC/D Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Commission Management and Administration person-years	2,590	2,781	2,761
Total CEIC/D person-years	24,127	26,791	27,065
Percentage of total	10.7	10.4	10.2

Figure 14: Relationship of Commission Management and Administration Expenditures to Total CEIC/D Expenditures ($000)*

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Commission Management and Administration expenditures	231,415	242,715	227,390
Total CEIC/D expenditures	1,094,937	1,188,611	1,125,644
Percentage of total	21.14	20.42	20.20

* Excludes transfer payments, courses purchased from provinces and the Outreach Program.

The Commission Management and Administration activity has identified the following significant outputs for 1985-86:

Financial Services

- to integrate the spring and fall update of the Multi-Year Operational Plans, including the Main Estimates, and the audit and evaluation functions into the Planning and Accountability Process; and

- to establish an improved feedback mechanism from each component of the Planning and Accountability Process to better reflect the effects of results on long-term planning.

Administrative Services

- to participate with Public Works Canada in the phased implementation of Revenue Dependency spin-off systems, such as those for Accommodation Management Information and Charging for Services, to ensure that CEIC/D's requirements are met. The activity includes the establishment of internal procedures for the implementation of these systems; and

- to assess the 10 prototype CECs of the 80s, offices established in 1984-85 as part of the Revitalization Program for Employment Services. The prototype offices are a vehicle for introducing and testing physical, environmental and technological changes in the work place, to enhance program delivery to CEC clients and provide a favourable work environment for employees. Following the assessment, the changes that have proven effective will be implemented in those sites included in the 1985-86 Property Administration Plan.

Personnel Services

- to continue implementation of the Regional Personnel Services System started in 1984-85. The major thrust of this new system is to facilitate and improve personnel administration by introducing automation in the work environment. The estimated cost for fiscal year 1985-86 will be $2.5 million and 14 person-years.

C. Systems and Procedures

Objective

To design, develop, advise on, implement, provide and maintain efficient systems, procedures, and management tools and techniques in support of CEIC/D program and service objectives.

Resource Summary

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Employment and Benefit Systems	4,366	102	5,040	108	4,601	105
Information Systems	4,864	110	5,594	111	6,091	116
Computer Operations	12,238	146	14,127*	146	7,746	141
Management Consultative Services	1,251	35	1,440	35	1,489	35
Management	1,299	20	1,496	20	782	17
Total	24,018	413	27,697	420	20,709	414
Less: Recoverable expenditures from the Unemployment Insurance Account	18,974		20,994		15,739	
	5,044	413	6,703	420	4,970	414

* Includes $6.5 million in capital expenditures associated with the upgrading of Electronic Data Processing facilities.

Figure 16: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	17,391	72	14,317	52	15,392	75
Professional and Special Services	1,352	6	1,531	5	1,218	6
Rental of Office Equipment	1,885	8	1,927	7	1,513	7
Other	3,022	12	3,358	12	2,328	11
Sub-total	23,650	98	21,133	76	20,451	99
Capital	368	2	6,564	24	258	1
Total	24,018	100	27,697	100	20,709	100
Less: Recoverable expenditures from the Unemployment Insurance Account	18,974		20,994		15,739	
	5,044		6,703		4,970	

Past Financial Performance

Figure 17: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Employment and Benefit Systems	4,601	105	4,747	97	(146)	8
Information Systems	6,091	116	6,335	111	(244)	5
Computer Operations	7,746	141	8,078	127	(332)	14
Management Consultative Services	1,489	35	1,552	32	(63)	3
Management	782	17	807	18	(25)	(1)
Total	20,709	414	21,519	385	(810)	29
Less: Recoverable expenditures from the Unemployment Insurance Account	15,739		16,484		(745)	
	4,970	414	5,035	385	(65)	29

Description

This activity is undertaken by the Systems and Procedures organization and includes the following responsibilities:

- formulation of policies on the acquisition and use of electronic data processing (EDP) and telecommunications equipment, facilities and services, and the provision of advice, guidance and direction to regions in these matters;
- planning, acquisition, and control of EDP and telecommunications equipment, facilities and services;
- development, implementation, on-going maintenance and enhancement of EDP and telecommunications systems and associated procedures;
- development and on-going maintenance of the operational procedures for the delivery of the Insurance Program; development and maintenance of the training materials for staff involved in the delivery of the Insurance Program;
- provision of advice, guidance and direction to the regions regarding procedures related to insurance claims processing;

- operation of the national headquarters data centre in support of systems development and centralized operational systems; and

- provision of management analysis and forms design and management services.

Due to extensive automation in the delivery of service to the public in both aspects of the Employment and Insurance Program there is a correspondingly high degree of integration. Thus Systems and Procedures not only has direct responsibility for headquarters' EDP and telecommunications activities and the associated clerical systems, but also advises and provides technological and functional support to the regional elements of the Employment and Insurance Program. This ensures efficient use of EDP and program resources for automated delivery of service to the public.

The Systems and Procedures activity is composed of the following five sub-activities:

Employment and Benefit Systems: This involves the development of policies and programs for benefit pay and control systems, manpower systems, wage loss insurance systems, employment systems liaison with regions, and support of the National Systems Coordinating Committee. It includes the Director of Employment Systems and staff.

Information Systems: This covers the development of policies and programs for annuities systems, Social Insurance Number systems, immigration systems, Strategic Policy and Planning systems, financial systems, administration systems, personnel systems, advanced systems, software, programming standards, hardware selection, information systems liaison with regions, Management Information Systems, and coordination. It includes the Director of Information Systems and staff.

Computer Operations: This involves headquarters computer operations; the provision of hardware, operating software and telecommunications support; the development of standards for EDP operation and security; and the monitoring of regional computer centres. It includes the Director of Computer Operations and staff.

Management Consultative Services: This includes administering project management; conducting organization analysis and development; work study; network planning and analysis; systems identification, analysis and design; feasibility studies; and forms design. It includes supervisory, operational and support staff in the Project Consulting Division.

Management: This includes the development of policies and programs to provide an efficient network of computer systems to the Commission. It includes the Executive Director of National Systems and Services, and staff.

Performance Information/Resource Justification

The following figures show the ratio of Systems and Procedures person-years and expenditures to total CEIC/D person-years and expenditures. In both instances the ratios have remained relatively constant.

Figure 18: Relationship of Systems and Procedures Person-Years to Total CEIC/D Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Systems and Procedures person-years	413	420	414
Total CEIC/D person-years	24,127	26,791	27,065
Percentage of total	1.7	1.6	1.5

Figure 19: Relationship of Systems and Procedures Expenditures to Total CEIC/D Expenditures ($000)*

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Systems and Procedures expenditures	24,018	27,697	20,709
Total CEIC/D expenditures	1,094,937	1,188,611	1,125,644
Percentage of total	2.19	2.33	1.84

* Excludes transfer payments and courses purchased from provinces and the Outreach Program.

The Systems and Procedures activity has identified the following significant planned outputs for 1985-86:

- to continue the expansion of the Field Operations Support Systems (FOSS III) for the Immigration Program;
- to continue the implementation of the Regional Personnel Services System (RPSS) in conjunction with Personnel Services; and
- to continue the development of the National Employment Services System (NESS) which will consolidate, integrate and link employment-related systems in an on-line mode as part of the revitalization of National Employment Services.

D. Administration of Government Annuities

Objective

To administer Government annuities contracts in accordance with the Government Annuities Act.

Within this objective, goals for 1985-86 include:

- the processing of approximately 1,548,000 annuity payments; and
- the processing of 56,500 enquiries, 8,830 maturities and 7,560 death settlements.

Resource Summary

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration of Government Annuities	3,418	108	3,366	109	3,121	104
Total	3,418	108	3,366	109	3,121	104
Less: Recoverable expenditures from the Unemployment Insurance Account	-		-		-	
	3,418	108	3,366	109	3,121	104

Figure 21: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	3,064	90	2,983	89	2,829	91
Other O&M and capital	354	10	383	11	292	9
Total	3,418	100	3,366	100	3,121	100
Less: Recoverable expenditures from the Unemployment Insurance Account	-		-		-	
	3,418		3,366		3,121	

Past Financial Performance

Figure 22: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Administration of Government Annuities	3,121	104	3,542	110	(421)	(6)
Total	3,121	104	3,542	110	(421)	(6)
Less: Recoverable expenditures from the Unemployment Insurance Account	-		-		-	
	3,121	104	3,542	110	(421)	(6)

Description

This activity provides for the management of annuity accounts issued to individuals and groups under the provisions of the Government Annuities Act. The Annuities Improvement Act of 1975 formally ended the sale of annuities. This activity represents a distinct component of the Corporate and Special Services Program and corresponds to a unique sub-objective, (see page 2-49 for audited statements of the Government Annuities Account).

The Annuities Branch is a division of National Services situated in Bathurst, New Brunswick. National Services reports to the New Brunswick regional headquarters located in Fredericton, New Brunswick.

The Director General of the New Brunswick region is the manager accountable for delivery of the Annuities activity. The resolution of any policy issues is the responsibility of the Executive Director, Insurance.

Since 1908 more than 500,000 annuity contracts and group certificates have been issued. Of these, approximately 89,000 contracts and group certificates are still in deferred payment status, while about 148,000 are currently under payment. Annuities under payment are held by nearly 123,600 annuitants who receive approximately 1.5 million cheques annually. The servicing of these contracts will continue for at least another 40 years. Figure 23 provides a schedule of dates at which these annuities not yet under payment are slated to mature.

Figure 23: Schedule of Annuities and Maturity Dates as of March 31, 1984

April 1 - March 31	Deferred Individual Contracts	Deferred Group Pension Certificates	Total
Before April 1, 1984	293	285	578
1984-1985	1,945	3,442	5,387
1985-1990	9,221	20,200	29,421
1990-1995	6,067	20,078	26,145
1995-2000	3,299	12,793	16,092
2000-2005	1,845	5,827	7,672
2005-2010	1,020	1,185	2,205
2010-2015	563	237	800
2015-2020	285	49	334
After March 31, 2020	113	8	121
Total	24,651	64,104	88,755

Performance Information/Resource Justification

The major output of the Annuities activity is the number of contracts under administration, the number of annuity payments processed, the number of enquiries processed, the number of maturities processed and the number of death settlements processed. Work load and average unit costs are presented in Figure 24.

Figure 24: Work Load and Average Unit Cost

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	$	Volume	$	Volume	$
Number of contracts administered	225,000	15.19	232,000	14.53	240,000	13.00
Number of annuity payments processed	1,537,000	2.22	1,536,000	2.19	1,535,310	2.03
Number of enquiries processed	54,000	14.04	55,000	13.49	55,447	12.61
Number of maturities processed	7,500	52.93	8,000	50.36	8,333	43.80
Number of death settlements processed	7,200	46.67	7,300	42.58	7,350	41.94

E. Administration of Social Insurance Numbers

Objective

To contribute to the administration of specific government programs through the issuance of Social Insurance Numbers (SIN) to qualified individuals. Specifically,

- the number of social insurance cards issued per person-year will remain relatively constant at approximately 4,538; and
- the cost per social insurance card issued will remain at approximately $5.41.

Resource Summary

Figure 25: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration of Social Insurance Numbers	4,516	184	4,532	186	4,633	185
Total	4,516	184	4,532	186	4,633	185
Less: Recoverable expenditures from the Unemployment Insurance Account	4,516	-	4,532	-	4,633	-
	-	184	-	186	-	185

Figure 26: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	4,193	93	4,117	91	4,202	91
Other O&M and capital	323	7	415	9	431	9
Total	4,516	100	4,532	100	4,633	100
Less: Recoverable expenditures from the Unemployment Insurance Account	4,516		4,532		4,633	
	-		-		-	

Past Financial Performance

Figure 27: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Administration of Social Insurance Numbers	4,633	185	4,312	188	321	(3)
Total	4,633	185	4,312	188	321	(3)
Less: Recoverable expenditures from the Unemployment Insurance Account	4,633	-	4,312	-	321	-
	-	185	-	188	-	(3)

This activity was previously reported under the "Employment and Insurance Program" (see page 2-54).

Description

The SIN program provides for the issuance and control of Social Insurance Numbers by processing, examining and certifying Social Insurance Number applications and proof-of-identity documents. The administration of Social Insurance Numbers represents a distinct component of the Corporate and Special Services Program and its objective corresponds to a unique sub-objective.

The Regional Director General for the New Brunswick Region is responsible for all operational aspects while the Executive Director, Insurance, is responsible for the development of Social Insurance Number program policy.

Performance Information/Resource Justification

The major output of this activity is the number of social insurance cards issued. It involves both variable and non-variable components.

Resource requirements for variable activities are allocated on the basis of the number of Social Insurance Number applications received for Bathurst operations and the number of Social Insurance Number applications certified for regional activities relating to the proof-of-identity program. Work load and average unit costs are presented in Figure 28.

Figure 28: Work Load and Average Unit Cost

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	$	Volume	$	Volume	$
Number of Social Insurance Number cards issued	835,000	5.41	840,000	5.40	842,360	5.50
Number of Social Insurance Applications received	900,000	3.22	920,000	3.17	1,082,469	2.98
Number of Social Insurance Number applications certified	707,000	1.77	706,000	1.77	742,423	1.53

The trend in past years has seen a reduction in the number of SIN cards issued from a high of one million in the late 1970s to 842,000 in 1983-84. Indications are that it is stabilizing around the 840,000 to 860,000 mark.

F. Canada Employment and Immigration Advisory Council

Objective

To provide support services to the Canada Employment and Immigration Advisory Council.

Resource Summary

Figure 29: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Canada Employment and Immigration Advisory Council	593	8	625	8	741	8
Total	593	8	625	8	741	8
Less: Recoverable expenditures from the Unemployment Insurance Account	468		474		563	
	125	8	151	8	178	8

Figure 30: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	294	50	285	46	322	43
Other O&M and capital	299	50	340	54	419	57
Total	593	100	625	100	741	100
Less: Recoverable expenditures from the Unemployment Insurance Account	468		474		563	
	125		151		178	

Past Financial Performance

Figure 31: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Canada Employment and Immigration Advisory Council	741	8	592	8	149	-
Total	741	8	592	8	149	-
Less: Recoverable expenditures from the Unemployment Insurance Account	563		459		104	
	178	8	133	8	45	-

Description

The activity includes the cost of providing support services to the Canada Employment and Immigration Advisory Council, remunerating its members, and covering their expenses. The Council consists of a Chairman and 15 to 21 other members, to be appointed by the Governor-in-Council.

Performance Information/Resource Justification

This activity provides the Canada Employment and Immigration Advisory Council with support services such as secretariat services, policy and research analysis, consultation and report-writing. The Council advises the Minister on all matters within the Department/Commission's mandate. It receives direction from the Minister once or twice a year. A work program is set up by calendar year and the Council reports to the Minister. The Minister is then required to table the Council's report with their recommendations in Parliament.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 32: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	112,823	114,748	108,780
Contribution to employee benefit plans	15,789	14,538	15,940
Other personnel	13,634	15,886	13,245
Sub-total	142,246	145,172	137,965
Goods and services			
Travel and relocation	6,165	6,813	5,449
Other transportation and communications	10,794	10,929	13,231
Information	2,999	8,120	2,121
Professional and special services	20,367	23,009	20,571
Rentals	90,396	90,426	81,121
Purchased repair and upkeep	8,825	7,475	8,214
Utilities, materials and supplies	2,718	2,708	3,493
All other expenditures	120	127	3,541
Sub-total	142,384	149,607	137,741
Total operating costs	284,630	294,779	275,706
Capital			
Construction and acquisition of machinery and equipment	2,071	8,294	4,218
Total	286,701	303,073	279,924
Less: Recoverable expenditures from the Unemployment Insurance Account	244,181	249,434	230,184
Total expenditures	42,520	53,639	49,740

2. Personnel Expenditures

Figure 33: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	76	76	70	50,350-96,300	64,970
Scientific and Professional					
Economics, Sociology and Statistics	112	115	117	14,750-65,080	45,645
Library Science	6	8	9	19,782-50,712	31,526
Other	1	5	4		-
Administrative and Foreign Service					
Administrative Services	371	384	353	13,912-57,987	35,890
Computer Systems Administration	175	157	156	18,766-61,433	36,518
Financial Administration	241	232	229	13,853-57,980	37,849
Information Services	82	81	80	13,579-57,980	39,321
Organization and Methods	131	137	137	13,520-57,980	38,794
Personnel Administration	210	221	222	13,330-63,870	38,346
Program Administration	158	195	236	13,912-57,987	37,399
Purchasing and Supply	9	9	9	12,766-57,980	33,980
Other	1	1	-		-
Technical					
Drafting and Illustration	3	3	5	15,557-40,310	26,170
General Technical	12	12	12	12,635-55,682	35,303
Social Science Support	25	25	26	12,635-57,764	32,145
Administrative Support					
Communications	23	23	26	15,364-31,824	22,244
Data Processing	109	109	109	13,352-37,130	23,088
Clerical and Regulatory	1,644	1,695	1,765	12,932-31,743	21,619
Office Equipment Operation	15	15	16	12,665-25,271	19,028
Secretarial Stenographic, and Typing	278	255	256	12,636-31,946	20,953
Operational					
General Labour and Trades	7	7	5	14,776-40,676	22,252
General Services	16	16	18	13,253-39,988	21,125
Minister's Exempt Staff	14	14	14		28,571

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 34 shows the total cost of the Program. Revenue credited to the Vote consists of the costs of the Program recovered from the Unemployment Insurance Account in accordance with the Unemployment Insurance Act. Other costs are for accommodation provided by Public Works Canada ($3,870,000), surgical-medical insurance ($582,000), and other miscellaneous services provided free by other government departments ($397,000).

In addition, an estimated $1.0 million in revenue will be generated as a result of the Government's decision to charge a fee of $10.00 for the replacement of Social Insurance Number cards.

Figure 34: Net Cost of Program by Activity ($000)

	Expenditures 1985-86	Revenues Credited to the Vote	Estimates 1985-86	Add Other Costs	Deduct Revenue	Net Cost 1985-86	Net Cost 1984-85
Corporate and Special Services	286,701	244,181	42,520	4,849	1,000	46,369	47,709

C. Government Annuities Account - Financial Statements

Figure 35: Government Annuities Account: Balance Sheet as at March 31, 1984 ($000)*

Assets	1983-84	1982-83
Deposit with the Receiver General for Canada	1,046,824	1,071,735
Accrued interest due from Canada	76,777	78,444
Accounts receivable	184	51
Total	1,123,785	1,150,230

Liabilities	1983-84	1982-83
Accounts payable	17	17
Actuarial surplus due to Canada	1,139	1,975
Unpaid annuities	1,122,629	1,148,238
Total	1,123,785	1,150,230

* See page 2-52 for accompanying notes.

Figure 36: Government Annuities Account: Statement of Unpaid Annuities for the Year Ended March 31, 1984 ($000)*

	1983-84	1982-83
Balance at beginning of the year	1,148,238	1,171,203
Excess of payments and other charges over income for the year	24,470	20,990
Actuarial surplus - Excess of recorded unpaid annuities over calculated unpaid annuities at end of the year	1,139	1,975
Balance at the end of the year	1,122,629	1,148,238
Represented by:		
Accumulated premiums and accrued interest for unmatured annuities	429,180	461,234
Present value of matured annuities	693,449	687,004
	1,122,629	1,148,238

* See page 2-52 for accompanying notes.

Figure 37: Government Annuities Account: Statement of Operations for the Year Ended March 31, 1984 ($000)*

	1983-84	1982-83
Income		
Interest from Canada	76,777	78,444
Premiums	1,017	1,143
Other	61	45
	77,855	79,632
Payments and other charges		
Annuity payments	98,274	96,550
Premium refunds	3,664	3,958
Unclaimed annuities	387	114
	102,325	100,622
Excess of payments and other charges over income for the year	24,470	20,990

* See page 2-52 for accompanying notes.

Notes to Financial Statement, March 31, 1984

Authority and Purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, RSC c. G-6, and modified by the Government Annuities Improvement Act, SC 1974-75-76, c. 83.

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

Significant Accounting Policies

Basis of Accounting: The accounts of the Government Annuities Account are maintained on an accrual basis.

Unpaid Annuities: In accordance with Section 15 of the Act, and with the Government Annuities Regulations, unpaid annuities comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

Actuarial Surplus due to Canada: If at the end of any fiscal year the recorded amount of unpaid annuities exceeds or is less than the calculated amount of unpaid annuities, the difference results in an actuarial surplus or deficit which is charged or credited to the Government Annuities Account within the Consolidated Revenue Fund.

Interest from Canada: Interest from Canada is calculated annually on unpaid annuities, at a rate of seven per cent, as required by the Improvement Act.

Unclaimed Annuities: Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

Services Provided Without Charge

Administrative services are provided to the Account by the Canada Employment and Immigration Commission without charge.

For the year ended March 31, 1984, the cost of these services amounted to $3,532,000 (1983 - $3,432,000), including amounts for services provided without charge by other Government departments to the Commission.

D. Changes in Program/Activity Structure

For 1985-86 the Commission/Department has undergone changes in its program/activity structure. Several existing Programs have been combined into a new "Corporate and Special Services Program" as described below:

- the Departmental Administration Program;
- the Administration Program;
- the Annuities Program; and
- the Social Insurance Number activity, except for the Record of Employment and the Unemployment Insurance Tax Enquiries sub-activities which were combined with the Insurance Benefit Services activity.

Figure 38 shows the 1984-85 Main Estimates under both the old and new structures.

Figure 38: 1984-85 Main Estimates Crosswalk ($000)

Old Structure	Estimates 1984-85	New Structure	Estimates 1984-85
Departmental Administration Program (Vote 1)		**Corporate and Special Services Program**	
Departmental Administration	22,391	Departmental Management and Administration (Vote 1)	22,391
Total	22,391	Total	22,391
Less: Recoverable expenditures from the Unemployment Insurance Account	14,378	Less: Recoverable expenditures from the Unemployment Insurance Account	14,378
Total	8,013	Total	8,013
Person-Years	420	Person-Years	420
Administration Program (Vote 5)			
Administration	241,119	Commission Management and Administration (Vote 5)	230,700
Accounts Receivable	9,643	Systems and Procedures (Vote 5)	22,075
Canada Employment and Immigration Advisory Council	625	Canada Employment and Immigration Advisory Council (Vote 5)	625
Total	251,387	Total	253,400
Less: Recoverable expenditures from the Unemployment Insurance Account	219,673	Less: Recoverable expenditures from the Unemployment Insurance Account	221,686
Total	31,714	Total	31,714
Person-Years	3,043	Person-Years	3,080
Employment and Insurance Program (Vote 10)			
Social Insurance Number	7,698	Administration of Social Insurance Numbers (Vote 5)*	4,542
Total	7,698	Total	4,542
Less: Recoverable expenditures from the Unemployment Insurance Account	7,698	Less: Recoverable expenditures from the Unemployment Insurance Account	4,542
Total	-	Total	-
Person-Years	244	Person-Years*	186
Annuities Program (Vote 30)	3,371	Administration of Government Annuities Program (Vote 5)	3,371
Total	3,371	Total	3,371
Person-Years	109	Person-Years	109
		Program Total	283,704
		Less: Recoverable expenditures from the Unemployment Insurance Account	240,606
		Total Estimates	43,098
		Total Person-Years	3,795

* The "Record of Employment" and the "Unemployment Insurance Tax Enquiries" sub-activities were combined with the "Insurance Benefits Services" activity (see page 3-67). In addition, certain common services costs, such as personnel, finance and administration, were combined with Commission Management and Administration.

Employment and Insurance Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $1,189,086,000 during 1985-86 to operate the Employment and Insurance Program. The amount is net of estimated expenditures of $659,704,000 for administrative services to be charged to the Unemployment Insurance Account. Other operating expenditures, an estimated $71,824,000 for employee benefits, will be met under existing statutory authority. Statutory authority also exists for the Government's contribution to the Unemployment Insurance Account and in respect of Fishermen's Benefits, which are estimated at $2,616,200,000 for 1985-86.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Employment and Insurance Program		
10	Operating expenditures	525,131	* 537,159
15	Grants and contributions	663,955	1,081,785
(S)	Government's contribution to the Unemployment Insurance Account	2,422,200	2,559,000
(S)	Government's contribution in respect of Fishermen's Benefits	194,000	150,000
(S)	Contributions to employee benefit plans	71,824	66,276
	Total Program	3,877,110	4,394,220

* Excludes the Social Insurance Number Activity which was transferred to Corporate and Special Services Program (see page 2-54).

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Employment and Insurance Program	
10	Employment and Insurance - Operating expenditures	525,131,000
15	Employment and Insurance - The grants listed in the Estimates, contributions and payments to provinces, municipalities, other public bodies, community organizations, private groups, corporations, partnerships and individuals, in accordance with agreements entered into between the Minister and such bodies in respect of projects undertaken by them for the purposes of providing employment to unemployed workers and contributing to the betterment of the community.	663,955,000

Extracts from Part II of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary					Total	
		Operating	Capital	Transfer Payments	Sub-Total	Less: Revenues Credited to the Vote		
Employment Training	956	552,541	87	527,693	1,080,321	14,210	1,066,111	1,169,853
Direct Job Creation	1,010	44,409	108	442,154	486,671	-	486,671	924,594
National Employment Services	4,991	209,011	220	64,108	273,339	209,231	64,108	130,441
Insurance Benefit Services	8,231	310,148	4,142	-	314,290	314,290	-	-
Program Administration	2,991	135,631	362	-	135,993	121,973	14,020	16,332
Government's contribution to the Unemployment Insurance Account		2,422,200			2,422,200	-	2,422,200	2,559,000
Government's contribution in respect of Fishermen's Benefits				194,000	194,000	-	194,000	150,000
Benefit paid in accordance with the following sections of the Unemployment Insurance Act, 1971 (S.C. 1970-71-72, c. 48):								
Section 39 with respect to the Employment Training Activity				-275,000	-275,000		-275,000	-259,000
Section 38 with respect to the Direct Job Creation Activity				- 60,000	- 60,000		- 60,000	-207,000
Section 37 with respect to the National Employment Services Activity				- 35,000	- 35,000		- 35,000	- 90,000
	18,179	3,673,940	4,919	857,955	4,536,814	659,704	3,877,110	4,394,220

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 10 - Employment and Insurance - Operating expenditures	543,898,000	605,721,110	587,957,119
Vote 15 - Employment and Insurance - the grants listed in the Estimates, and contributions	961,426,000	1,366,927,831	1,131,602,578
	1,505,324,000	1,972,648,941	1,719,559,697
Statutory Budgetary Expenditures			
Government's contribution to the Unemployment Insurance Account	2,816,000,000	2,713,894,960	2,713,894,960
Government's contribution in respect of Fishermen's Benefits	120,000,000	140,146,763	140,146,763
Contributions to employee benefit plans	65,798,000	73,395,000	73,395,000
Refunds of amounts credited to revenue in previous years	-	6,796	6,796
	3,001,798,000	2,927,443,519	2,927,443,519
	4,507,122,000	4,900,092,460	4,647,003,216

The above extract reflects the new Program structure implemented in 1985-86. For additional details regarding the expenditures and recoveries from the Unemployment Insurance Account, refer to Figure 2 on page 3-18.

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Employment Training: The following goal has been established for Employment Training in 1985-86 (see page 3-38):

- to provide occupational training in areas of the economy where skills are in demand, and to increase the earning and employment potential of workers by
  - the projected purchase of approximately 13.5 million full-time institutional training days;
  - the signing of a projected 12,000 general industrial training contracts; and
  - the signing of a projected 3,800 industrial training contracts in selected highly skilled trades and occupations.

Direct Job Creation: The following goal has been established for Direct Job Creation in 1985-86 (see page 3-47):

- to create jobs for unemployed and underemployed workers and to enhance the employability of disabled, employment-disadvantaged and inexperienced workers, through
  - the creation of 779,173 work-weeks of employment, supportive of contra-cyclical stabilization and developmental objectives (Canada Works);
  - the creation of 122,539 work-weeks of employment and the establishment of 119 corporations in support of local employment growth (Local Employment Assistance and Development);
  - the creation of 610,311 work-weeks of employment supportive of human resource development (Job Corps and Career Access); and
  - the provision of 90,000 training weeks for 3,000 trainees in support of human resource development (Youth Training Option).

National Employment Services: The following goals have been established for National Employment Services in 1985-86 (see page 3-55):

- to facilitate efficient operation of the labour market so that jobs and workers are brought together quickly and successfully through a projected 653,500 Canada Employment Centre (CEC) placements and a projected 203,500 Canada Farm Labour Pool placements and placements resulting from transfers from other regions;

- to encourage and facilitate the geographical mobility of workers by authorizing a projected 40,600 offers of financial assistance;

- to facilitate labour adjustment and encourage human resource planning practices by the private sector through a projected 318 new Industrial Adjustment Service Agreements and 3,789 Work Sharing Agreements;

- to provide people who have special needs with a full range of facilities for employment counselling, remedial skill development and life skills, job experience training and cooperative services with local community agencies, either through the regular CEC services or through services provided by the Outreach Program - through which the number of individuals to be placed in 1985-86 is projected to be 70,000; and

- to stimulate the provision of developmental work-study experience (cooperative education) for secondary and post-secondary students through contributions to salary and other operational costs.

Although the basic mandate remains unchanged, CEIC/D has initiated an extensive review of its performance in providing employment-related programs and services in response to the needs and expectations of its clients across Canada. This Revitalization Program comprises over 50 projects, the majority of which, are expected to be completed in 1985-86.

Insurance Benefit Services: The following goals have been established for Insurance Benefits Services in 1985-86 (see page 3-66):

- the processing of enquiries, claims and appeals in a rapid, accurate and understandable manner, including

  - maintenance of the number of claims with administration errors at a level less than 8.5 per cent of claims handled;

- maintenance of the volume of initial and renewal claims still pending decisions on benefits three weeks after registration at a level not exceeding 12 per cent;

- processing claims for benefits so that the average elapsed time between receipt and registration of an application and the first payment or equivalent date will not exceed 21 calendar days;

- the hearing of a projected 90 per cent of appeals within 30 days of filing;

- the prevention, deterrence and detection of abuse or fraud through the investigation process; and

- the collection of premiums payable to the Unemployment Insurance Account by Revenue Canada (Taxation), and the administration of the premium reduction program, whereby the volume of applications processed will total a projected 36,500.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86			Forecast 1984-85				
	Expenditure	Recoverable Expenditures from the Unemployment Insurance Account	Net Expenditure	Expenditure	Recoverable Expenditures from the Unemployment Insurance Account	Net Expenditure	Change in Net Expenditure	For Details See Page
Employment Training	805,321	14,210	791,111	960,070	14,808	935,262	(144,151)	3-38
Direct Job Creation	426,671	-	426,671	1,087,802	-	1,087,802	(661,131)	3-47
National Employment Services	238,339	209,231	29,108	242,042	202,157	39,885	(10,777)	3-55
Insurances Benefits Services	2,930,490	314,290	2,616,200	3,220,786	337,786	2,883,000	(266,800)	3-66
Program Administration	135,893	121,973	14,020	136,270	113,017	23,253	(9,233)	3-75
Total	4,636,814	659,704	3,877,110	5,636,970	667,768	4,969,202	(1,092,092)	
Person-Years	18,179	-	18,179	20,558	-	20,558	(2,379)	

The above numbers have been adjusted to reflect the transfer of the Social Insurance Number activity to the new Corporate and Special Services Program (see page 2-54).

Explanation of Change: The financial requirements for 1985-86 are 22 per cent or $1,092.0 million lower than the 1984-85 forecast expenditures. This decrease is primarily due to:

	($ millions)
Employment Training	
• a decrease in resources associated with the purchase of courses from the provinces in accordance with training agreements	(22.5)
• a decrease in resources for training allowances provided to trainees	(21.8)
• a decrease in funding resulting from the elimination of the General Industrial Training Program with the exception of that portion identified to meet special training needs	(38.9)
• an increase in the Critical Trade Skills Training Program to reflect the emphasis in training for the shortage of higher skilled trades/occupations	18.1
• a decrease associated with the elimination of the Skills Growth Fund Program	(87.6)
• an increase in salaries and wages ($1.7 million) and in course purchases from provinces ($7.5 million) due to inflation	9.2
• a decrease in the recovery from the Unemployment Insurance Account	0.6
Direct Job Creation	
• a decrease in resources for the Summer Canada Program, including CECs for Students and Native Internship Program (1,082 person-years)	(172.0)
• an increase in resources associated with the Canada Works (Round II) Program (448 person-years)	95.2
• an increase associated with the Youth Training Option Program (38 person-years)	16.4
• a decrease in resources for other Direct Job Creation Programs (1,096 person-years)	(601.5)

	($ millions)
• an increase in salaries and wages due to inflation	1.6
National Employment Services	
• a decrease in resource requirements related to reductions in overhead expenditures and general restraint	(1.5)
• an increase in salaries and wages, and the Outreach Program due to inflation	9.5
• an increase in the recovery from the Unemployment Insurance Account	(7.0)
Insurance Benefit Services	
• a decrease in resource requirements related to reductions in overhead expenditures and general restraint	(2.1)
• a decrease in funding in respect of the upgrading of regional and headquarters computer facilities	(6.9)
• a decrease associated with changes in the Unemployment Insurance work load (325 person-years)	(23.4)
• a decrease resulting from operational savings related to the implementation of the Insurance On-Line System (170 person-years)	(3.6)
• a decrease in the Government's Contribution to the Unemployment Insurance Account	(296.8)
• an increase in the Government's Contribution in respect of Fishermen's Benefits	30.0
• an increase in salaries and wages due to inflation	12.1
• a decrease in the recovery from the Unemployment Insurance Account	23.5
Program Administration	
• a decrease in resources for the Summer Canada Program/Federal Internships (50 person-years)	(0.5)

($ millions)

- a decrease in funding related to the streamlining of operations for program delivery (83 person-years) (2.7)
- a decrease in resource requirements related to reductions in overhead expenditures and general restraint (1.8)
- increase in salaries and wages due to inflation 5.1
- increase in the recovery from the Unemployment Insurance Account (9.0)

Explanation of 1984-85 Forecast: The 1984-85 forecast is $575.0 million higher (13 per cent) than the 1984-85 Main Estimates of $4,394.2 million (Extracts from Part II of the Estimates, page 3-6). The difference of $575.0 million reflects the following major offsetting items:

($ millions)

Employment Training

- an increase in course purchases associated with part time training for women and the Industrial Labour Adjustment Program 8.2
- an increase in funding associated with a change in the dependent care allowances for trainees 4.8
- an increase in resources for the Skills Growth Fund Program reflecting amount not spent in 1983-1984 for approved projects due to construction and equipment delivery delays 9.6
- a decrease in the recovery from the Unemployment Insurance Account 0.7

Direct Job Creation

- an increase in resources for the Summer Canada Program, including CECs for Students and Native Internship Program (1,082 person-years) 172.0
- an increase in resources associated with the Canada Works (Round II) Program (48 person-years) 101.3
- an increase in resources for other Direct Job Creation Programs (602 person-years) 96.8

	($ millions)
National Employment Services	
• an increase in resources for the Outreach Program	7.3
• an increase in resources associated with the new Cooperative Education Program	1.6
• an increase in resources for the Work Sharing Program (73 person-years)	2.7
• an increase in resources for a grant to the Canadian Labour Market and Productivity Centre	2.1
• an increase in resources for the Industrial Adjustment Service Program	8.0
• an increase in the recovery from the Unemployment Insurance Account	(23.3)
Insurance Benefit Services	
• an increase in funding in respect of the upgrading of regional and headquarters computer facilities	10.4
• an increase in funding related to a non-discretionary change in the Unemployment Insurance work load	14.9
• an increase in the Government's Contribution to the Unemployment Insurance Account	160.0
• an increase in the Government's Contribution in respect of Fishermen's Benefits	14.0
• an increase in the recovery from the Unemployment Insurance Account	(25.4)
Program Administration	
• an increase in resources for the Summer Canada Program/Federal Internships (50 person-years)	0.5
• a decrease in the recovery from the Unemployment Insurance Account	5.9

The above represents items approved through Supplementary Estimates, items transferred from Treasury Board Vote 10 - Employment Initiatives, and items fully or partially recoverable from the Unemployment Insurance Account in accordance with the UI Act and associated Regulations.

B. Recent Performance

1. Highlights

The highlights of Program performance for 1983-84 were as follows:

Employment Training: The goal of providing training for occupations in demand was fundamental in 1983-84 as it still is. The specific targets for achieving the goal and the degrees of success in meeting those targets in 1983-84 follow:

- the purchase of 14 million full-time institutional training days; this target was exceeded and 14.6 million days were purchased;

- the projected number of General Industrial Training contracts was 26,200; because of the slow economic recovery and the reluctance of employers to hire and train new employees, the actual number of contracts was 18,565;

- the projected number of Critical Trade Skills Training contracts for 1983-84 was 12,000 and the actual number of contracts signed was 5,987; the number of trainees, however, was 23 per cent above the planned level due to lower than estimated cost per trainee, largely as a result of the introduction later in the year and a program policy which allowed short-term training to take place; and

- the signing of a projected 80 agreements under the Skills Growth Fund; in fact 156 agreements were signed which provided 9,500 new or modernized training places.

Direct Job Creation: In 1982-83, a major review of job creation policies and programs was conducted in order to rationalize and consolidate the previous direct job creation programs. A new policy framework approved by Cabinet on April 18, 1983 identified three distinct but complementary objectives of job creation in support of contra-cyclical labour adjustment and stabilization (Canada Works); long-term community based employment growth (LEAD); and human resource development to ensure equity and skill enhancement for particular labour market groups (Career Access and Job Corps).

The following is a summary of actual performance against plans for 1983-84:

- within this policy framework, the previous 12 job creation programs were consolidated into four new programs; by September 12, 1983 (the target set by the government), all programs were ready for implementation; as part of this process, a number of activities were undertaken, such as the

development of terms and conditions for the consolidated programs; the design of new work instruments; conversion of management information systems; development of workshops at the national, regional and local levels to train staff in new program objectives, criteria and instruments; the development of campaigns, and the informing of MPs and the public of impending changes (see page 2-54 for reconciliation of transfer payments from the old to the new structure); and

- with the introduction of the consolidated programs, a considerable increase in program funds was made available to direct job creation programs, bringing the budget for 1983-84 from its Main Estimates level of $583.6 million to a total of $1,100.0 million, representing a net increase of 88 per cent; the total funds available for consolidated programs resulted in the creation of over four million work-weeks of employment.

National Employment Services: National Employment Services recorded the following achievements in 1983-84:

- CEC regular placements totalled 649,352, an increase of 10.8 per cent over the 1983-84 projection, reflecting improvements in the national economic situation;

- assistance was provided under the Canada Mobility Program in 40,154 instances, an increase of 18 per cent over the 1983-84 projected volume;

- a full range of techniques was tested and/or implemented to assist clients having special needs; these techniques included

  - Outreach: 284 projects were funded at a total cost of $18.6 million and 68,422 clients were placed in full-time or part-time employment;

  - PLACE: a series of 12 booklets used by employment counsellors and clients to determine whether clients are ready for jobs and to identify appropriate measures to overcome barriers to employment;

  - COMPASS: a self-help computerized system for job-searching techniques used by clients; this system was tested in one CEC in 1983-84 and will be further developed for more extensive use;

- Competency-Based Training: a training program for employment counsellors which focuses on those skills required to provide effective services; courses are designed to increase capability for providing employment counselling services to worker clients, particularily those who are not ready for jobs.

- Canada Farm Labour Pools made 215,406 placements and transfers from other regions, which was 33 per cent over the original estimate; this achievement was associated with better-than-average fruit and vegetable harvests;

- Industrial Adjustment Service signed 558 new agreements, an increase of nine per cent over the 1983-84 projection; and

- 5,074 work sharing agreements were approved, 103 per cent greater than the original estimate of 2,500.

Insurance Benefit Services:

- In terms of the processing of enquiries, claims and appeals in a rapid, accurate and understandable manner, the following results were achieved:

  - the volume of initial and renewal claims processed during 1983-84 was 3.4 million; the efficiency in processing them was 589 claims per person-year;

  - the error rate in processing claims for benefits was two percentage points less than forecasted;

  - at the same time as these positive qualitative results were being achieved, the time to process claims was reduced to an average of 23 days compared to the target of 28; and

  - 84.7 per cent of appeals were heard within 30 days of filing compared to the goal of 90 per cent.

- the detection/prevention investigation process resulted in the recovery of $97 million in overpayments and penalties, far exceeding the goal of $56 million;

- continuing entitlement interviews at 358,000 were 36,000 below the established goal reflecting a response to the shortage of employment opportunities; and

- the volume of applications processed relative to the Premium Reduction Program was 34,700 compared to a forecasted 36,000.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84						
	Actual			Main Estimates			
	Expenditure	Recoverable Expenditures from the Unemployment Insurance Account	Net Expenditure	Expenditure	Recoverable Expenditures from the Unemployment Insurance Account	Net Expenditure	Change in Net Expenditure
Employment Training	830,530	10,648	819,882	943,207	11,646	931,561	(111,679)
Direct Job Creation	907,791	-	907,791	583,618	-	583,618	324,173
National Employment Services	221,633	178,367	43,266	217,776	179,833	37,943	5,323
Insurances Benefits Services	3,184,355	330,313	2,854,042	3,241,313	305,313	2,936,000	(81,958)
Program Administration	125,582	103,560	22,022	131,511	113,511	18,000	4,022
	5,269,891	622,888	4,647,003	5,117,425	610,303	4,507,122	139,881
Person-Years	20,927	-	20,927	19,290	-	19,290	1,637

The above numbers have been adjusted to reflect the transfer of the Social Insurance Number activity to the new Corporate and Special Services Program (see page 2-54).

Explanation of Change: The 1983-84 actual expenditures are $139.9 million higher (three per cent) than the 1983-84 Main Estimates. This change in primarily due to:

Employment Training

- slower than anticipated economic recovery resulted in under-expenditures in Critical Trade Skills Training ($76 million) due to the postponement of major development projects and employers' reluctance to become involved in longer-term training;

- delays in construction start-ups and equipment deliveries resulted in an under-expenditure of $37 million in the Skills Growth Fund.

Direct Job Creation

- additional funding through Supplementary Estimates and transfers from Treasury Board Vote 10 - Employment Initiatives for Summer Canada programs, including CECs for Students and the Native Internship Program ($126 million); for job creation activity at the time of the consolidation of job creation programs, primarily for Canada Works ($139 million); and for the New Employment Expansion and Development Program ($78 million).

National Employment Services

- increased expenditures in the Outreach program ($5.0 million) due to an increment in the number of community-based organizations providing employment-related services.

Insurance Benefit Services

- lower than expected Government contribution to the Unemployment Insurance Account ($102 million) offset by an increase in the Governments contribution in respect of Fishermen's Benefits ($20 million).

C. Background

1. Introduction

The Employment and Insurance Program is a major part of the federal government's social and economic development effort. A number of other federal departments and other levels of government have programs that complement this effort.

The Employment and Insurance Program is delivered through a network of Canada Employment Centres (CECs) and related points of service. Their activities are coordinated and supported by a regional office in each province and by national headquarters. The CECs are the focal point for the identification and resolution of local employment and insurance problems. Feedback from them is used in programs to improve the efficiency of the Canadian labour market.

Employer-related services provided through CECs include:

- recruitment of workers; assistance in human resource development; provision of labour market information, information and advice on programs and services, and information and financial assistance for employee training; and provision of information and assistance in the discharge of employers' responsibilities under the unemployment insurance (UI) program.

Worker-related services provided through CECs include:

- referrals to jobs, information on jobs and the labour market generally; access to employment programs such as training, mobility and employment counselling, diagnostic services and in-depth employment counselling for those facing employment barriers; selection and referral for training and income support as applicable; answering of enquiries and provision of information to workers concerning unemployment insurance; provision of information to workers concerning unemployment insurance; processing of claims for benefits and processing of decisions on benefit entitlement.

2. Legal Mandate

The Unemployment Insurance Act is the major legislative base for the Employment and Insurance Program. The program exercises its mandate under the Unemployment Insurance Act and Regulations (including job creation, work sharing benefits and training benefits), the National Employment Service Regulations, the National Training Act and Regulations (formerly the Adult Occupational Training Act and Regulations), the Mobility Regulations and the Labour Mobility and Assessment Incentives Regulations made pursuant to Appropriation Acts.

3. Program Objective

The objective of the Employment and Insurance Program is "to further the attainment of national economic and social goals by realizing the full productive potential of Canada's human resources, while supporting the initiatives of individuals to pursue their economic needs and, more generally, their self-fulfillment through work". The varied activities of the Program are more fully described in the sub-objectives as follows:

- to generally improve the functioning of the labour market and alleviate the effects of cyclical, seasonal, structural and frictional unemployment;
- to assist individuals to make decisions with respect to personal development in the work world and to obtain employment to which they can realistically aspire;
- to assist employers to secure suitably qualified labour and to make effective use of human resources under changing economic and social conditions;
- to provide temporary income support to unemployed workers while they seek employment, or while they are unable to work due to sickness, disability, pregnancy, or adoption;
- to assist individuals to acquire through training the skills and knowledge in demand in the Canadian labour market; and
- to assist disabled persons, clients with special needs, women, natives and other groups to participate in the labour market and to improve their position in it.

4. Program Organization for Delivery

Activity Structure: The Employment and Insurance Program is composed of six major activities. These are divided into sub-activities (see Figure 3).

Organization Structure: National headquarters is responsible for policy development, national planning and the monitoring of program and policy implementation. These responsibilities are assigned to three Executive Directors. The 10 regional headquarters coordinate program implementation and the delivery of services within the local offices under their jurisdiction.

The accountability of managers and the activities for which they are responsible are defined through the activity structure. Figure 3 links the national headquarters and regional organizations to the program activity structure and Figure 4 provides a breakdown of the 1985-86 resources.

Figure 3: Activity Structure

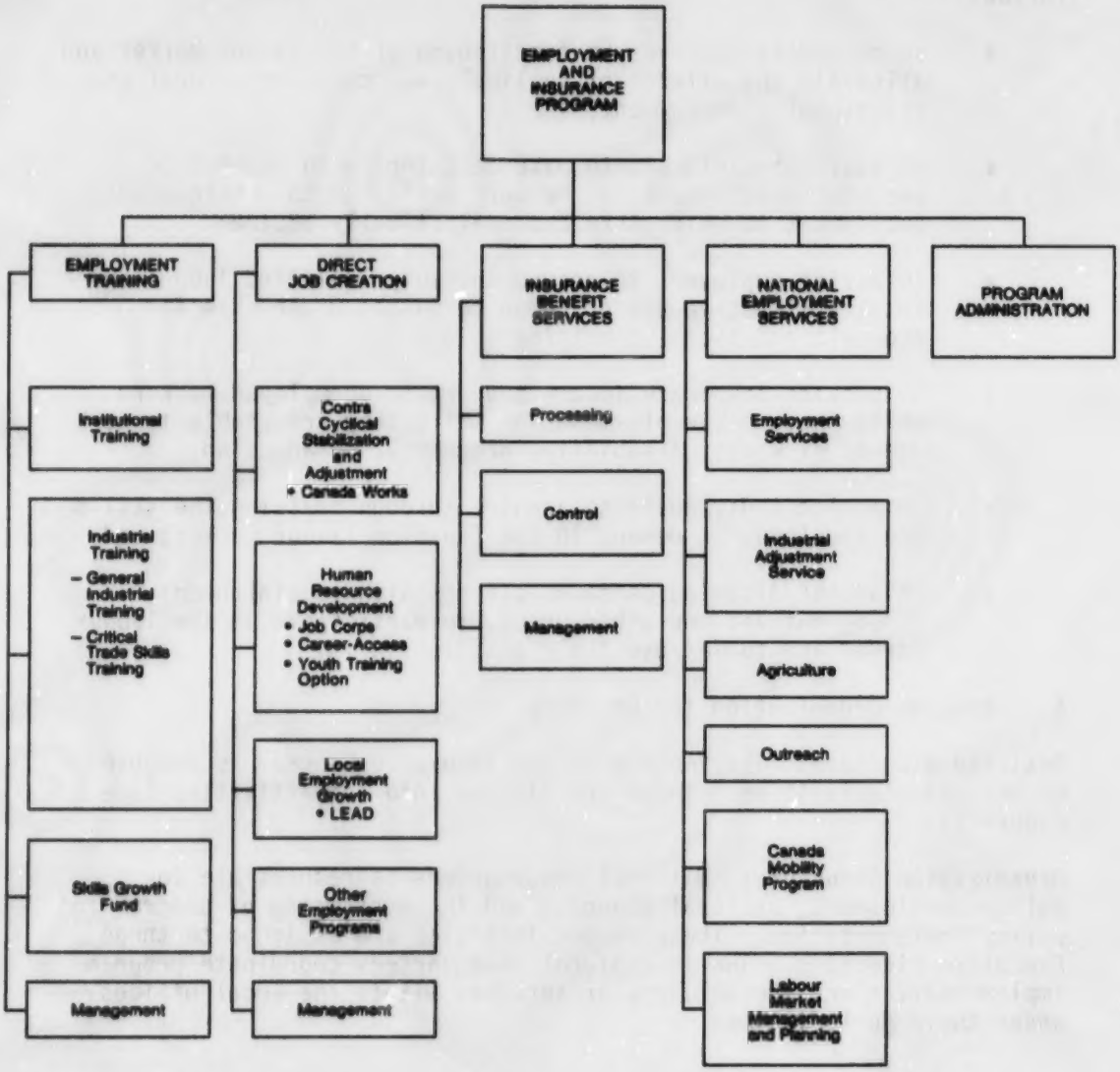
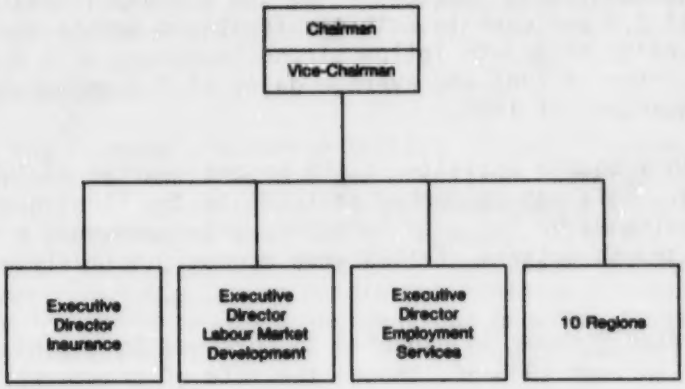


Figure 4: Resources by Organization/Activity ($000)



	Executive Director Insurance	Executive Director Labour Market Development	Executive Director Employment Services	10 Regions	Program Total
Training 956 P-Y		3,120		802,201	805,321
Job Creation 1,010 P-Y		6,177		420,494	426,671
National Employment Services 4,991 P-Y		2,821	15,416	220,102	238,339
Insurance Benefit Services 6,231 P-Y	54,372			259,918	314,290
Program Administration 2,991 P-Y				135,993	135,993
	54,372	12,118	15,416	1,838,708	1,920,614

D. Planning Perspective

1. Environment

The Canadian economy grew at a more moderate pace during the first half of 1984 than during 1983. The output of the economy increased at an annual rate of 2.8 per cent in both the first and second quarters of 1984. These rates of growth follow strong increases of 4.8 per cent in the fourth quarter of 1983 and average gains of 7.6 per cent in the first three quarters of 1983.

Growth in economic activity in the second quarter of 1984 was broadly based. This was in marked contrast to the first quarter when growth was dominated by the auto industry, and represents a return to the over-all growth pattern of 1983 when economic activity was widespread.

The Canadian economy is expected to continue to expand at a moderate rate through 1985-86, though the rate of growth will slow as the period progresses.

Employment in the third quarter of 1984 was about 5 per cent above the level recorded in the fourth quarter of 1982, the last quarter of 1981-82 recession, and about 0.1 per cent above the employment level recorded at the peak of economic activity in the second quarter of 1981. The return of employment to its pre-recession level is due to strong growth in employment in the service-producing sector. Employment in this sector declined by 82,000 during the recession and has increased by 381,000 since the turnaround in the economy. In contrast, 497,000 jobs were lost in the goods-producing sector during the recession and only 195,000 of these have been regained. The unemployment rate has declined from an average of 12.8 per cent, seasonally-adjusted, in the fourth quarter of 1982 to 11.3 per cent, seasonally-adjusted, in the third quarter of 1984.

Employment is expected to grow at a moderate rate through 1985-86. During this period, employment in the service-producing sector will continue to grow at a faster rate than in the goods-producing sector. Unemployment will decline slowly through the short term but remain at a high level as individuals enter or re-enter the labour force as employment opportunities increase.

The impact of technological change on employment growth will vary by sector. It is expected to have its strongest impact in the goods-producing sector dampening the rate of growth in this sector over the short term. Some impact will be felt in the service sector but the evidence to date is that it will be less severe than in the goods sector, and employment growth in the service sector will continue to grow at historical rates.

The Employment and Insurance Program's mandate is highly sensitive to labour market conditions, and the impact and effectiveness of operations are measured in terms of the speed and extent to which these conditions are addressed. To this end, the Program, through its policies, programs and services, is, and will be, directing its resources towards immediate and emergent areas of concern over the short to mid-term. Some of these concerns follow.

The Adjustment Process

Meeting the Economy's Need for Skills: Closer links between levels of government, business and the educational system are essential to ensure that the Canadian labour force is developed in a manner appropriate to the changing needs of the economy. It is a key responsibility of CEIC/D to see that the labour force is flexible and prepared to meet changing labour conditions, thereby minimizing bottlenecks which would impede adjustment and growth. Furthermore, once skills are acquired they must be maintained or adapted as requirements change.

Changes in Technology: Technological change is causing major shifts in the industrial-occupational structure of the labour market, changes in skills within occupations and some occupational displacement. In this environment, the development or retraining of Canada's human resources is a key component of future economic growth. It is essential that effective measures are developed and available for identifying growth areas in the labour market and bringing concerned workers and potential employers together.

Improving Human Resource Planning: Successful adjustment requires careful planning and sufficient lead time to allow for the necessary changes to be made. It also requires that this be done in close collaboration between the economic partners.

CEIC/D is working with other federal departments, other levels of government, and the private sector to encourage human resource planning for the short and long terms. CEIC/D is establishing a framework by which the human resource implications of private-sector economic decisions are more fully integrated with federal human resource development policies, programs and services. The objective is to assist Canadian employers to implement their business plans, while maximizing career opportunities for Canadian workers by increasing their skill levels and putting in place on-going training mechanisms to satisfy Canada's occupational demands in light of a changing labour market.

Investing in People: In conditions of continuing high unemployment, the assumption that the majority of young people will integrate themselves into the work force, may no longer be valid. Hence, government policy must put more emphasis on assisting youth to ensure they can contribute to the growth of the economy in the years ahead when they will constitute the mainstay of the work force.

Providing such an opportunity is not confined only to the young, but also to members of society who face barriers to employment. Promoting the chance to invest in oneself is a fundamental objective of social policies.

While change can present problems as old skills lose their value and new ones need to be acquired, it also provides the opportunity to redress inequitable situations by assisting those who have not been able to reach their full potential in the labour force in the past. Of particular concern is the need to facilitate the acquisition of relevant on-the-job experience and access for native people.

Support for the Adjustment Process

Unemployment Insurance: For many individuals, the most direct effect of the structural changes occurring in the economy is loss of employment. For these individuals, unemployment insurance provides temporary income support and is likely to continue to be a major adjustment mechanism. Because of the size and impact of the UI system, it is inevitable that a number of policy issues will continue to surface, including

- the role of the program in the context of the over-all social security system;
- the adaptation of the program to changing labour market structures;
- operational and design questions concerning equity, minimization of negative economic effects, and administration; and
- the cost of the program.

Relocation Assistance: In addition to the broad support provided by UI, there are likely to be continued efforts to make available more focussed and tailored instruments for assisting the occupational and geographic mobility of workers from declining industries to those which are expanding.

It is inevitable that in a time of adjustment some communities will gain, while others will be hard hit, at least during a transitional period. CEIC/D possibly in the context of a broad cooperative concern is ensuring that a balance is achieved between the requirements of the economy for adjustment and of communities for survival.

Effective and Sensitive Delivery of Service : In keeping with an over-all government concern to provide services with maximum effectiveness, CEIC/D will place continuing and growing emphasis on productivity, accountability and improved quality of service. This will demand much adaptability and cooperation on the part of employees, and conscious striving on the part of management towards open and meaningful dialogue with its employees.

2. Initiatives

In response to the anticipated economic environment, the following major initiatives have been identified. Further information as well as the resource implications of these initiatives appear in Section II.

Employment Training (see pages 3-38 to 3-46): In 1985-86 the National Training Program will continue to work towards its goal of training for occupations in demand in the labour market, emphasizing occupations of national importance and taking into consideration regional shortages. This will contribute to the alleviation of bottlenecks and reduce dependence on overseas labour sources.

For institutional training the emphasis will be on methods of linking courses for academic upgrading to the skill-related courses that lead to occupations which are or will be in demand.

Another priority will be to link industrial training to human resource development as an integral part of the policies and plans of the private sector.

Direct Job Creation (see pages 3-47 to 3-54): In 1985-86, job creation programs will continue to address the three major policy objectives established for the 1980s. These are: short-term contra-cyclical measures to deal with unemployment during periods of economic downturn; long-term employment growth in areas of chronic unemployment; and human resource development measures to assist the employment disadvantaged to enter the labour market.

In keeping with CEIC/D corporate priorities, continued emphasis will be placed on youth, women, natives and disabled persons to assist them in successfully entering or re-entering the labour market. Programs will promote activities to help these target groups become productive members of the labour force.

Economic conditions are expected to continue to limit employment opportunities available to returning students during the summer. Because of the critical importance of summer employment for students developing employment and career-related skills to ease their future participation in the labour market, continued emphasis will be placed on summer employment initiatives under job creation programs.

The Youth Training Option is a pilot program, drawing on the collaborative efforts of business, labour and government, to provide young Canadians with the off-site training and work experience needed to perform in a real work setting. The objective of the program is to provide 3,000 to 4,000 youth aged 17 to 21, with a foundation of training and practical experience to facilitate their transition from school to work, to enable them to perform more effectively in the labour market, and to serve as basis for further training in their adult lives. This combination of off-site and work-place training lasts from 9 to 12 months.

National Employment Services

Employment Services (see pages 3-55 to 3-65): The upgrading of the quality of Employment Services, or the "Revitalization Program", as it is known, began in 1982 and will improve CEIC/D's capacity to provide services that are both timely and effective. The objective of the revitalization of Employment Services is to improve substantially CEIC/D's capacity to promote positive and timely adjustments in the labour market.

Revitalization is addressing all aspects of Employment Services' management and operations, but concentrates on the following broad subject areas:

- the role, functions and structure of Employment Services relative to the needs of its clientele;
- the appropriateness, and the efficient operation of the policies and programs that constitute Employment Services' raison d'être, relative to the present and future needs of worker and employer clients; and
- the efficiency of current management processes and support systems.

The revitalization review comprises over 50 projects. Studies and recommendations for a large number of projects have been completed and the next phase will be field testing. The majority of projects are expected to be completed in 1985, but implementation of certain long-term recommendations will take place in phases over several years.

Employer Visits: (These refer to the preparation for and completion of visits to an employer's place of business to discuss the delivery of employment services.) As part of the revitalization effort and in order to improve the effectiveness of services to employers, strategies are being developed to selectively increase the Commission's penetration rate. The emphasis will be on improving the quality of local labour market information and core training for employment counsellors. These initiatives are expected to have an impact on employer visits, vacancies notified and placement results (see Figure 18, page 3-61).

Youth: Under normal economic conditions, the transition from school to work is relatively smooth for the majority of youth, while a significant minority experience severe difficulties. The cyclical downturn has made it difficult for even well-qualified and well-motivated youth to find suitable employment, thus creating an even larger and more serious problem for those who lack skills and work experience. The majority of young people (65 per cent) entering the labour market do so with a high school education or less.

In 1985-86 the goals for youth employment and "employability" are based on strengthening present assistance. In addition to the special focus on youth through direct job creation and training, the following initiative is being introduced:

- a Cooperative Education program which collaborates with school boards, colleges and universities in providing a significant period of hands-on training with a participating employer during the school year, in order to provide work experience related to the student's academic studies.

The United Nations has designated 1985 as International Youth Year. To help focus attention on the major concerns, accomplishments and aspirations of 4.5 million young people in Canada between the ages of 15 and 24, each of the 10 CEIC/D regions has prepared a plan of action which embraces specific initiatives for youth to be carried out within their normal 1985-86 budget.

Self-Help Tools: The process of preparing for conversion of the computerized career information and exploration system, CHOICES, to micro-computers will continue in 1985-86, with actual delivery of micro-hardware to some 85 CECs expected in April or May, 1986. Costs for operation and maintenance of the CHOICES system are forecast at $1,021,000 for 1984-85 and are estimated at $1,034,000 for 1985-86.

The requisition for purchase of 11 micro-computers for COMPASS (the self-help computerized system for job-searching techniques used by clients) has been approved by the CEIC/D. It is expected that the new hardware will be placed for a pilot trial in 10 CECs of the '80s by April, 1985. COMPASS costs for operations and maintenance are forecast at $153,110 for 1984-85 and are estimated at $628,010 for 1985-86, if the pilot trial shows COMPASS to be effective.

National Occupational Analysis and Classification Systems (NOACS): NOACS' mandate is to develop and provide national occupational data bases, classifications, standards and systems for Employment Services, the remainder of the CEIC/D, and the private and public sectors of the labour market.

Canadian Classification and Dictionary of Occupations: The CCDO is a systematic and comprehensive arrangement of occupational definitions which describe the work performed in all Canadian occupations.

The basis of any job-worker matching system should be the ability to accurately describe the endless variations and nuances that exist among jobs and workers. Whatever its strengths as a dictionary of occupations, the CCDO remains ill-equipped to be used in this capacity.

The problems associated with the CCDO - the limitations of its structure, the multiple purposes it must serve, the need to update it - have resulted in the development by NOACS of a new concept in occupational classification. The proposed new National Occupational Classification (NOC) and JOBSCAN are two separate but related and compatible systems being designed to improve on the weaknesses of the CCDO and to assist CEIC/D in the delivery of its mandate in several key areas. In contrast to the CCDO, which tries to be all things to all people, the NOC and JOBSCAN will have purposes and functions that are specifically tailored to their individual users.

The National Occupational Classification (NOC): The NOC will be a new classification system designed to meet the needs of labour market analysis, including the Canadian Occupational Projection System (see page 2-11) and the census. To accurately measure, analyse and project the labour market, an occupational classification system should group occupations in the way that is most conducive to deriving meaningful information. The NOC will reflect the nature of work and industrial structures as they exist in Canada.

The development of the new NOC will necessitate contracting of major job analysis projects beginning in fiscal year 1985-86 and ending 30 months later. Final development of the classification system by NOACS will then follow, with an anticipated completion date of September, 1988.

JOBSCAN: JOBSCAN is a data base composed of worker skills and employer requirements developed to improve the process of labour exchange. It forms the basis of a computer-assisted job-worker matching system. JOBSCAN will also have applications for areas such as training, insurance and immigration.

Unlike the current unsystematic method of matching workers to jobs using only token CCDO codes and often ambiguous or restrictive job titles, JOBSCAN matches on the basis of significant job factors. Jobs or groups of jobs are researched to determine the factors that are significant for placement in each group. These factors are then organized into checklists - the instruments by which job orders are taken from employers and information obtained from workers concerning their abilities and aspirations. Thus, the checklists form the framework upon which individual job and worker information can be gathered to form the JOBSCAN data base. The next steps in the development of JOBSCAN are an automated test of the checklists and a pilot study followed by full implementation.

NOC/JOBSCAN resource requirements are estimated at 32 person years and $1,684,135 for operation and maintenance expenditures during 1985-86.

Insurance Benefit Services

Improved Administration of the Unemployment Insurance Act (see pages 3-66 to 3-74): The 1985-86 year will see the consolidation of improvements commenced over the past three years.

On-line computer services will be fully implemented nationally in 1985-86 and are expected to reduce the over-all incidence of delay in service to the public. In addition, this automated system enhances management's ability to control the work flow.

CEIC/D's Comprehensive Longer Term Plan, now referred to as the UI Blueprint, is being implemented for improved management of the UI Program and development of its infrastructure. As a continuation of this plan, CEIC/D intends to implement the following components during 1985-86: a resourcing mechanism/formula; improved work instruments and training packages; a standard comprehensive national operating policy for claims processing; and a process for analyzing national operational training needs.

The UI Blueprint on the delivery of UI was established by CEIC/D in 1984-85 to encompass not only the Comprehensive Longer Term Plan initiatives but the initiatives pertaining to the accurate, timely, understandable and sensitive delivery of UI benefit payments as well.

The emphasis for the 1984-85 insurance operation involved developing initiatives that would impact upon improving the accuracy of benefit payments as well the effectiveness of the UI Program. This emphasis will shift to improving the timeliness of benefit payments and sensitivity towards claimants for the 1985-86 fiscal period.

3. Update on Previously Reported Initiatives

Employment Training: A number of measures were taken in 1984-85 to more effectively enable women to enter training, for example, expanding the definition of non-traditional occupations so that employers receive a higher subsidy for training women in more occupations, and increasing by 50 per cent the number of part-time courses purchased.

One of the initiatives identified in 1983-84 was to expand industry's capacity to produce 10,000 highly skilled workers a year by 1986-87. A total of 12,500 trainees commenced training in 1983-84 under Critical Trade Skills Training (CTST), thereby achieving the target established for this program. The forecast for 1984-85 was 15,000 and for 1985-86 is 13,500 trainees. The decrease in the number of trainees results from the higher cost per trainee due to inflation and a gradual move toward more costly training in high technology occupations. The Training Program contributes to alleviating training bottlenecks by redirecting training towards occupations in demand and by giving priority to occupations of national importance.

In 1984-85 the process of designating occupations of national importance was refined to focus more closely on potential skill shortages in the labour market so that training actions could be better directed to those occupations in demand.

Direct Job Creation: Subsequent to the consolidation of previous programs in September 1983, substantial injections of funds into new programming were directed by the Government. By the end of the fiscal year the budget for all programs had increased to $1.24 billion.

The consolidation and rationalization of job creation programs placed a considerable administrative burden on CEIC/D to implement new programming late in the fiscal year. The situation demanded an intense effort in the following areas:

- organizational restructuring,
- hiring and training of staff,
- development of work instruments and information systems,
- mounting advertising campaigns, and
- establishing operational indicators.

While the effectiveness of job creation programs also increased substantially over the period, the injection of substantial funds late in the year resulted in late take up, and a higher than normal lapsing of funds occurred.

On the whole however, job creation programs had a tremendous impact on the labour market and resulted in the creation of over four million work-weeks of employment for unemployed Canadians.

Affirmative Action: During 1983-84, 29 companies signed affirmative action letters of agreement with the CEIC/D, bringing the total signed to 66. Twenty-two of the 66 agreements were under the Federal Contracts Program and six of the 66 were national agreements signed with companies operating in more than one province.

National Employment Services

Employment Services: Plans were made to link key cities in the Prairies, currently using the Metropolitan Order Processing System (MOPS), with the National Job Bank (NJB). This will allow employment counsellors to gain access to information on hard-to-fill jobs across Canada using MOPS terminals at their desks. During 1983-84 plans were advanced for the National Employment Service System (NESS) which will ultimately link most CECs, the NJB and other planned computerized information systems into one comprehensive national system.

The ability of CECs to intervene in a meaningful way was examined through the Revitalization Program (see page 3-28).

The initial emphasis was to construct a suitable planning framework. This involved a reconceptualization of Employment Services, beginning with an intensive study and definition of its role, and terminating with a framework for the description of CEC operations. Current operational practices were then examined to identify opportunities for change. These studies consist of 50 projects, addressing all aspects of Employment Service's management and operations.

They have resulted in many recommendations that have been approved in principle, some for early implementation and some for verification through testing by users.

Measures were undertaken during 1983-84 to improve the ability of CECs to better address the needs of those clients having difficulty in securing and retaining productive employment. These measures included the following:

- the implementation of a comprehensive Counsellor Training Program; delivery of Modules I and VII of the Competency-Based Training Program in both languages as well as a pilot course of Module I was completed during 1983-84;

- the introduction of specialized service units in selected offices; an experimental Native Urban Reception Centre (URC) was opened in the Regina, Saskatchewan Native Friendship Centre; the purpose of the URC was to act as a service module

by which native newcomers to urban centres could gain direct access to full employment service within their own environment; also, by the end of the year, a total of 11 specialized Youth Units and nine Women's Employment Counselling Centres were in place and operating in strategic locales all across Canada; and

- the development of instruments to measure the effectiveness of this intervention; significant progress has been made in the development of performance indicators for measuring service to target groups, (i.e. women, youth, natives and disabled persons), and those with severe employment disadvantages; the first set of such indicators is being implemented in 1984-85; work continues in the development and refinement of more broadly-based measurement systems, as well as on monitoring projects designed to assess and weigh the benefits of operational agreements and innovations.

Youth: During 1983-84, the assistance provided to unemployed or underemployed youth was increased considerably by CEIC/D. Total assistance to youth increased from an estimated $853 million in 1982-83 to $1.113 billion during 1983-84. The number of youth participants increased from an estimated 2,072,000 in 1982-83 to 2,146,600 in 1983-84.

Two additional Specialized Youth Units were opened in 1983-84 bringing the number of such units to 11. The units serve young people (aged 15-19) requiring special assistance because of economic and social disadvantage to enter into productive employment.

Some 450 Canada Employment Centres for Students operated between April and September 1983, and were staffed by approximately 1,500 senior students and recent post-secondary graduates. The Centres registered 556,000 students for summer employment. More than 333,000 temporary and casual placements were made, mostly in the private sector. This represented a 23 percent increase from the previous year.

Insurance Benefit Services

Improved Administration of the Unemployment Insurance Act (see pages 3-66 to 3-74): A national initiative was undertaken to offer employers assistance in the completion of Records of Employment. Employer reaction has been positive.

Quality control policy, procedures and work instruments were revised, resulting in an increased effectiveness in detecting and correcting claim processing errors.

The Comprehensive Tracking System has been fully implemented and is providing valuable information related to claim processing errors, which has led to the initiation of corrective intervention.

4. Program Effectiveness

The over-all impact and effectiveness of the Employment and Insurance Program are measured by the social and economic effects of the various program elements, and it is difficult to view these effects independently. The entry and integration of individuals into the labour market contribute to both social stability and economic growth, while the provision of temporary income support within national social security provisions mitigates both economic and social problems pending this integration.

The effectiveness of the CECs in the provision of employment services is gauged primarily through the use of the cancellation rate, the number of referrals required to effect a placement, and the ratio of employer-listed vacancies to vacancies filled (vacancy fill rate). The latter indicator is a good measure of how successfully CEIC/D matches workers and jobs. Work is continuing on the development of indicators related to two other major functions: attracting employers to use the service of the CEC, and the effect of counselling on increasing the individual's employability. Experience with programs such as Creative Job Search Techniques and the Job Finding Club indicates that some clients obtain jobs which have never been registered with a CEC. Therefore, current measures of effectiveness tend to underestimate the actual placement rate achieved through CEC programs. Details are provided on page 3-59.

The CECs for Students provide a summer placement service for students seeking short-term employment and for employers requiring temporary help. Program effectiveness is measured by comparing changes year to year in the number of placements recorded. Details are provided on page 3-54.

The Canada Manpower Mobility Program is administered through the CECs and its over-all effect is gauged by the number of unemployed people who become employed as a direct result of receiving financial assistance to help them move. Details are provided on page 3-64 and 3-65.

Where the services of the CEC cannot be used effectively, funds are provided to community-based organizations through contracts for service. Services financed in this way include Outreach. A primary effectiveness indicator is the number of Outreach placements. See page 3-63 for details.

CEIC/D contributes to economic stability and human resource development through job creation programs which aid in the formation of various community-based and private-sector development projects. These can be both short-term and longer-term and are directed to alleviating the effects of unemployment or to the improvement of participant employability. The effectiveness of these programs is gauged among other factors, by the number of work-weeks contracted and training weeks provided (YTO). See page 3-54 for more details.

Through the National Training Program, CEIC/D assists the labour force by providing occupational training to better meet the need for skills created by a changing economy, and to increase the earning and employment potential of individual workers. Indicators of effectiveness include: post-training employment statistics, proportion of training for occupations of national importance, trainees in industrial higher-skill occupations, number of workers completing training, the course utilization rate, and number of target group trainees. See pages 3-44 and 3-45 for more details.

Insurance Benefit Services are provided through the network of CECs, supported by five regional computer centres. While claims-processing and adjudication enquiries, distribution of records of employment, and control activities are located in the CECs, the majority of benefit payments are issued by the regional computer centres. Board of Referee appeals are heard at selected CECs. Program effectiveness is measured by the timeliness and accuracy of processing the claim and making payment and by the effectiveness of the control activity. See pages 3-70 to 3-74 for details.

The refinement and promulgation of improved procedures and policies for determination of entitlement to unemployment insurance is continuing. Numerous control programs ensure that only those workers eligible under the Unemployment Insurance Act receive benefits. Insurance agents regularly disqualify claimants who fail to meet eligibility criteria. One indicator used to measure the effectiveness of controlling unwarranted payments is a comparison of the number of claimants denied benefits to the disqualifications subsequently overturned through the appeal process.

In addition to the program effectiveness indicators identified above, CEIC/D has undertaken a number of program evaluation studies designed to identify the strengths and weaknesses of its programs. A number of these evaluation studies have reviewed aspects of CEIC/D's placement activity. These studies have identified areas where clients believe the services are adequate and others in need of improvement. The reports found that the CEC placement service provided fast referrals to its employer clients. The services' placement activity, however, has failed to keep pace with the growth of the labour market, though it remains an important supply channel. The service still remains cost-effective. These findings will contribute to CEIC/D's current initiatives directed to revitalizing Employment Services.

Similarly, a major evaluation was completed on the work sharing program which is funded by unemployment insurance. The report indicated strong support for the program among participants; that some workers were able to avoid lay-offs; and that the program was more costly to the Unemployment Insurance account than the regular Unemployment Insurance program.

Reports have also been completed on a number of earlier job creation activities. These reports have examined the differing impacts of a range of programs on a variety of target groups. In general, programs were found to improve the earnings and/or employability of participants. Some programs were found, however, to be more effective than others depending on the circumstances and nature of the labour market impediments of workers.

Section II
Analysis by Activity

A. Employment Training

Objective

To provide occupational training for the labour force and thereby better meet the need for skills created by a changing economy, and to increase the earning and employment potential of individual workers.

The National Training Program will concentrate on achieving the following targets in 1985-86:

- the provision of institution-based training, particularly for higher-level skills, involving 13.5 million full-time training days purchased, and 147,000 full-time trainee starts; and

- the provision of industrial training, with a concentration on the development of skills in short supply, involving 12,000 General Industrial Training contracts signed and 16,900 trainee starts, and 3,800 Critical Trade Skills Training contracts signed and 7,600 trainee starts.

Resource Summary

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Institutional Training	898,206	446	919,171	446	8[illegible]7,419	491
General Industrial Training	67,169	325	106,569	326	91,961	329
Critical Trade Skills Training	103,008	95	84,212	95	51,816	45
Skills Growth Fund	8,145	10	95,378	10	37,202	10
Management	3,793	80	3,740	80	2,748	70
Sub-total	1,080,321	956	1,209,070	957	1,061,146	945
Less: Section 39 expenditures*	275,000	-	259,000	-	230,616	-
Total	805,321	956	950,070	957	830,530	945
Less: Recoverable expenditures from the Unemployment Insurance Account	14,210	-	14,808		10,648	
	791,111	956	935,262	957	819,882	945

* This relates to income support paid to institutional trainees under authority of Section 39 of the Unemployment Insurance Act.

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating and Capital						
Personnel	34,189	4	32,607	3	29,664	4
Other	1,428	-	1,581	-	978	-
Program Funds						
Purchase of training from provinces	511,080	64	525,266	56	516,016	62
Industrial training provincial administrative services	5,931	1	6,735	1	5,748	1
Total Operating and Capital	552,628	69	566,189	60	552,406	67
Contributions	252,693*	31	383,881	40	278,124	33
Total	805,321	100	950,070	100	830,530	100
Less: Recoverable expenditures from the Unemployment Insurance Account	14,210		14,808		10,648	
	791,111		935,262		819,882	

* This excludes $275.0 million for Section 39 UI benefits

Past Financial Performance

Figure 7: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Institutional Training	877,419	491	888,338	452	(10,919)	39
General Industrial Training	91,961	329	101,426	329	(9,465)	-
Critical Trade Skills Training	51,816	45	127,608	100	(75,792)	(55)
Skills Growth Fund	37,202	10	75,187	4	(37,985)*	6
Management	2,748	70	3,648	80	(900)	(10)
Sub-total	1,061,146	945	1,196,207	965	(135,061)	(20)
Less: Section 39 expenditures	230,616		253,000		(22,384)	
Total	830,530	945	943,207	965	(112,677)	(20)
Less: Recoverable expenditures from the Unemployment Insurance Account	10,648		11,646		(998)	
	819,882	945	931,561	965	(111,679)	(20)

* Most of Skills Growth Fund projects are multi-year and cash flow determination can only be made as agreements are signed and projects are implemented. There were considerable delays in construction start-ups and in equipment deliveries, in 1983-84. Cash-flow projections have been revised accordingly for 1984-85.

Description

The Employment Training activity is operated in partnership with the provinces, territories and industry for the provision of occupational training to the labour force to better meet the need for skills created by a changing economy, and to increase the earning and employment potential of individual workers. The provision of training services is guided by federal-provincial training agreements that set out the roles and responsibilities of the federal and provincial governments. The

program also receives input from federal-provincial joint committees, which assess the training needs in each province and territory and establish plans to meet training requirement priorities.

The activity is composed of the following five sub-activities.

Institutional Training: CEIC/D purchases training courses for adult clients from provincial schools, colleges and technical institutes and from approved private institutions. The major types of training purchased are occupational skill training, classroom training for apprentices, basic training for skill development mainly in preparation for occupational skill training, and language training. In addition, most trainees are eligible for income support such as Unemployment Insurance (UI) or training allowances, and supplemental allowances for dependents, for living away from home, and for commuting and travel allowances.

General Industrial Training: Through the General Industrial Training (GIT) component of Industrial Training, the Commission/Department offers financial and consultative assistance to employers, or groups or associations of employers who initiate or expand a training facility as a means to develop skills beneficial to workers and employers. This assistance is only intended to help in the training of special needs clients. Where an employer or group of employers is not able to arrange training, CEIC/D may enter into an agreement with any person or agency which, in its opinion, is able to do so. Employers may receive assistance for a portion of the costs of approved training, including trainees' wages and other direct training costs, according to program guidelines. Training under the GIT component may be approved for up to 52 weeks.

Critical Trade Skills Training: Through the Critical Trade Skills Training (CTST) component of Industrial Training, efforts are concentrated on training in selected highly skilled trades/occupations, such as tool and die makers and machinists, for which there is a constant supply shortage on the labour market; for which Canadian training capacity is substantially underdeveloped; and where the demand is mostly filled from foreign sources. Training in this regard may last up to four years or longer and CEIC/D provides financial aid for up to 104 weeks.

Skills Growth Fund: The Skills Growth Fund (SGF) stimulates the expansion and modernization of training facilities required to overcome present and anticipated shortages of workers in occupations of national importance, and to provide appropriate training for members of special target groups in order to enhance their employment opportunities. Under SGF, CEIC/D provides financial assistance to provinces or non-profit organizations established to provide training. The assistance is for a portion or all of the costs relating to the establishment, expansion, conversion, modernization and, where appropriate, initial operation of technical and vocational training facilities and equipment.

Management: This sub-activity includes the functions of personnel at national and regional headquarters responsible for analysing program data, examining and evaluating programs, and developing policies for the effective delivery of the National Training Program.

Performance Information/Resource Justification

The National Training Act provides for the basic program components: Institutional Training, Industrial Training, and the Skills Growth Fund. Purchases of Institutional Training courses are mainly for occupational skill training with emphasis on occupations of national importance, classroom training for apprentices, basic training for skill development primarily in preparation for occupational skill training. Industrial Training is intended to expand industry's capacity to produce skilled workers particularly through Critical Trade Skills Training which is restricted to occupations of national importance. The Skills Growth Fund provides financial assistance for a portion or all of the costs relating to the establishment, expansion, conversion, modernization and, where appropriate, initial operation of technical and vocational training facilities and equipment. The Skills Growth Fund can also assist the development and adaptation of facilities for persons with special training needs.

Institutional Training: Resource requirements for 1985-86 show a decrease for Institutional Training in the expectation that low-skill training in surplus occupations will be very much reduced. Resource requirements and related performance factors are shown in Figure 8.

Figure 8: Institutional Training Statistics

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Program Funds ($000)			
Purchase of training from provinces	511,080	525,266	516,016
Training allowances	86,000	107,820	103,750
Unemployment insurance benefits	275,000	259,000	230,616
Trainee travel	10,815	11,817	12,065
Total	882,895	903,903	862,447
Training Days, Utilization, Trainee Starts			
Full-time training days purchased (million)	13.5	14.4	14.6
Utilization rate (%)	90.0	90.0	88.6
Full-time trainee starts (000)	147.0	158.6	163.0
Part-time trainee starts (000)	80.0	70.0	68.0
Units costs: program funds per trainee start ($000) (full-time only)	6.0	5.7	5.3
Trainee completions and employability			
Training completion rate (%)	86.0	85.5	82.8
Proportion of skill trainees in training for occupations of national importance (%)	27.0	30.0	33.6
Post-training employment rate (%)*	62.0	60.0	53.1
Proportion of women in skill training for non-traditional occupations (%)	13.0	10.0	8.4
Proportion of total trainees who are:			
Women in other than apprenticeship (%)	42.0	38.8	38.8
Youth (%)	50.0	44.6	44.6
Natives (%)	6.2	6.2	6.2
Disabled (%)	0.4	0.3	0.3

* Data from the trainee follow-up survey showing the employment status of skill course trainees three months after course completion.

Industrial Training (encompassing General Industrial Training and Critical Trade Skills Training): Figure 9 identifies the main factors on which resource requirements are based.

In the case of General Industrial Training, unit costs per trainee start increased in the years 1983-84 and 1984-85 relative to 1982-83, due mainly to a shift to more costly higher-skill training and the restriction of training for special needs clientele in 1985-86.

The data for Critical Trade Skills Training indicates a variability from year to year. Part of the variability can be attributed to changes in policy as to the proportion of costs reimbursed to employers. A second factor relates to the carry-over impact of second-year trainees. Support for trainees can extend up to two years.

Figure 9: Industrial Training Statistics

	General Industrial Training			Critical Trade Skills Training		
	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions ($000)	52,806	91,676	77,534	95,499	77,396	47,927
Provincial administrative services ($000)	2,111	3,651	3,169	3,820	3,084	2,579
Program funds	54,917	95,327	80,703	99,319	80,480	50,506
New trainee starts (000)	16.9	33.8	33.6	7.6	10.2	12.5
Contracts signed (000)	12.0	18.7	18.6	3.8	5.0	6.0
Unit cost: Program funds per trainee started ($000)	3.3	2.8	2.4	13.6	7.9	4.0
Trainee completions* (000)	14.5	28.8	28.3	7.9	10.1	8.2
Proportion of trainees who are:						
Women (%)	25.0	24.0	24.3	6.0	2.4	4.4
Youth (%)	36.0	36.5	36.5	34.0	34.2	34.5
Natives (%)	7.0	7.9	7.9	1.0	0.8	0.6
Disabled (%)	4.0	2.4	2.4	0.5	0.1	0.1
Proportion of trainees in training for higher-skill occupations (%)	90.0	95.0	95.0	99.8	99.8	99.8

*Trainees completing training in the current fiscal year include trainees who commenced training prior to the current fiscal year.

Skills Growth Fund: The multi-year funding for SGF from 1982-83 to 1984-85 is likely to result in an increase or modernization of facilities involving 16,239 training places.

Figure 10: Skills Growth Fund - Statistical Data

	1982-83	1983-84	1984-85
Projects approved	120	126	60
Value of projects approved ($ million)	46.9	118.6	26.2
Signed agreements*	23	156	126
Expenditures ($ million)	18.3	36.8	94.4

* Signed agreements result from previous projects approval; therefore, agreements and expenditures may refer to approval in previous years.

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B. Direct Job Creation

Objective

To create additional opportunities for unemployed workers during periods of economic downturn and labour market dislocation, increase long-term employment opportunities in communities where chronic high unemployment is a persistent problem, and develop and enhance the labour market viability of disadvantaged, disabled or inexperienced persons who would otherwise not participate effectively in the labour market.

Within this objective, specific targets for 1985-86 are:

- the creation of 779,173 work-weeks of employment supportive of contra-cyclical stabilization and developmental objectives (Canada Works);
- the creation of 122,539 work-weeks of employment and the establishment of 119 corporations in support of local employment growth (LEAD);
- the creation of 610,311 work-weeks of employment supportive of human resource development (Job Corps and Career Access); and
- the provision of 90,000 training-weeks for 3,000 trainees in support of human resource development (Youth Training Option).

Resource Summary

Direct Job Creation accounts for approximately 22.2 per cent of 1985-86 program expenditures (excluding UI and Fishermen's contributions) and 5.6 per cent of the total person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Canada Works [1]	263,284	494	686,446	1,056	779,596 [3]	1,355
Local Employment Assistance and Development (LEAD)	100,957	216.5	99,262	232	38,308	164
Job Corps	29,741	55	40,378	85	28,562	9
Career Access [1 & 4]	81,106	134	303,409	479	75,273	181
Employment Creation	4,000	-	181,568	51	44,735	26
CECs for Students & Native Internship	-	-	15,745	690	14,377	664
Management	7,583	110.5	7,994	111	20,709	159
Sub-total	486,671	1,010	1,334,802	2,704	1,001,560	2,558
Less: Section 38 expenditures	60,000	-	247,000	-	93,769	-
Total[2]	426,671	1,010	1,087,802	2,704	907,791	2,558

1. The 1984-85 figures for Canada Works and Career Access include $187 million and $60 million respectively in estimated fiscal year UI expenditures which are chargeable to the Unemployment Insurance Account under the authority of Section 38 of the Unemployment Insurance Act.

2. The 1984-85 figures also include summer student employment program resources. Specifically, the Canada Works figures include $138.731 million and 356 person-years associated with Summer Canada Works. The Career Access figures include $17.492 million in funding and 36 person-years associated with Summer Career Access.

3. The 1983-84 figure for Canada Works includes $93.769 million in fiscal year UI expenditures which are chargeable to the Unemployment Insurance Account under the authority of Section 38 of the Unemployment Insurance Act.

4. The 1985-86 figures for Career Access include $16.448 million and 38 person-years for the Youth Training Option. The 1984-85 figures for Career Access contain $49.88 million and 98 person-years that were initially designated for the First Chance Program. Following the termination of this program $9.476 million and 83.44 person-years were redeployed as a source of funding for the Youth Training Option and Canada Works (Round II) Programs.

Figure 12: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating and Capital[1]						
Personnel	35,066	8.2	75,927	7.0	74,456	8.2
Other O&M	9,451	2.2	27,190	2.5	23,122	2.5
Total Operating & Capital	44,517	10.4	103,117	9.5	97,578	10.7
Grants	18,300	4.3	180,431	16.6	43,440	4.8
Contributions	363,854[2]	85.3	804,254	73.9	766,773	84.5
Total	426,671	100.0	1,087,802	100.0	907,791	100.0

1. The 1984-85 forecast and 1983-84 actual expenditure data for Direct Job Creation shown above include expenditures for summer student employment program funding allocated to CEIC/D.

2. This excludes $60.0 million for Section 38 UI benefits.

Past Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Canada Works [3]	779,596 [1]	1,355	526,348	601	253,248	754
Local Employment Assistance and Development (LEAD)	38,308	164	42,347	227	(4,039)	(63)
Job Corps	28,562	9	34,598	72	(6,036)	(63)
Career Access	75,273	181	78,323	151	(3,050)	30
Employment Creation	44,735	26	26,368	27	18,367	(1)
CECs for Students and Native Internship [3]	14,377	664	-	-	14,377	664
Management	20,709	159	7,634	114	13,075	45
Sub-total	1,001,560	2,558	715,618	1,192	285,942	1,366
Less: Section 38 expenditures[2]	93,769	-	132,000	-	(38,231)	-
Total	907,791	2,558	583,618	1,192	324,173	1,366

1. For administrative purposes in 1983-84 only, all program funds associated with the subsumed Canada Community Development Projects under LEAD ($61.422 million) and Summer Canada ($98.151 million and 339 person-years) are displayed in Public Accounts under Canada Works.

2. These amounts are included under Canada Works.

3. The Main Estimates figures exclude $127.992 million and 1,024 person-years associated with the Summer Student employment initiatives. Their resources were approved under Treasury Board Vote 10 - Main Estimates and subsequently transferred to CEIC/D prior to the start of the fiscal year.

Description

The functions performed by CEIC/D staff under Direct Job Creation programs include:

- management, analysis, design and operational support;
- efforts to solicit applications or submissions;
- review, assessment, consultation, priorization and recommendation/approval of applications or submissions;
- contracting, reviewing monthly reports, and authorizing payments;
- monitoring compliance with agreements; and
- close-out activities.

Job creation programs were consolidated in September 1983 to support three labour market objectives:

- contra-cyclical stabilization and adjustment;
- local employment growth; and
- human resource development.

Contra-Cyclical Stabilization and Adjustment: The objective is to create incremental, productive term employment for unemployed persons during periods of economic downturn and labour market dislocations in harmony with community priorities and broader federal and regional goals for economic and employment growth. The Canada Works Program supports this objective.

Canada Works: The objective of the Canada Works Program is to create incremental, productive term employment for unemployed persons. In collaboration with the private sector, as well as with a broad range of public and community-based employers, immediate employment will be created during periods of economic downturn and labour market dislocation such as plant shut-downs.

The activities supported will, as appropriate, reflect community priorities and the broader federal and regional objectives of economic recovery and employment growth. For supplementary information on Canada Works, see page 3-85.

Local Employment Growth: This second objective of direct job creation is to increase long-term community-based employment development in areas where chronic high unemployment persists even under normal labour market conditions or regardless of economic cycles. The Local Employment Assistance and Development (LEAD) Program supports this objective.

Local Employment Assistance and Development (LEAD): The objective of the LEAD Program is to increase the number of permanent jobs in localities of chronically high unemployment. It will accomplish this by enabling community representative organizations to

plan and carry out employment development activities, at an increasing level of productivity, in a manner which relates to the community's longer-term objectives and capabilities.

The LEAD Program will provide support to a community-based process of employment creation in and through projects and/or LEAD corporations leading to permanent employment growth, carried out in harmony with regional development strategies. For supplementary information on LEAD, see page 3-86.

Human Resource Development: This third objective is to develop and enhance the labour market readiness of disadvantaged, disabled or inexperienced persons who would otherwise not participate effectively in the labour market. This objective is supported through the Job Corps, Career Access and the Youth Training Option Programs.

Job Corps: The objective of the Job Corps Program is to provide people who are severely employment disadvantaged with the necessary preparation and employment related skills leading to labour market readiness. The program will provide contribution funding to organizations, individuals or businesses that are able to establish projects that will prepare severely disadvantaged people for integration into the labour force.

Community and private sector resources establish and execute projects offering participants a mixture of counselling, work orientation, employment and supportive remedial assistance. A major focus of the program, and the focus of the incremental funding, will be on youth and on the development and support of youth. For supplementary information on Job Corps, see page 3-87.

Career Access: The objective of the Career Access Program is to stimulate the provision of employment opportunities for people whose participation in the labour market may be facilitated or enhanced by such measures. The program will assist people who are experiencing difficulty in entering, re-entering or staying in employment by providing wage subsidies and other ancillary costs to employers who hire them.

In this way, the program will provide opportunities for individuals facing severe employment barriers to overcome these barriers. For supplementary information on Career Access, see pages 3-86.

Youth Training Option: The objective of the program is to provide young people with a foundation of training and practical experience that will facilitate their transition from school to work, enable them to perform effectively in the labour market, and serve as a basis for further training throughout their adult lives. Participants must be unemployed, likely to fall within the 17-21 age group, and

require the training and work experience that employers demand in an increasingly technological society. For supplementary information on the Youth Training Option, see page 3-88.

Other Employment Measures: Finally, the following measures also help to support the over-all objectives of the job creation programs.

CECs for Students and Native Internship Program: CECs for Students provide a placement service for students seeking summer employment and employers requiring temporary summer help. The purpose of the Native Internship Program is to increase summer employment opportunities for native students. The program is offered through various facets of CEIC/D, including the CECs for Students offices. The Native Internship Program, where possible, directly complements the participants' career and vocational aspirations. For supplementary information, see page 3-88.

Employment Creation Grants and Contributions: This is part of the federal government's Special Employment Initiative. Through Employment Creation grants and contributions, CEIC/D administers projects submitted under the Special Employment Initiative which do not fit with regular programs or legislative authorities of other departments.

Performance Information/Resource Justification

The measure chosen to express the results achieved by Direct Job Creation is the number of work-weeks of employment contracted during the fiscal year, with the exception of LEAD corporations. For LEAD corporations, the number of corporations operating during the fiscal year is used as a measure of results achieved. Performance information/ resource justification refers only to those areas and items identified in Figure 14. No indicator is given for Employment Creation.

Figure 14: Work-Weeks of Employment Contracted

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canada Works			
$000 Contributions/UI benefits	242,648	641,093	731,781
Total work-weeks contracted	779,173	2,047,368	2,858,943
$ Contributions/work-week	311	313	256
Work-weeks/operating person-years	1,577	1,939	2,111
Local Employment Assistance and Development			
$000 Contributions (projects)	57,728	74,302	28,246
Total work-weeks contracted (projects)	122,539	217,118	188,604
$ Contributions (projects)/work-week	471	342	150
Work-weeks/operating person-years (projects)	566	936	1,150
$000 Grants and contributions (corporations)	35,081	16,505	2,979
Total corporations operating	119	72	15
Job Corps			
$000 Contributions	27,312	36,762	28,188
Total work-weeks contracted	83,015	118,943	104,156
$ Contributions/work-week	329	309	271
Work-weeks/operating person-years	1,509	1,399	11,573
Career Access [1]			
$000 Contributions/UI benefits	60,639	238,242	69,001
Total work-weeks contracted	527,296	1,624,159	577,513
$ Contributions/work-week	115	147	119
Work-weeks/operating person-years	5,493	3,391	3,191
Youth Training Option [3]			
$000 Contributions/UI benefits	16,046	7,900	N/A
Total Training Weeks	90,000	27,000	N/A
$ Contributions/Training Weeks	178	292	N/A
CECs for Students			
$000 Operating funds	N/A [2]	13,445	12,185
Total placements	-	350,000	333,256
$ Operating funds/placements	-	38	37
Native Internship Program			
$000 Operating funds	N/A [2]	2,300	2,192
Total work-weeks created	-	6,240	5,871
$ Contributions/work-week	-	369	373
Work-weeks/operating person-years	-	52	52

1. The 1985-86 contribution amount excludes $14.746 million for the Youth Training Option. The 1984-85 forecast figure excludes $45.543 million associated with the First Chance and Youth Training Option.

2. Not available. The 1985-86 resources were not approved when this document was in preparation.

3. The figures include Section 39 funding of $1.3 million for 1985-86 and $0.2 million for 1984-85.

C. National Employment Services

Objective

To develop and apply a framework of policies and programs necessary for the efficient functioning of the Canadian labour market which is consistent with national economic and social goals. Meeting this goal requires promoting:

- a labour force that meets national occupational requirements;
- an economy capable of growth and adaptation without undue burden being placed on individuals, groups or regions; and
- equality of opportunity to compete for and have access to jobs.

Resource Summary

The National Employment Services account for approximately 12.4 per cent of total program expenditures (excluding UI and Fishermen's contributions) and 27.5 per cent of the total person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Employment Services	176,893	4,747	170,047	4,748	162,884	4,649
Industrial Adjustment Service [1]	44,071	66	49,470	142	70,104	181
Agriculture	7,547	16	7,534	16	6,845	12
Outreach	24,496	31	22,483	31	19,683	30
Mobility	13,341	62	16,005	62	12,007	50
Labour Market Planning and Adjustment	5,576	69	5,799	69	5,603	134
Cooperative Education [2]	1,415	-	1,604	-	-	-
Sub-total	273,339	4,991	272,942	5,068	277,126	5,056
Less: Section 37 expenditures [3]	35,000	-	30,900	-	55,493	-
Total	238,339	4,991	242,042	5,068	221,633	5,056
Less: Recoverable expenditures from the Unemployment Insurance Account	209,231	-	202,157	-	178,367	-
	29,108	4,991	39,885	5,068	43,266	5,056

1. This sub-activity was formerly titled "Manpower Consultative Service".

2. This sub-activity was first funded in the 1984-85 Supplementary Estimates.

3. This is the amount charged to the Unemployment Insurance Account under work sharing agreements in the Industrial Adjustment Service activity.

Figure 16: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	172,667	73	166,332	69	161,369	73
Other O&M and capital	36,564	15	35,825	15	16,998	7
Grants and contributions	29,108 *	12	39,885	16	43,266	20
Total	238,339	100	242,042	100	221,633	100
Less: Recoverable expenditures from the Unemployment Insurance Account	209,231		202,157		178,367	
	29,108		39,885		43,266	

* This excludes $35.0 million for Section 37 UI Benefits.

Past Financial Performance

Figure 17: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Employment Services	162,884	4,649	165,260	4,760	(2,376)	(111)
Industrial Adjustment Service	70,104	181	124,746	148	(54,642)*	33
Agriculture	6,845	12	7,096	16	(251)	(4)
Outreach	19,683	30	14,539	34	5,144	(4)
Mobility	12,007	50	15,115	62	(3,108)	(12)
Labour Market Planning and Adjustment	5,603	134	4,020	69	1,583	65
Sub-total	277,126	5,056	330,776	5,089	(53,650)	(33)
Less: Section 37 expenditures	55,493	-	113,000	-	(57,507)	-
Total	221,633	5,056	217,776	5,089	3,857	(33)
Less: Recoverable expenditures from the Unemployment Insurance Account	178,367	-	179,833	-	(1,466)	-
	43,266	5,056	37,943	5,089	5,323	(33)

* This lapse is due to a lower level of utilization of the Work Sharing Program by employers resulting in a reduction in Section 37 expenditures from the Unemployment Insurance Account.

Description

National Employment Services consists of the following seven sub-activities.

Employment Services: This sub-activity provides programs and services through a national network of CECs to employer and employee clients in an effort to achieve an efficient functioning of the Canadian labour market consistent with national economic and social goals. Programs and services are related to placement, counselling, registration, and employer-market development.

Industrial Adjustment Service: The purpose of this sub-activity is to encourage employers and their employees to work together to solve employment problems through joint adjustment committees. In addition, staff involved in this sub-activity are responsible for negotiating work sharing agreements under the Work Sharing Program and managing the Modified Industry and Labour Adjustment Program (MILAP) and its Community Adjustment Committees. (MILAP is the successor to the previous Industry and Labour Adjustment Program - ILAP.)

Agriculture: The purpose of this sub-activity is to achieve optimum use of Canadian labour resources in the agricultural industry. The mechanisms used to achieve this are federal-provincial Agricultural Employment Development agreements, and Canada Farm Labour Pools.

Outreach: The purpose of this sub-activity is to provide employment-related services to designated target groups where CEC services cannot be used effectively. These target groups include individuals whose difficulties in obtaining, regaining or retaining suitable employment are compounded by personal or systemic barriers stemming from ethnic, social, cultural, physical, geographical or other forms of isolation. Funds are provided through contracts for service to community-based organizations which make employment services available to the target groups.

Canada Mobility Program: This sub-activity provides financial assistance to encourage and facilitate the mobility of workers who are unemployed, underemployed or about to become unemployed, and who are unable to secure work locally.

Cooperative Education: The purpose of this sub-activity is to stimulate the provision of developmental work/study experience for secondary and post-secondary students. Contribution funds are provided to participating educational authorities to cover a portion of the salary costs and associated operational expenditures of coordinators who develop and implement new or expanded cooperative education projects.

Labour Market Planning and Adjustment: This function includes the management responsibility for the development of policies, programs and activities, such as Human Resource Planning Boards, Business Management Development and Options North, designed to optimize the use and development of the Canadian labour force, and/or policy and coordination activities in support of the Modified Industry and Labour Adjustment Program (MILAP) and the Canadian Industrial Renewal Program (CIRP).

Performance Information/Resource Justification

Employment Services: The priority of Employment Services is to help employers in private and public sectors find suitable workers and to help job seekers find work. CEIC/D operates 454 CECs as well as 239 itinerant points of service in isolated or remote communities. In

addition, service is provided at 111 post-secondary institutions, nine Casual Labour Offices, 11 specialized Youth Units, nine Women's Counselling Centres and 49 employment development sub-offices with 10 regional offices. During the summer, these offices are further augmented by approximately 450 CECs for Students. CECs provide a screening and referral service. Job seekers are instructed in the development of job-search plans and are provided with leads to employment opportunities. Employment counsellors may also take action to interest prospective employers in job-seeking clients.

Figure 18 provides quantitative information related to the output data currently collected for Employment Services.

To cope with the continuing demands for restraint and increasing demands for services to target groups, it is expected that a reduction in registrations and revivals will occur in 1985-86 as a result of a change to the client registration policy and increased reliance on self-service techniques. This will permit more effort to be directed towards the provision of assistance to employee-clients who encounter employment barriers and to members of those target groups identified as Government priorities. Emphasis on target groups and special needs clients entails a greater amount of effort and resources to achieve the same results.

A reduction in the number of counselling interviews is also expected over time because of a greater emphasis on client self-help. At the same time, a higher quality of counselling interviews will be achieved because of the implementation of the Competency-Based Training Program (CBTP) and the continuing development of the information system on the Individual Assistance Services (IAS). The CBTP will equip counsellors with more specialized knowledge and skill in order to improve the quality of employment counselling. The IAS will, among other things, provide managers at all levels with data on which to make more informed decisions aimed at improving the quality and effectiveness of employment counselling services.

As well, the increased use of counselling tools, programs and services should also contribute to the higher quality counselling that will improve services provided to employee clients. In addition, the establishment of Job Finding Clubs in CECs, voluntary groups and Outreach projects will be promoted and training provided. Clubs have been successful in helping an average of 80 per cent of their members to find jobs within three weeks, and studies have shown that these clients tend to stay employed.

Figure 18: Employment Services Output

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Registrations	1,700,900	1,895,375	2,055,148
Revivals	1,538,900	1,714,625	2,010,832
Total registrations and revivals	3,239,800	3,610,000	4,065,980
Counselling interviews	1,100,000	1,118,500	1,061,400
Employee-clients referred to employers	2,352,600	2,230,500	2,616,926
Vacancies notified			
Casual	111,500	107,000	108,929
Regular	854,500	819,500	844,504
Placements			
Casual	112,100	103,900	107,497
Regular	653,500	610,900	649,352
Employer visits	247,719 [1]	319,755	328,680
SNC placements [2]	22,995	19,992	N/A
On-Campus placements	47,266	44,869	45,976
Female non-traditional placements	38,628	34,336	20,372
Female placements	249,726	247,888	242,582
Person-years	4,747	4,748	4,649

1. excludes visits made by employers to CECs.

2. SNC - special needs clients.

The information shown in Figure 18 is not a complete reflection of the services provided by CECs. Work is currently under way, as part of a revitalization of Employment Services to provide additional performance indicators which will, for example, measure the impact of labour market information, human resource development initiatives, and services provided to special needs clients (SNCs) (a heterogeneous group who encounter personal/individualized problems which adversely affect their employability). The development of a data base and adequate performance indicators for these clients poses particular difficulties associated with the fact that, unlike target group members, they cannot identify themselves as SNCs at the time of registration and thus the collection of relevant output data is very difficult. Attempts are continuing however, to develop reliable performance measures.

Industrial Adjustment Service (IAS): This program is designed to help workers adjust to and take advantage of economic, technological and other changes in a particular company, industry or community. In 1985-86, CEIC/D expects to enter into 318 agreements including employer/employee adjustment committees designed to solve identified

human resource problems, mobility assessment agreements and the MILAP Community Adjustment Committees. The financial costs for these agreements are consolidated in Figure 19. The figures in the following table include ILAP/MILAP funds ($1.2 million for 1985-86, $3.592 million for 1984-85, and $0.249 million for 1983-84).

Figure 19: Industrial Adjustment Service

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Industrial Adjustment Service			
Number of new agreements	318	454	558
Contributions ($)	4,750	11,442	6,766

Work Sharing: In 1985-86, provided Cabinet approves program extension and associated resources, CEIC/D expects to enter into 3,789 Work Sharing agreements designed to avoid lay-offs through the use of alternative income support, using UI benefit payments for a maximum of 26 weeks in temporary lay-off situations and up to 50 weeks in cases of permanent lay-offs. For example, a firm facing a 20 per cent reduction in production would normally plan to lay off one-fifth of its work force. Through work sharing the company could employ its total work force on a four-day per week basis. The reduction from 40 hours to 32 hours a week would cut production by the required 20 per cent without reducing the number of employees. The company would pay its employees for the hours they worked while UI benefits would be paid for the day the workers were not working.

Figure 20 provides quantitative data related to Work Sharing agreements.

Figure 20: Work Sharing Agreements

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Work Sharing			
Number of agreements approved	3,789	3,850	5,074
Lay-offs averted	23,393	23,100	25,703
Benefits paid ($)	35,000	30,900	55,493

Agriculture: This program is designed to maximize the use of Canadian labour for the agricultural industry. There are federal-provincial Agricultural Employment Development agreements with eight provinces to promote federal-provincial consultation and cooperation in

the development of policies and initiatives, and to provide a means for sharing equally the cost of implementing agricultural employment measures such as housing, research and promotion.

CEIC/D also expects to fund 66 Canada Farm Labour Pools to provide a specialized employment referral service to local agricultural communities.

Figure 21: Agriculture Program

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Federal-provincial			
Agricultural Employment			
Development agreements			
Number of agreements	8	8	7
Contributions ($)	1,012	1,012	1,093
Canada Farm Labour Pools			
Number of pools	66	65	65
Contributions ($)	5,994	5,994	5,231
Placements & transfers-in	203,500	176,000	215,406

Outreach Services: This delivery method involves the provision of funds to community-based organizations for the extension of employment-related services such as identifying and assessing the need for remedial services, job placement, and marketing and follow-up support to designated target groups where CEC services cannot be used effectively. These target groups include individuals whose difficulties in obtaining, regaining or retaining suitable employment are compounded by personal or systemic barriers stemming from ethnic, social, cultural, physical, geographical or other forms of isolation. Among the desired results are the indirect placement of clients in jobs found by themselves as a result of project activity, and direct client placement made through employer, CEC and community contact by project staff.

Figure 22: Outreach Placements

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Number of placements	70,000	69,000	68,422
Payments to organizations ($)	23,120,000	20,472,000	18,571,686

Canada Mobility Program: This program encourages the mobility of workers who are unemployed, underemployed or about to become unemployed, for whom work is not available locally, and who wish to seek or move to employment in the nearest appropriate locality. The program provides five general categories of financial assistance:

- exploratory assistance which encourages workers to seek employment in the nearest areas where suitable work is available;
- relocation assistance which encourages the employee-client to relocate with family members to the nearest area where suitable employment has been found;
- temporary employment assistance which assists workers in one area to travel to another area in order to accept employment of six weeks to nine months duration;
- special travel assistance which assists workers to travel to obtain employment services that are not available locally; and
- seasonal agriculture assistance which enables a worker to travel to employment of up to nine months duration.

Figure 23 provides quantitative data related to the Mobility Program.

Figure 23: Mobility Program Expenditures

	Estimates 1985-1986	Forecast 1984-1985	Actual 1983-1984
Exploratory assistance			
No. of assistances	4,800	4,800	4,708
Contributions ($000)	1,980	1,982	1,418
Relocation assistance			
No. of assistances	6,000	9,000	8,272
Contributions ($000)	5,599	8,397	6,121
Temporary employment			
No. of assistances	2,400	1,100	1,529
Contributions ($000)	436	201	242
Special travel			
No. of assistances	2,400	1,300	1,447
Contributions ($000)	134	72	99
Seasonal agriculture			
No. of assistances	25,000	36,800	24,198
Contributions ($000)	2,181	2,534	2,015

It is estimated that the number of instances where relocation assistance is provided will decrease to 6,000 from the forecast of 9,000 for 1984-85 as a result of tightening relocation criteria. The difference in seasonal agriculture assistance is due to a revised method of counting.

D. Insurance Benefit Services

Objective

To provide temporary income support to unemployed workers while they seek employment or while unable to work because of sickness, disability pregnancy or adoption.

Within this objective, specific sub-objectives include the following national goals:

- to rapidly and accurately process enquiries and determine entitlement to benefit, with respect to applications to establish a benefit period, claims filed while a benefit period is in existence, and appeals;
- to process claimants' reports and make payments to individuals in an accurate and timely manner;
- to prevent, deter and detect abuse or fraud; and
- to provide for the collection of premiums payable to the Unemployment Insurance Account by Revenue Canada (Taxation) and to process applications for premium reduction in an accurate and timely manner.

Resource Summary

Expenditures for the Insurance Benefit activity (excluding Government contributions to the UI Account and Fishermen's Benefits) will account for approximately 16.4 per cent of the 1985-86 operating budget for Employment and Insurance. Personnel costs account for 77.4 per cent of the operating costs for the Insurance Benefit activity.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Processing						
Claims processing and enquiries	185,956	6,049	186,845	6,441	193,278	7,021
Regional computer centres	51,524	998	75,449	1,097	53,785	1,253
Sub-total	237,480	7,047	262,294	7,538	247,063	8,274
Control						
Investigation & control	33,181	952	32,185	952	30,234	951
Sub-total	33,181	952	32,185	952	30,234	951
Management						
Policy development	12,938	174	13,894	173	26,254	342
Revenue collection	28,874	-	27,640	-	24,595	-
Premium reduction	1,817	58	1,773	58	2,167	65
Sub-total	43,629	232	43,307	231	53,016	407
Total operating costs	314,290	8,231	337,786	8,721	330,313	9,632
Government's contribution to the Unemployment Insurance Account	2,422,200	-	2,719,000	-	2,713,895	-
Government's contribution in respect of Fishermen's Benefits	194,000	-	164,000	-	140,147	-
Total	2,930,490	8,231	3,220,786	8,721	3,184,355	9,632
Less: Recoverable expenditures from Unemployment Insurance Account	314,290	-	337,786	-	330,313	-
Total	2,616,200	8,231	2,883,000	8,721	2,854,042	9,632

Incorporates the "Record of Employment" and the "Unemployment Insurance Enquiries" sub-activities transferred from the Social Insurance Number activity (refer to page 2-54).

Figure 25: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	243,185	8	243,099	8	265,010	8
Professional and special services	33,118	1	33,222	1	29,053	1
Government's contribution to the Unemployment Insurance Account	2,422,200	83	2,719,000	84	2,713,895	85
Government's contribution in respect of Fishermen's Benefits	194,000	7	164,000	5	140,147	5
Other	37,987	1	61,465	2	36,250	1
Total	2,930,490	100	3,220,786	100	3,184,355	100
Less: Recoverable expenditures from the Unemployment Insurance Account	314,290		337,786		330,313	
	2,616,200		2,883,000		2,854,042	

Past Financial Performance

Figure 26: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Processing						
Claims processing and enquiries	193,278	7,021	189,027	6,759	4,251	262
Regional computer centres	53,785	1,253	45,879	996	7,906	257
Sub-total	247,063	8,274	234,906	7,755	12,157	519
Control						
Investigation & control	30,234	951	31,292	960	(1,058)	(9)
Sub-total	30,234	951	31,292	960	(1,058)	(9)
Management						
Policy development	26,254	342	12,830	171	13,424	171
Revenue collection	24,595	-	24,595	-	-	-
Premium reduction	2,167	65	1,690	58	477	7
Sub-total	53,016	407	39,115	229	13,901	178
Total operating costs	330,313	9,632	305,313	8,944	25,000	688
Government's contribution to the Unemployment Insurance Account	2,713,895	-	2,816,000	-	(102,105)	-
Government's contribution in respect of Fishermen's Benefits	140,147	-	120,000	-	20,147	-
Total	3,184,355	9,632	3,241,313	8,944	(56,958)	688
Less: Recoverable expenditures from the Unemployment Insurance Account	330,313	-	305,313	-	25,000	-
	2,854,042	9,632	2,936,000	8,944	(81,958)	688

Description

The Insurance Benefits activity consists of the following five sub-activities: the processing, control, and management of insurance benefit payments and the funding for the government's contributions to the Unemployment Insurance Account and in respect of Fishermen's Benefits.

Processing: This includes the responsibility for efficient and timely determination of an individual's entitlement to receipt of unemployment insurance benefits, the payment of such benefits to eligible individuals, the maintenance of data processing facilities necessary to produce benefit payments and process management data for CEIC/D. Interviews of claimants to ensure that they are actively seeking employment and otherwise continue to be eligible for the receipt of benefits are also included as is the answering of enquiries from claimants and the general public related to individual claims or the program in general.

Control: This function includes the responsibility for detecting, and as a consequence, deterring fraud and abuse, and for ensuring the timely and orderly issuance of correct information by employers and claimants. It also includes preventative activities carried out in both the control and the processing sub-activities.

Management: The management function is responsible for the maintenance of the legislative base for the UI Program and the development of the appropriate policies and procedures for the administration of the program. This also includes costs related to the collection of premiums payable to the Unemployment Insurance Account by Revenue Canada (Taxation) and the provision of premium reductions to qualified employers.

Government Contribution to the Unemployment Insurance Account: The Unemployment Insurance Act requires that an amount equal to the "Government cost of paying benefit" be credited to the Unemployment Insurance Account. The "Government cost of paying benefit" includes regionally extended benefits and extension benefits paid pursuant to Job Creation projects (Section 38) and Training Programs (Section 39).

Government Contribution in respect of Fishermen's Benefits: The government contributes to the Unemployment Insurance Account an amount equal to the net difference between premiums collected from fishermen and the UI benefits provided.

Performance Information/Resource Justification

This activity involves two major functions: the processing of claims for unemployment insurance and the issue of warrants by the regional computer centres. This accounts for 86 per cent of the total operating expenditures for Insurance Benefit Services.

Development of the UI resourcing formula (or algorithm) commenced in April 1984. Completion of Phase I (development of a national formula) was achieved in mid-September 1984.

Further work on the formula is taking place throughout 1984-85, comprising not only the testing of the formula at the regional (data) level to determine its value for standardizing internal human resource allocations, but also to test for refinement and enhancement of the model to improve its strength and accuracy as a predictor of resource requirements.

By 1985-86 the formula is expected to be used to support CEIC/D's submissions for supplementary resourcing resulting from unforeseen increases in work load.

Utilization of the formula will entail annual maintenance of the model, encompassing the addition of current performance data and experience-testing of the model.

Figure 27: Work Load and Average Unit Costs

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	$	Volume	$	Volume	$
Processing						
Initial and renewal claims taken	3,485,000	53.36	3,472,000	53.81	3,413,000	48.62
Number of enquiries	21,459,000	1.20	22,356,000	1.21	24,157,000	1.17
Number of warrants	34,808,000	1.48	34,447,000	2.19	34,869,000	1.54
Number of interviews conducted	386,000	9.44	430,000	8.26	358,000	6.98
Control						
Total investigations completed	1,130,000	29.85	1,115,000	28.87	1,091,000	27.71
Management						
Number of employers registered (revenue collection)	1,035,000	27.90	1,035,000	26.71	974,000	25.25
Number of premium reduction applications processed	36,500	50.99	36,000	49.25	34,700	60.19

Figure 28 relates total work load to total person-years, which are expressed in terms of output per person-year. Figure 29 displays speed of service and quality control indicators.

Processing: Resource levels required for claim processing are determined on the basis of projected work load and the level of service provided to the public. The projected work load for 1985-86 is based on an expected unemployment rate as forecast by the Department of Finance, as well as on the number of applications expected for work sharing, training or special benefits. The level of control activity also determines the resources required for claim processing by affecting the level of in-person contact, the volume of revised claims, appeals to Boards of Referees and appeals to Umpires.

Increased resources devoted to claims processing also result in an over-all reduction in the number of overpayments and underpayments of benefits to individuals. In 1985-86, it is anticipated that the percentage of claims with errors leading to overpayments and underpayments will be reduced, as a result of improvements made to the UI Program.

Improved work processes, a stabilized staff situation, together with the national availability of on-line services, have enabled the forecasting of continued productivity improvement in 1985-86 both in the processing of claims decisions and in the issuing of payments to claimants. Initial and renewal claims adjudicated per person-year are expected to increase by 4 per cent over the previous year. Similarly, a one per cent increase in warrant issue productivity follows a 1984-85 increase which is expected to be approximately eight per cent.

The percentage of initial and renewal claims processed within 28 days in 1985-86 is fixed at 90 per cent. Speed of service objectives in terms of the average number of days to process an initial or renewal claim will be fixed at 21 days in 1985-86. It is also expected that the percentage of initial and renewal claims pending three weeks or more will be kept to an average of 12 per cent nationally.

Resource levels required for the issue of warrants are also based on the expected unemployment rate. The regional computer centres, whose primary responsibility is production of warrants, also play a major role in processing management information and reporting for CEIC/D.

Control: The work load in this sub-activity is concerned with preventing, detecting, and as a consequence, deterring fraudulent or misrepresentative attempts to obtain UI benefits, and the timely and orderly issuance of correct information by employers and claimants.

In 1985-86, it is forecast that approximately 1.1 million investigations will be carried out. The current level of effort in detection of abuse, misuse and fraud will be maintained. A productivity improvement of four per cent, in terms of investigations completed per person-year is expected in 1985-86.

Figure 28: Processing/Output per Person-Year

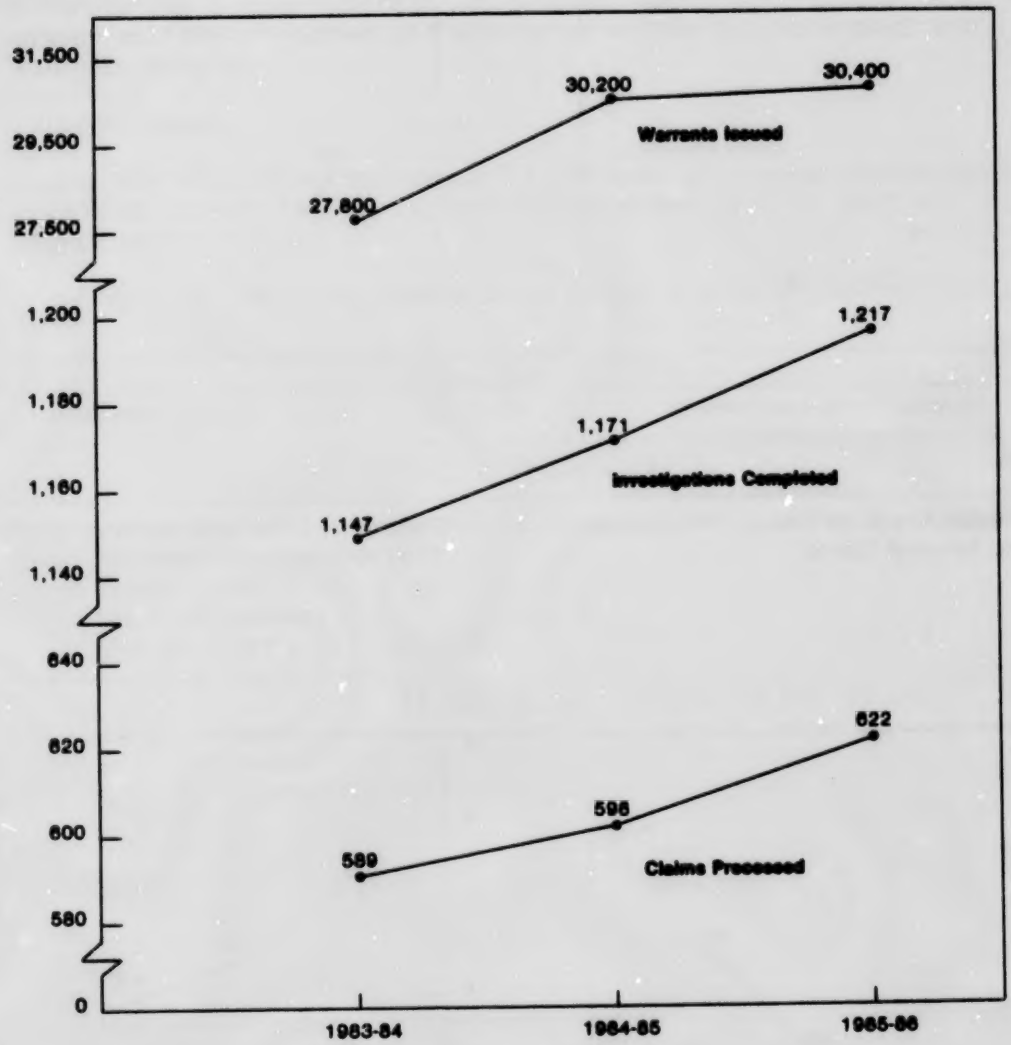
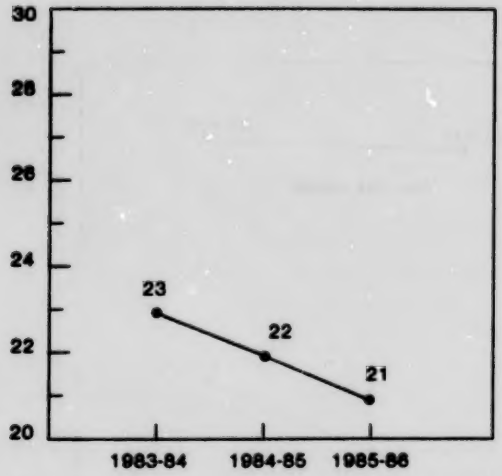
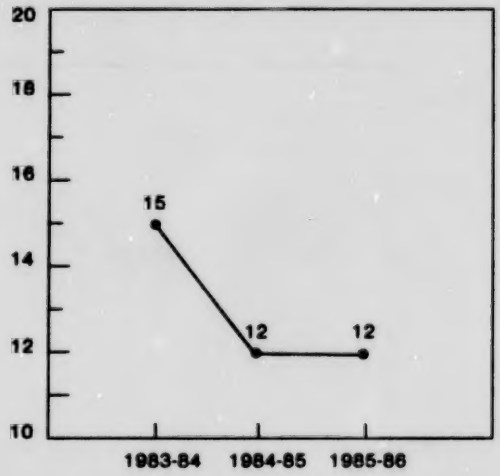


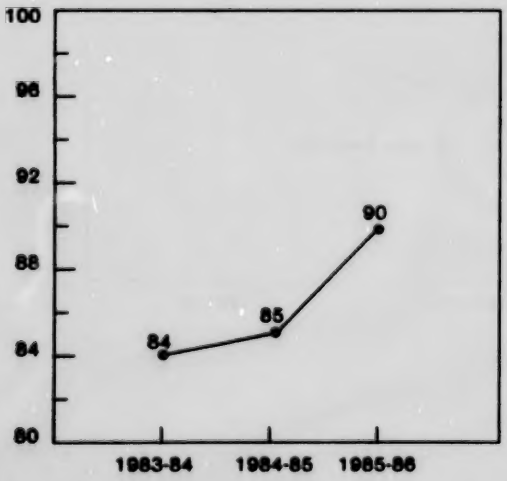
Figure 29: Speed of Service and Quality Control Indicators



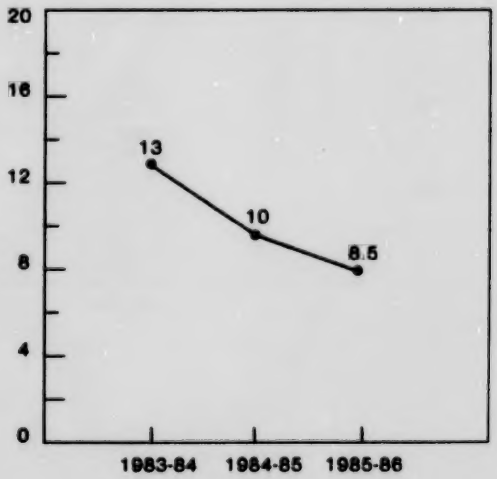
Average Number of Days to Process Initial and Renewal Claims



Percent of Initial and Renewal Claims Pending 3 weeks or more.



Percent of Initial and Renewal Claims Processed withing 28 days



Claims with errors causing an overpayment / under-payment as a percent of claims monitored under Quality Control

E. Program Administration

Objective

To manage and develop the national benefit, employment, control and service policies, programs and strategies within the Employment and Insurance Program.

Resource Summary

Program Administration represents 7.1 per cent of program expenditures (excluding UI and Fishermen's contributions) and 16.5 per cent of program person-years.

Figure 30: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	135,993	2,991	136,270	3,108	125,582	2,736
Less: Recoverable expenditures from the Unemployment Insurance Account	121,973		113,017		103,560	
	14,020	2,991	23,253	3,108	22,022	2,736

Figure 31: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	102,864	76	100,242	74	83,796	67
Other	33,129	24	36,028	26	41,786	33
Total	135,993	100	136,270	100	125,582	100
Less: Recoverable expenditures from the Unemployment Insurance Account	121,973		113,017		103,560	
	14,020		23,253		22,022	

Past Financial Performance

Figure 32: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	125,582	2,736	131,511	3,100	(5,929)	(364)
Less: Recoverable expenditures from the Unemployment Insurance Account	103,560		113,511		(9,951)	
	22,022	2,736	18,000	3,100	4,022	(364)

Description

Consistent with the CEIC/D objective of providing a one-stop service to the public, program administration includes the following:

- management, promulgation, coordination, control and delivery of Employment and Insurance programs at the regional, district and local levels; this includes liaising with provincial authorities, other federal departments, community organizations and agencies, and business representatives to ensure coordination and integration of respective policies and activities in the labour market;

- provision of services to members of the general public at Canada Employment Centres (CECs); this includes reception, provision of information, identification of needs and internal referral;

- collection, analysis, synthesis and compiliation of labour market, demographic and statistical data, forecasts and reports; this includes advising national and regional headquarters of developments in the economy and labour market and in the identification of client needs, emerging problems in the delivery of services and suggested solutions;

- development of policies, programs and procedures that ensure consistent and equitable delivery of Employment and Insurance programs and services to the public;

- provision of summer work assignments for student youth in order to augment their academic training and development and to introduce them to a potential career in the Public Service of Canada; and

- provision of operational, administrative, financial and personnel support services to the Employment and Insurance program at the local office level.

Given that the vast majority of Employment and Insurance activities and services are integrated and delivered to the public by the CECs, positions that fall within Program Administration involve either line management, administrative support or reception duties.

At national headquarters Program Administration includes those positions that are responsible for the management of sub-activities that fall under various activities, such as Job Creation, Employment Training and elements of Employment Services. In regions, this activity includes Directors of Employment and Insurance, Directors of Labour Market and Benefit Programs, Economic Services, District Managers, Metro Managers, CEC Managers, CEC administrative support staff and local office receptionists.

Performance Information/Resource Justification

Figures 33 and 34 show the ratio of Program Administration person-years and expenditures to the Employment and Insurance Program totals. In both instances the ratios have remained relatively constant over the three-year period.

Figure 33: Relationship of Program Administration Person-Years to Total Employment and Insurance Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Program Administration person-years	2,991	3,108	2,736
Employment and Insurance person-years	18,179	20,558	20,927
% of Program Administration to Employment and Insurance	16	15	13

Figure 34: Relationship of Program Administration Expenditures to Total Employment and Insurance Expenditures

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Program Administration ($000)	135,993	136,270	125,582
Employment and Insurance* ($000)	1,920,614	2,753,970	2,415,849
% of Program Administration to Employment and Insurance	7	5	5

*Excludes UI and Fishermen's Benefits contributions.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 35: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	513,029	550,895	536,542
Contributions to employee benefit plans	71,824	65,658	73,395
Other personnel costs	3,118	1,654	4,358
Sub-total	587,971	618,207	614,295
Goods and Services			
Travel and relocation	13,533	24,958	16,917
Telephone and telegraph	14,210	17,582	21,244
Postage, freight and express	17,717	26,000	19,467
Printing	7,464	12,177	14,023
Other information	5,159	10,421	9,580
Purchase of training from provinces	511,080	525,266	516,016
Industrial training provincial administrative services	5,931	6,735	5,748
Other professional and special services	66,695 *	66,048*	39,320
Rental of equipment	16,780	17,405	5,024
Other rentals	214	241	556
Purchased repair and upkeep	1,373	2,370	3,913
Other utilities, materials and supplies	3,488	4,711	5,953
Government's contribution to the UI Account	2,422,200	2,719,000	2,713,895
All other expenditures	125	135	88
Sub-total	3,085,969	3,433,049	3,371,744
Total operating costs	3,673,940	4,051,256	3,986,039
Capital			
Construction and acquisition of machinery and equipment	4,919	13,263	12,102
Transfer payments	857,955	1,572,451	1,271,750
Total	4,536,814	5,636,970	5,269,891
Less: Recoverable expenditures from the Unemployment Insurance Account	659,704	667,768	622,888
Total expenditures	3,877,110	4,969,202	4,647,003

* Includes the Outreach Program which was previously reported under Transfer Payments (refer to page 3-83).

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2. Personnel Expenditures

Figure 36: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	132	122	110	50,350-96,300	61,952
Scientific and Professional					
Actuarial Science	3	-	-	22,583-64,468	57,111
Economics, Sociology and Statistics	60	64	66	14,750-65,080	42,660
Education	36	36	38	13,609-68,070	47,297
Administrative and Foreign Service					
Administrative Services	341	345	311	13,912-57,987	32,718
Computer Systems Administration	15	15	8	18,766-61,433	36,704
Information Services	4	4	-	13,579-57,980	33,469
Organization and Methods	6	6	3	13,520-57,980	37,256
Personnel Administration	6	6	-	13,330-63,870	37,682
Program Administration	8,447	8,579	8,253	13,912-57,987	32,770
Technical					
Social Science Support	20	20	23	12,635-57,764	31,901
General Technical	-	-	5	12,635-55,682	-
Administrative Support					
Communications	39	39	53	15,364-31,824	18,601
Data Processing	326	326	331	13,352-37,130	22,067
Clerical and Regulatory	8,283	8,715	9,473	12,932-31,743	21,173
Office Equipment Operation	16	16	18	12,665-25,270	19,410
Secretarial, Stenographic, Typing	434	416	590	12,636-31,946	19,927
Operational					
General Services	11	11	8	13,253-39,988	20,759

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 37: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Direct Job Creation			
Employment Creation	4,000	172,721	41,344
Local Employment Assistance and Development	14,300	7,710	2,096
National Employment Services			
Frontier College of Canada	175	175	175
Voluntary Organizations	990	790	390
Canadian Labour Market and Productivity Centre	2,012	2,180	620
Total grants	21,477	183,576	44,625
Contributions			
Employment Training			
Payment of training allowances to persons who are receiving occupational training under the National Training Act	86,000	107,820	103,750
Payments to employers and other persons in accordance with industrial training agreements entered into by CEIC/D with such bodies under the National Training Act	148,305	169,072	125,461
Payments to individuals under the Manpower Mobility Regulations, Section 8, Trainee Travel	10,815	11,817	12,065
Payments to provinces and non-profit training organizations in accordance with Skills Growth Fund agreements entered into by CEIC/D with such bodies under the National Training Act	7,573	95,172	36,848
Sub-total	252,693	383,881	278,124

Figure 37: Details of Transfer Payments ($000) (continued)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Direct Job Creation			
Payments to municipal and other public bodies, community organizations, private groups, corporations, partnerships and individuals in accordance with agreements entered into between the Minister and such bodies in respect of projects undertaken by them for the purpose of providing employment to unemployed workers and contributing to the betterment of the community:			
Canada Works	182,648	454,093	638,013
Local Employment Assistance and Development	78,509	83,097	29,129
Job Corps	27,312	36,762	28,188
Career Access	75,385	223,785	69,001
Employment Creation	-	6,517	2,442
Sub-total	363,854	804,254	766,773
National Employment Services			
Payments to provinces, transportation companies and individuals under agreements entered into by the Minister with the provinces subject to approval of the Governor-in-Council and with corporations or individuals acting as managers of farm labour pools for the organization and use of workers for farming and related industries, including undischarged commitments under previous agreements			
Federal-provincial Agricultural Employment Development agreements	1,012	1,012	1,093
Canada Farm Labour Pools	5,994	5,994	5,231

Figure 37: Details of Transfer Payments ($000) (continued)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Payments in accordance with regulations approved by the Governor-in-Council to provinces, employers and workers in respect of labour mobility and assessment incentives	4,750	11,442	6,766
Payments in accordance with regulations approved by the Governor-in-Council to or in respect of persons who are moved from one place in Canada to another place in Canada in connection with the Mobility Program	10,989	13,820	10,304
Payments to organizations or individuals in support of activities complementary to labour market policy			
Outreach	-*	700*	18,572
Human Resources Planning Boards	250	500	115
Business Management Development	585	832	
Options North	945	846	
Cooperative Education	1,406	1,594	
Government's contribution in respect of fishermen's benefits	194,000	164,000	140,147
Sub-total	219,931	200,740	182,228
Total contributions	836,478	1,388,875	1,227,125
Total transfer payments	857,955	1,572,451	1,271,750

* The figures have been revised to reflect a change in the method of funding the Outreach Program. Resources are now displayed as operating expenditures.

B. Cost Analysis

Figure 38 shows the total cost of the Program. Revenue credited to the Vote consists of the costs of the Program recovered from the Unemployment Insurance Account in accordance with the Unemployment Insurance Act. Other costs are for accommodation provided by the Public Works Canada ($8,194,000), surgical-medical insurance ($1,232,000), and other miscellaneous services provided free by other government departments ($840,000).

Figure 38: Net Cost of Program by Activity ($000)

	Expenditures 1985-86	Revenues credited to the Vote	Total Estimates 1985-86	Other Costs	Net cost 1985-86	Net cost 1984-85
Employment and Insurance	4,536,814	659,704	3,877,110	10,266	3,887,376	4,403,184

C. Direct Job Creation

1. Program Information

Details and potential effects of direct job creation programs are provided in this section. The Canada Works Program supports contra-cyclical stabilization and adjustment objectives, the LEAD Program supports local employment growth, and the human resource development objectives are met through the Job Corps, Career Access and Youth Training Option Programs.

Canada Works: The Canada Works Program is a versatile program designed to create productive, short-term jobs. The prime objective of the program is to respond to cyclical fluctuations affecting the demand for labour, but it also has the capacity to respond effectively to a wide variety of situations.

The program incorporates the useful features of a number of former initiatives, such as the use of funds for job creation under Section 38 of the Unemployment Insurance Act and the involvement of the private sector in efforts that support economic recovery.

Canada Works can support activities that will contribute to economic recovery through projects that expand and improve production capacity and build necessary infrastructure. As well, it can make valuable contributions to social service, education and recreational objectives of communities.

Private sector projects that support economic recovery and regional development are eligible under the program. While projects cannot be profit-making, various activities, such as prototype development or other pre-production work are permitted, as are undertakings that involve the maintenance, development and improvement of productive capacity.

Canada Works draws from a wide array of sponsors such as civic and fraternal organizations, recreational service clubs and private sector employers. Local governments have used the program to develop the social and economic infrastructure of communities.

The program also seeks to improve opportunities for particular labour market groups. Priority in referral to Canada Works jobs is given to those most in need of employment, such as UI exhaustees and social assistance recipients. Some labour market groups that experience severe barriers to employment are given special consideration under the program. Native people, who continue to face multiple problems in securing and maintaining employment, are provided with a separate allocation. A large portion of the funds available under the program has been used to support employment for young people.

Opportunities for these two groups, as well as for women and disabled persons, are enhanced by encouraging employers to establish a hiring plan within which goals are set for the employment of members of these groups. In the case of women, placement in occupations in which they are traditionally under-represented is promoted.

Local Employment Assistant and Development Program (LEAD): The LEAD program provides assistance that will contribute to long-term employment growth in communities where, irrespective of fluctuations in national economic activity, chronic unemployment and depressed conditions have traditionally prevailed in the past.

The guiding principle underlying LEAD is that business and employment development can be appropriately carried out from a community-based perspective. By involving individuals and groups who live and work in the community to plan and carry out activities that will, in a considered, step-by-step process, lead to improvements in the economic infrastructure and ultimately, the support of viable ongoing businesses, the creation of permanent employment can be secured. Funds available under the LEAD program can be directed to the support of projects and/or corporations.

LEAD corporations are eligible to receive contributions for operating costs and to receive grants for investing in local businesses which can generate new and ongoing jobs. A LEAD corporation is a community-based, non-profit, business-led organization which assists communities with chronic unemployment in building long-term economic strategies that will create permanent job opportunities. It provides counselling services and technical assistance to local entrepreneurs to help them establish new businesses or expand existing ones. It can also provide loans, loan guarantees or take equity positions in local businesses that will generate employment opportunities.

In addition, LEAD funds can be used to support projects for planning, infrastructure and/or business development. LEAD projects foster and develop local business management skills and community planning capabilities. In particular, they can assist in the establishment of businesses that will create ongoing employment. Assistance is also offered to help communities analyze their requirements, develop the communities' infrastruture and plan their job creation strategies.

Career Access Program: This is one of three job creation programs with a strong human resource development focus. With the use of wage subsidies, employment opportunities are created for individuals who experience severe difficulties in securing and maintaining steady jobs. The scope of the program is wide, and its design is so structured as to permit, within a flexible framework, a variety of innovative arrangements as well as the capacity for testing new program directions.

Program participants are able to become involved in a broad spectrum of occupations offered by a variety of employers. The program is directed primarily to groups such as the physically disabled and the employment disadvantaged. In recognition of the varying degrees of difficulty experienced by different labour market groups in their search for and maintenance of jobs, variable subsidy rates are provided.

Under the program, work situations can be tailored to fit the needs of individual participants. For example, part-time employment is permitted for those who, for medical reasons, cannot be easily engaged in full-time work. To provide added support for hard-to-place groups, the program can make contributions to community groups and associations that offer help, such as pre- and post-employment support services, to client groups.

Job Corps Program: Job Corps, like the Career Access Program, is directed toward human resource development objectives. Its main purpose is to prepare severely disadvantaged persons for labour market participation. The current emphasis of the program is on youth, but disadvantaged natives and women, disabled persons, ex-inmates and drug/alcohol abusers are also among the program's clientele. Members of these target groups have generally been unable to secure and retain employment, and have not been able to make productive use of other job preparation measures, such as CEIC/D's training programs.

Many members of these target groups are recipients of transfer payments of one sort or another, and, with the exception of most young people, their position has tended to remain unaffected by any over-all improvements in the economy. By offering an alternative to transfer payments, Job Corps can help to break down the web of dependency. In so doing, the program represents a highly cost-effective means of reducing the burden of employable but dependent groups on society as a whole.

A critical role played by the program is to marshal community resources that will set up and execute projects offering participants a mixture of counselling, work orientation, employment and supportive remedial assistance. The program has demonstrated its ability to bring together the range of financial support, technical expertise, training capability, placement and job opportunities for participants. To further this capacity, Job Corps is able to fund national groups or agencies that coordinate the implementation of a number of activities designed to assist the severely employment disadvantaged.

As well as encouraging links with the voluntary and private sector, other government programs can complement the goals of the program. The human capital investments made under Job Corps are extended and consolidated by the provision to allow graduates of the program to gain entry to the labour market with wage subsidy assistance under the Career Access Program.

Youth Training Option: The Youth Training Option, like Career Access and Jobs Corps, is directed toward human resource development. The objective of the program is to provide young people with a foundation of training and practical experience that will facilitate their transition from school to work, enable them to perform effectively in the labour market, and serve as a basis for further training throughout their adult lives. Participants must be unemployed, likely to fall within the 17-21 age group, and require the training and work experience that employers demand in an increasingly technological society.

The Youth Training Option is a collaborative effort of business, labour, and government. Private sector "managing coordinators" develop and implement a combination of on-site and off-site training and work experience lasting 39 to 52 weeks. Training will encompass life and work skills, the core skills of problem solving, communications, numeracy, and computer familiarization, and general and specific occupational skills.

Summer Student Employment Initiatives: The summer employment initiatives for students were designed to address current and future labour market requirements of students.

In 1984-85, the summer student employment programming was comprised of the following elements: human resource development measures through the Summer Career Access Program, the DND Cadet and Reserve Training Programs and the RCMP Supernumerary Special Constables Program; contra-cyclical and stabilization measures through the Summer Canada Works Program; and a job placement service for students through the Canada Employment Centres for Students network.

Summer Career Access was a wage subsidy program that provided internships for students in the public, private and non-profit sectors. The internships allowed students to test their knowledge in a work situation, develop career-related work skills and acquire the kind of work experience that would help them when they eventually made the move from school to work. Summer Canada Works provided jobs which enabled participants to gain experience while working on projects sponsored by organizations, businesses or individuals.

Canada Employment Centres for Students (CECs), are administered through the Youth Employment Directorate of the Special Groups and Affirmative Action Branch, Employment and Insurance Group. The program provides placement services for students seeking summer employment and for employers requiring temporary summer help. As well, it provides information on government employment programs for students and referrals under CEIC/D's summer student employment initiatives. CECs are funded from resources provided by Treasury Board Vote 10.

Improving the efficiency of placement services to students in some 450 CECS is measured by the year-to-year comparative changes in the number of placements recorded. Placement volumes are dependent upon both the prevailing regional economic conditions and the extent to which "Hire-A-Student" publicity and promotion is realized.

The purpose of the Native Internship Program is to increase the summer employment opportunities for native students in various facets of CEIC/D's operations, including the CECs for Students. The program is specially funded through resources provided by Treasury Board Vote 10.

2. Regrouping of 1983-84 Job Creation Programs as a Result of Consolidation

Figure 39: Regrouping of 1983-84 Program Transfer Payment Expenditures [1]

	Actual 1983-84 ($000)
Canada Works	
Designated Initiative	10,515
Canada Community Development Projects (Temporary) [2] & Special Response Feature	118,151
Community Employment Program	8,800
New Employment Expansion and Development	299,205
Canada Works	91,639
UI/Job Creation	11,552
Summer Canada [2]	98,151
Sub-total	638,013
Local Employment Assistance and Development	
Canada Community Development Projects (Developmental) [2]	--
Local Employment Assistance Program (Retention)	22,535
Local Economic Development Assistance	2,151
Local Employment Assistance and Development	6,539
Sub-total	31,225
Job Corps	
Local Employment Assistance Program (Preparation)	22,216
Youth Job Corps	5,972
Sub-total	28,188
Career Access	
Program for the Employment Disadvantaged	45,411
Portable Wage Subsidy	1,979
New Technology Employment Program	8,599
Summer Canada Internships [2]	--
Canada Community Services Projects	11,037
Career Access	1,975
Sub-total	69,001
Employment Creation	43,786
Total for Job Creation	810,213

1. The resources displayed do not include operating resources.

2. For administrative purposes in 1983-84 only, all program funds associated with the subsumed Canada Community Development Projects under LEAD ($61.422 million) and Summer Canada ($98.151 million) are displayed in Public Accounts under Canada Works.

Immigration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $115,942,000 during fiscal year 1985-86 in the operation of the Immigration Program. In addition to this amount, $9,629,000 for employee benefits will be met under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Immigration Program		
20	Operating expenditures	82,079	81,432
25	Grants and contributions	33,863	31,863
(S)	Contributions to employee benefit plans	9,629	8,662
	Total Program	125,571	121,957

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Immigration Program	
20	Immigration - Operating expenditures	82,079,000
25	Immigration - Contributions	33,863,000

Extracts from Part II of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer Payments		
Recruitment and Selection	561	19,373	22	-	19,395	14,785
Enforcement and Adjudication	1,047	42,566	48	-	42,614	47,630
Settlement	62	3,308	13	33,863	37,184	36,421
Refugee Status Advisory Committee	26	1,653	35	-	1,688	1,922
Program Administration	533	24,405	285	-	24,690	21,199
	2,229	91,305	403	33,863	125,571	121,957

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Voted Budgetary Expenditures	$	$	$
Vote 20 - Immigration - Operating expenditures	77,779,000	85,093,511	82,436,291
Vote 25 - Immigration - Contributions	30,495,000	30,556,721	27,849,191
	108,274,000	115,650,232	110,285,482
Statutory Budgetary Expenditures			
Contributions to employee benefit plans	8,166,000	9,089,000	9,089,000
Refund of amounts credited to Revenue in previous year		33,805	33,805
	8,166,000	9,122,805	9,122,805
	116,440,000	124,773,037	119,408,287

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Immigration levels are based on the calendar year and reflect the annual report that is tabled in Parliament. For 1985, the Immigration Program has the following objectives:

- to admit 85,000 to 90,000 immigrants made up of 11,000 government-sponsored refugees, 4,000 privately-sponsored refugees, 5,000 to 8,000 persons under special humanitarian programs, 5,500 to 6,500 selected workers and 2,200 entrepreneurs or self-employed persons; (for definitions of immigrant categories, see p. 4-44); the remainder is made up of family class immigrants plus the spouses and dependents of selected workers, business immigrants and retirees; and

- to admit students, temporary workers and other visitors; in 1985 Immigration should issue and/or extend 130,000 employment authorizations, and 93,000 student authorizations while admitting up to 35 million visitors over all.

Operationally, Immigration has the following goals:

- to carry out Canada's international responsibilities towards refugees and other humanitarian cases by processing a projected 6,500 requests for refugee status in Canada;

- to ensure that inadmissible persons do not enter or remain in Canada, by conducting a projected two million secondary examinations on the 35 million persons who are seeking to enter Canada, and carrying out 70,000 investigations of persons suspected of being in violation of the Immigration Act once they have entered Canada;

- to facilitate the early adaptation of immigrants in Canada by providing adjustment assistance to recently arrived indigent immigrants at a cost of $30,719,000, while providing up to a further $3,144,000 for settlement and adaptation services;

- to improve the efficiency and effectiveness of the Immigration Program delivery process by continuing the development and implementation of the Field Operational Support System (FOSS); and

- to prepare recommendations for the Minister on approximately 4,000 refugee status claims and dealing quickly and effectively with an ever-increasing backlog of outstanding refugee status claims, by reducing the time taken to process initial committee decisions on claims.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Recruitment and Selection	19,395	18,760	635	4-21
Enforcement and Adjudication	42,614	44,904	(2,290)	4-24
Settlement	37,184	35,166	2,018	4-30
Refugee Status Advisory Committee	1,688	1,700	(12)	4-34
Program Administration	24,690	23,825	865	4-38
Total	125,571	124,355	1,216	
Person-years	2,229	2,301	(72)	

* There has not been any significant change from the 1984-85 Main Estimates. The 1984-85 forecast is $2.4 million or two per cent more than the 1984-85 Main Estimates of $122 million (Extracts from Part II of the Estimates, page 4-4).

Explanation of change: The financial requirements for 1985-86 are one per cent or $1.2 million higher than the 1984-85 forecast expenditures. This is primarily due to increases in personnel costs and in the contributions for the settlements of immigrants, offset by a decrease in resources related to the enforcement activity due to the new visitor visa requirements.

B. Recent Performance

1. Highlights

The highlights of Program performance for 1983-84 were as follows:

- the admission of immigrants to Canada during the 1983 calendar year was 89,034, a shortfall of 15 per cent from the level set, due to the decrease in family class and independent applications;

- a total of 8,961 of a forecast 10,000 government-sponsored refugees were admitted; the shortfall was due to a decline in Eastern European refugees and the problems associated with developing resettlement programs in Africa and Middle East; also, there was an increase in special humanitarian admissions of persons not meeting the refugee and designated class definition;

- a total of 6,407 selected workers were admitted; the 1982 measures restricting the admission of selected workers to those with approved job offers, have proved to be successful;

- a total of 12,524 entrepreneurs, self-employed persons, retirees and their families were admitted, as well as persons admitted for special humanitarian reasons, thereby showing the success of attracting business immigrants as well as the flexibility of our humanitarian programs;

- the number of students and temporary workers admitted increased by five per cent and 10 per cent respectively over the previous year; and

- the problem of outstanding refugee claims in Canada was eased by the imposition of visitor visas on countries such as India, Sri Lanka and Bangladesh, and to a lesser degree because of late implementation (March 14, 1984) on Jamaica, Guyana, Guatamala and Peru; this resulted in a fewer number of refugee claims being made in Canada.

The Immigration Program's performance against its stated operational goals for 1983-84 is as follows:

- in relation to carrying out Canada's international responsibility towards refugees and other humanitarian cases,

  - the total number of approved requests outside of Canada for refugee status was 92 per cent of the projected volume of 5,000;

- in relation to ensuring that inadmissible persons did not come into or remain in Canada,

  - the actual number of investigations in 1983-84 was 71,000; this corresponds well with the projected figure of 74,000, the variance being less than five per cent;

  - a total of 1.9 million secondary examinations were carried out; this volume is similar to preceding years, but is below the estimate of 2.5 million; the decline was due to fewer persons seeking to enter Canada as well as better selection by primary examination officers; and

  - the total number of extensions and authorizations processed was 96 per cent of the projected volume of 232,000;

- in relation to facilitating the early adaptation of immigrants in Canada,

  - the Adjustment Assistance Program's budget for 1983-84 was $27.3 million; however, a number of cost saving measures initiated by the national headquarters Settlement Branch at the beginning of the fiscal year allowed Immigration to fulfill its obligations to the program at a total cost of only $24.7 million;

- in relation to improving the efficiency and effectiveness of the Immigration Program delivery process,

  - the Field Operational Support System (FOSS) started Phase III of its development; the User Requirements document was prepared and a Treasury Board submission was made; a preliminary automated registry became operational in March 1984 at four Canada Immigration Centres (CICs) in Montreal: to facilitate this early registry implementation, the Status Entry module was given a lower priority and will be implemented in 1985-86; and

  - the problem of outstanding refugee status claims was eased by the imposition of visitor visas on certain countries as noted on the previous page; this resulted in lower numbers of refugee claims being made, and also a new procedure for dealing with refugee claims is in the development stage.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Recruitment and Selection	17,705	562	14,065	472	3,640	90
Enforcement and Adjudication	46,976	1,053	45,280	1,163	1,696	(110)
Settlement	30,314	63	34,837	100	(4,523)	(37)
Refugee Status Advisory Committee	1,294	23	1,671	23	(377)	-
Program Administration	23,119	548	20,587	456	2,532	92
Total	119,408	2,249	116,440	2,214	2,968	35

Explanation of Change: The prime cause of overutilization of resources in the Immigration Program in 1983-84 was the cost of servicing the backlog of people in Canada seeking refugee status, as well as increased detention and deportation costs for persons seeking to enter or remain in Canada illegally. The need to deal with this growing volume as well as an increase in the number of students and temporary workers has precluded, as expected, a shift in emphasis from Recruitment and Selection to Enforcement activities.

In addition, the program used 36 person-years under the Summer Canada program which were funded by transfers from the Treasury Board Vote 10 - Employment Initiatives.

C. Background

1. Introduction

The Immigration Program recruits, admits and helps in the adaptation of people deemed suitable residents, citizens, workers and visitors for Canada, and protects Canadians against the entry of undesirable non-Canadians. In these endeavours CEIC/D works with federal government departments, the provinces and the private sector. The primary federal departments with which the Immigration Program is involved are:

- External Affairs, which provides immigration services abroad;
- Revenue Canada (Customs), which provides primary immigration inspection at points of entry to Canada;
- Solicitor General (RCMP), which has been traditionally responsible for the prosecution of immigration violations on behalf of CEIC/D, and for liaison on security matters;
- Health and Welfare, which is responsible for assessing the medical histories of those classes of persons requiring medical examination before being admitted to Canada, and for providing non-insured medical services to immigrants on arrival in Canada; and
- Secretary of State, which is responsible for the longer-term social and cultural integration needs of immigrants.

2. Legal Mandate

The legislation which guides CEIC/D in immigration matters is the Immigration Act, 1976 and Immigration Regulations, 1978.

3. Program Objective

The program objective is to administer the admission of immigrants and visitors in accordance with the economic, social and cultural interests of Canada.

4. Program Organization for Delivery

Activity Structure: The Immigration Program is divided into five activities:

- Enforcement and Adjudication covers the tasks associated with the examination of all persons entering Canada and the exclusion of certain persons in order to protect Canadians from undesirable non-Canadians;

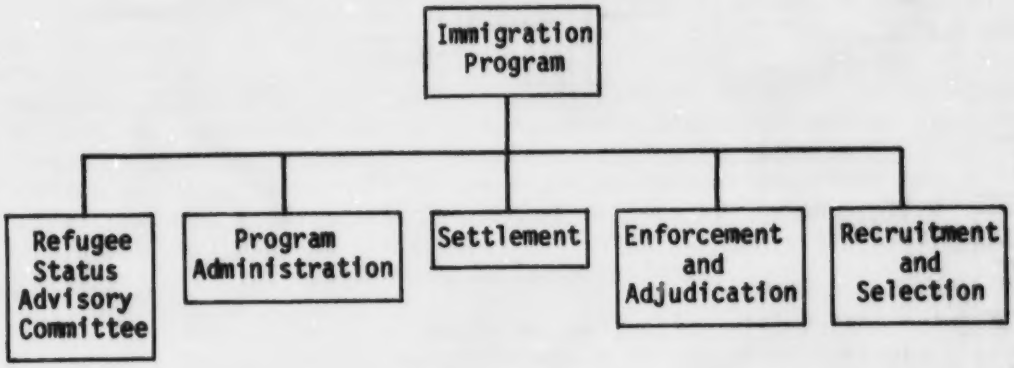
- Recruitment and Selection addresses the functions necessary for attracting immigrants as suitable future residents and citizens of Canada;

- Settlement is concerned with the adaptation of immigrants and refugees into the social, economic and cultural life of Canada;

- Program Administration provides the support services and coordination needed to ensure effective and efficient use of resources; and

- the Refugee Status Advisory Committee (RSAC) reviews all claims for refugee status in Canada and advises the Minister on whether the claimants are Convention refugees; although the RSAC is included within the activity structure of the Immigration Program for funding purposes, it is an independent advisory body to the Minister.

Figure 3: Activity Structure

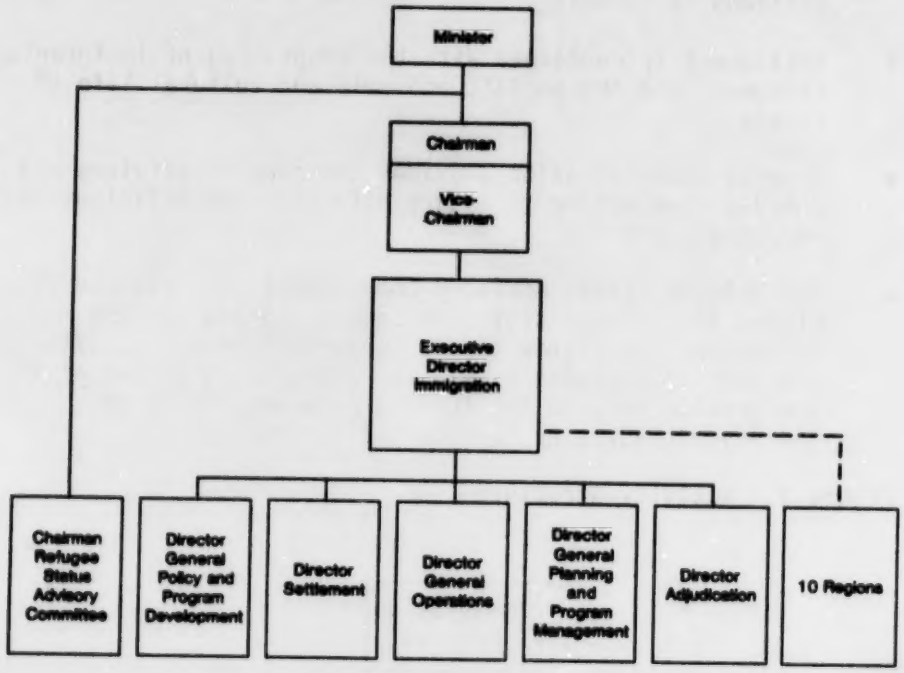


Organization Structure: Immigration operations are highly decentralized. Of the approximately 2,200 personnel, over 2,000 are located in 10 regional offices and 106 CICs across the country.

The five branches at national headquarters develop policies and systems to provide for the efficient and uniform application of the Immigration Act and associated regulations.

The 10 Regional Executive Directors/Directors General, through the Directors of Immigration, are responsible for the application of policies, systems and procedures relating to the government's immigration policy.

Figure 4: Resources by Organization/Activity ($000)



	Chairman Refugee Status Advisory Committee	Director General Policy and Program Development	Director Settlement	Director General Operations	Director General Planning and Program Management	Director Adjudication	10 Regions	Total
Program Administration 533 P-Y					7,089		17,601	24,690
Recruitment & Selection 561 P-Y		1,187					18,208	19,395
Enforcement & Adjudication 1,047 P-Y				3.429		484	38,721	42,614
Settlement 62 P-Y			676				36,508*	37,184*
Refugee Status Advisory Ctee 26 P-Y	1,688							1,688
	1,688	1,187	676	3.429	7,089	484	111,038	125,571

*Includes $33,863 for Contributions.

D. Planning Perspective

1. Environment

The overall aims of the Commission/Department include realizing the full potential of Canada's human resources and furthering the effective operation of the labour market in meeting occupational shortages and overcoming specific bottlenecks related to workers' skills. Immigration policy for the target period will continue to balance Canada's economic interest with its social and humanitarian commitments. The CEIC/D is committed to a 'Canada First' policy which emphasizes admitting skilled workers only when workers with needed skills cannot be found within Canada.

A three-year immigration planning cycle, which allows for annual reviews and adjustments, is now in operation. The present plan maintains Canada's role as a main immigrant-receiving country. The magnitude and composition of immigration is determined by a variety of domestic and international factors. The plan announced on November 20, 1984 calls for immigration levels of 85,000 to 90,000 in calendar year 1985.

The views of the provinces and non-governmental organizations will be key domestic influences, as will conditions in the labour market and the increasingly closer working relationship of the CEIC/D with employers. A marked slowdown in domestic labour-force growth (expected to continue beyond 1987-88) will enhance the attractiveness of skilled foreign workers once domestic labour-market demand picks up. This portion of immigration will be increased or reduced according to infrastructural considerations and such matters as the absorptive capacity of private and governmental services for immigrant settlement, and educational and health-care delivery systems.

A key international influence on immigration will be the refugee situation. Because of the volatile nature of the global refugee picture, consultations with the United Nations High Commissioner for Refugees and with refugee-receiving nations will continue. This will ensure that any planning, necessarily of a short-term nature, will meet both international and Canadian interests.

Another important aspect of immigration policy relates to the admission of students, temporary workers and other visitors to Canada. The number of students admitted annually is based on provincial priorities and goals of different educational institutions across the country. The admission of temporary workers is determined by employer requirements which cannot be met within the domestic labour force, together with reciprocal exchange arrangements with other countries.

Canada's attractiveness in much of the world means that it will continue to receive immigrants by legal or non-legal means. It is foreseen that persons in the inquiry process will continue to make use

of the refugee provisions of the Immigration Act in order to remain and find employment in Canada for lengthy periods of time. Effective action to ensure enforcement of the Immigration Act is a continuing requirement, with high priority given to preventative measures.

A slowdown over the short term in the growth of the Canadian economy, employment and personal income, coupled with continued high levels of unemployment, will continue to place greater public demands on tax-supported programs in the public and private sectors. This is likely to result in increased federal settlement costs, both directly and indirectly, as other levels of government and the voluntary sector offset their escalating expenditures by cutting back on settlement services and/or exerting pressure for increased federal support. In addition, the liberalization of the refugee determination guidelines has led to higher volumes of refugee claims and a greater number of indigent claimants seeking federal financial assistance for longer periods of time. These pressures will force increasing attention on administrative practices to improve the system of determining refugee status.

2. Initiatives

In 1985-86, the following initiatives will be emphasized. These are related to immigrant settlement, preventive enforcement, refugee policy review, and improved quality of service in program delivery.

Immigrant settlement: Continuing priority will be assigned to efforts leading to early placement, the maintaining of activities leading to the economic settlement of newcomers, particularly refugees, and the emphasis on knowledge of and access to community services.

While new initiatives regarding language training have not been addressed, the matter continues to be an issue and could require some resourcing in 1985-86.

For further details on settlement, see pages 4-30 to 4-33.

Preventive Enforcement: In the past, Immigration has relied on the imposition of visas to limit the scope of potential problems. Building on the international conference held in 1984, Immigration will begin in 1985-86 to take a strategic approach to enforcement through international cooperation, this will allow an easier exchange of information and methodology. Inherent in this international cooperation is increased cooperation with airlines. As part of the Immigration Program is carried out by External Affairs, a joint enforcement strategy will be developed for overseas operations.

For further details on enforcement, see pages 4-24 to 4-29.

Refugee Policy Review: The Commission has adopted a strategy to deal with the increased number of refugee claims in Canada, the development of delays in reviewing such claims, and the attendant increase in costs and abuse of the system by fraudulent claimants. Action is being taken to deploy existing resources to process the backlog. A report has been commissioned from Rabbi Plaut to deal with the long-term implications. The report will probably result in a two-pronged approach: (1) new policies and legislation to govern the future, and (2) a methodical approach to eliminating the backlog.

Improved quality of service: The continued development of the automated Field Operational Support System (FOSS) will remain a high priority in 1985-86. FOSS is an on-line information network for local Canada Immigration Centres (CICs), airports and border points. It contains case status information, and has update capability. The development and implementation of FOSS III is currently planned over a four-year period starting in 1983-84 and ending in 1987-88 at a cost of $7,809,100. The approved activities for 1985-86 are the installation of national status entry, status query, national registry and a pilot project for full document entry in the British Columbia region.

3. Update on Previously Reported Initiatives

Immigration settlement: A major review of policies and programs resulted in a change of parameters for the Immigration Settlement and Adaptation Program (ISAP). The consultative process with provinces produced a framework paper representing the views and needs of the provinces and territories. CEIC/D expects the provinces to respond to a call for consultation on issues of policy coordination, and the resolution of certain operational problems.

Preventive enforcement: The imposition of visas has proved effective in preventing the entry of inadmissible persons to Canada while not causing any reduction in legitimate visitors to Canada.

Refugee Policy Review: A study on refugee policy is being carried out. A final report should be received by the end of January 1985. This may result in a request for further funding to carry out the initiatives suggested in the report in order to obtain a system that is fair, fast and affordable.

Improved quality of service: The automated FOSS III registry was implemented fully in October 1984 and completed the registry system in Montreal at a cost of $150,000. Data conversion was started for 14 registries in Canada and detailed design was initiated for the status entry module.

4. Program Effectiveness

Six areas are examined when assessing effectiveness in fulfillment of the Immigration Program's objective. Three are directly related to the planning of immigration levels and can be summarized as follows.

Social Aims: The reunification of families, through family-sponsored and independent immigration, supports the federal government's commitment to the maintenance of the family unit in Canada. As the separation of immediate family members can create hardship and severe stress, maintenance of the family unit is an important step in ensuring the social stability of immigrants.

Humanitarian Aims: Through its refugee policy and programs, Canada has continued to support the humanitarian objective of its immigration policy, and to fulfill its international legal and moral commitments.

Economic Aims: Canada accepts immigrants who make a significant contribution to the economy and fill labour market needs that cannot be met within Canada. The entry of those applicants is governed by specific selection criteria and is oriented to choosing workers for the labour market and attracting entrepreneurs who will create new job opportunities for Canadians and permanent residents.

Careful balancing of social, humanitarian and economic goals is maintained through extensive consultation with the various levels of government and the private sector. The three-year planning cycle for immigration, with annual reviews and any necessary adjustments, facilitates consultation and enhances effectiveness. The three-year planning horizon also helps the provinces determine future needs and resource allocations in such areas of provincial jurisdiction as education, housing and social services.

The refugee and designated class component is planned for one year because of the volatility of the world refugee situation.

The following chart indicates how classes of immigrants relate to the social, humanitarian and economic goals within the over-all plan for the admission of 85,000 to 90,000 immigrants in calendar year 1985.

Figure 5: Program Effectiveness Measures

Objective	Principal Component	Control Variable	1985 Levels
Social	Family class	- Demand by relatives in Canada - Definition of eligibility - Financial capacity of sponsor	45,000
Humanitarian	Refugee, designated classes and persons admitted under Special Programs	Eligibility governed by refugee definition, by Designated Class Regulations and Special Programs.	20,000 to 23,000
Economic	Selected workers, business immigrants	Intake planned annually on 3-year basis. Controlled by selection criteria and job validation procedures	5,500 to 6,500
Total	The over-all level comprises all of the above, plus spouses and dependents of selected workers and retirees.		85,000 to 90,000

The other three areas where effectiveness of the program is measured are as follows.

Enforcement: Immigration legislation must be enforced to ensure that inadmissable persons do not come into or remain in Canada. A large part of the Immigration Program resources are expended on numerous prevention-oriented activities. The preventive, control, and investigative measures taken by the CEIC/D are comprehensive and under continuing review to ensure that Canadian society is protected from undesirable non-Canadians. Specific activities and results are outlined in Section II (pages 4-24 to 4-29).

Settlement: A potential immigrant's likelihood of adapting to Canadian society is always considered during the recruitment and selection phase. In addition, a comprehensive strategy is being developed to ensure that basic services which help recent arrivals become established are made available to all immigrants through ISAP.

These service initiatives will be the result of cooperation and participation with other federal departments and provincial governments, and the mobilization of activities by community groups. Further information on ISAP and other settlement activities appears in Section II (pages 4-30 to 4-33).

Admission of Students and Temporary Workers: In facilitating the admission of students, CEIC/D responds to the wishes of educational institutions across the country, and to the goals and priorities set by individual provincial governments. CEIC/D regulates the admission of temporary workers so that employers having seasonal or other temporary vacancies are given access to foreign temporary workers, provided that no Canadian citizens or permanent residents are available to accept the vacancies or to be trained for them. This ensures that employers' needs are filled through foreign sources only when it has been determined that their entry has no negative effect on the Canadian job market.

Section II
Analysis by Activity

A. Recruitment and Selection

Objective

To develop policies and programs that regulate the volume and composition of immigrant and non-immigrant movement to Canada from abroad and to implement these policies in Canada.

Resource Summary

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Recruitment and Selection	19,395	561	18,760	563	17,705	562

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	16,063	83	15,590	83	15,035	85
Contributions to employee benefit plans	2,276	12	2,059	11	2,094	12
Transportation and communications	466	2	566	3	196	1
Professional and special services	356	2	368	2	289	1
All other operating costs	234	1	177	1	91	1
Total	19,395	100	18,760	100	17,705	100

Past Financial Performance

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Recruitment and Selection	17,705	562	14,065	472	3,640	90

Description

Recruitment and Selection activities are directed to planning, implementing and managing the level of immigration, the composition of the immigrant movement (immigrants admitted for social, humanitarian or economic reasons), and the numbers and composition of various non-immigrant categories. These include temporary foreign workers, foreign students and tourists. Recruitment and Selection activity abroad is carried out by the Department of External Affairs.

Immigration levels and components are planned for a three-year period. These are based on extensive annual consultations with provincial governments, labour and management organizations, religious institutions and other non-governmental agencies.

The levels are approved by Cabinet and a new three-year plan is presented to Parliament by the Minister each year. Policies relating to non-immigrant programs are developed continually in consultation with relevant private and public organizations.

Recruitment and Selection policies are developed at national headquarters with input from the regional offices. The involvement of field personnel in Recruitment and Selection activities entails on the examination and approval of sponsorship applications within Canada, the landing of immigrants within Canada when humanitarian or compassionate grounds exist, the approval of certain types of arranged employment for independent applicants abroad and transactions concerning the status in Canada of temporary workers and students.

Performance Information/Resource Justification

The major indicators of work load for the activity are presented in Figure 9. The need to provide service and control in many smaller urban centres contributes to a problem in terms of fixed resources versus productivity. The uneven distribution of work and resources leads to varying levels of efficiency and reduces flexibility in reacting to work load changes.

Figure 9: Work Load by Major Indicator

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Refugee claims	6,500	5,600	4,600
Immigrant applications	59,410	64,887	62,391
Extensions and authorizations	223,000	239,303	221,683
Person-years	561	563	562

The controlled decline in independent immigrants who in turn tend to sponsor their relatives, together with the recent economic slowdown which has made it more difficult to afford to sponsor relatives from abroad has resulted in fewer immigrant applications. Also, a system of long-term (up to three years) visitor applications has been introduced and this has lowered the number of authorizations that need to be issued.

Finally, refugee claims made in Canada were more numerous than predicted. As a result, it has been necessary to increase the estimates of work load in this complex and time-consuming task.

In 1985-86, the work load for this activity within Canada is expected to remain relatively stable as indicated in the above figures. Ninety-five per cent of the person-years utilized in this activity are located in the regions and are directly involved with immigrants, temporary workers and students in Canada. An estimated 223,000 authorizations and extensions will be issued for temporary foreign workers and foreign students.

B. Enforcement and Adjudication

Objective

To provide management and support of activities for the protection of Canadians against undesirable non-Canadians.

Enforcement: Specific goals and initiatives include the following:

- to administer the provisions of immigration law relating to the movement and examination of all people seeking admission to Canada and the detection and exclusion or removal of people who fall under inadmissible classes, by
  - reducing the movement of inadmissible persons to Canada through the development and implementation of preventive strategies in Canada and overseas;
  - ensuring that the human rights of all individuals subjected to enforcement action are adequately safeguarded;
  - increasing operational efficiency by facilitating the examination and control of all persons seeking to enter Canada at all ports of entry; and
  - improving consistency in the application of enforcement activities throughout Canada.

Adjudication: The specific goal is as follows:

- to conduct immigration inquiries and release hearings fairly and efficiently in accordance with the rules of natural justice and the Immigration Act and Regulations.

Resource Summary

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Enforcement	37,899	951	41,061	990	42,773	958
Adjudication	4,715	96	3,843	78	4,203	95
Total	42,614	1,047	44,904	1,068	46,976	1,053

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	34,507	81	34,457	77	33,307	71
Contributions to employee benefit plans	4,783	11	4,380	10	4,535	10
Transportation and communications	1,868	5	2,055	5	2,588	5
Professional and special services	1,380	3	3,916	8	6,370	14
All other operating costs	76	-	96	-	176	-
Total	42,614	100	44,904	100	46,976	100

Past Financial Performance

Figure 12: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Enforcement	42,773	958	41,693	1,086	1,080	(128)
Adjudication	4,203	95	3,587	77	616	18
Total	46,976	1,053	45,280	1,163	1,696	(110)

Description

The Enforcement and Adjudication activity consists of the following two sub-activities.

Enforcement: This sub-activity involves the application and enforcement of immigration law at ports of entry within Canada, as it relates to the entry, stay and removal of persons from Canada.

It includes managing and supporting activities to protect Canadians against undesirable non-Canadians and, more specifically, administering the provisions of the Immigration Act and Regulations relating to examination, apprehension, detention, inquiries and

prosecutions; examining all people coming into Canada (visitors, immigrants and returning residents); investigating immigration violations; representing the Minister at inquiries; processing immigration appeals; and arranging the departure of those ordered removed.

Adjudication: Adjudicators are required to conduct inquiries and release hearings fairly and efficiently in accordance with the Immigration Act and Regulations and the rules of natural justice.

When people are refused entry to Canada or asked to leave once here, inquiries are held to determine whether they will be allowed to enter or remain in this country.

Adjudicators review the detention of persons detained pursuant to the Immigration Act where that detention exceeds 48 hours, and review it once every seven days thereafter.

Inquiries and release hearings are quasi-judicial and adversarial in nature. Decisions made by adjudicators may be reviewed by the Federal Court of Canada, and, in some instances, by the Immigration Appeal Board.

In order to conduct inquiries forthwith and review detentions within the time-frames required by the Act, adjudicators are located in 14 locations across Canada.

Performance Information/Resource Justification

Enforcement: There are five major indicators of work load for this sub-activity. In several areas, the volume of work that materialized during 1983-84 varied from the estimated work load. In the case of secondary examinations, a return to annual growth in visitor traffic, which had been the case until recent years, did not occur in 1983-84 as anticipated. In fact, there were 10 per cent fewer foreign visitors (other than U.S. citizens) and virtually no growth occurred in the number of Americans entering Canada, all of which meant fewer than expected secondary examinations.

Although total visitor traffic declined slightly in 1983-84, the volume of reports on persons seeking to come into Canada (Section 20(1) Reports) climbed past the estimated figure. This occurred because Canada continued to attract many persons, principally from Third World countries, who sought to avail themselves of Canada's refugee claim provisions. It is also true that Immigration officers may exercise discretion and either complete a Section 20(1) Report against an inadmissible person or allow that person to withdraw from Canada without writing a report. Volume variances may reflect regional differences in the use of this discretion.

In 1985-86 some 30 to 35 million visitors are expected to come to Canada; approximately two million will be examined by immigration officials. In addition, some 70,000 immigration investigations will be completed with 5,700 removals expected. Resource levels are determined for the most part by comparing historical and projected work load. However, the requirement to provide service and control at numerous small ports of entry, and on a 24-hour basis at certain points, creates a problem in terms of fixed resources versus productivity. The uneven distribution of work load and resources leads to widely disparate levels of efficiency and also reduces flexibility in reacting to work load changes.

Figure 13: Enforcement Work Load

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Secondary examinations	2,045,120	2,073,250	1,924,577
Section 20(1) reports	26,140	19,850	24,887
Investigations	69,920	74,060	71,004
Cases presented	12,760	12,260	12,805
Removals effected	5,630	4,550	6,391
Person-years	951	990	958

Adjudication: The work of the Adjudication Directorate is measured in terms of the number of inquiries and detention review hearings conducted.

Figure 14: Adjudication Work Load

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Inquiries concluded	9,500	9,000	9,180
Inquiries in progress	11,000	12,700	10,744
Detention review hearings conducted	4,800	5,500	7,442
Person-years	96*	78	95

* Includes 18 person-years for support services which were previously charged to other activities.

As one of the goals of the Directorate is the termination of inquiries by rendering decisions, productivity can be expressed in terms of the number of inquiries concluded per adjudicator-day available. In 1983-84, 0.95 decisions were reached per adjudicator-day available, an improvement over the 1982-83 rate of 0.88. Our national goal remains 1.0 conclusion per adjudicator-day available, but the growth of inquiries in progress (adjournments), which is described below, prevented the Directorate from meeting that goal in 1983-84. For the same reason this goal will not be met in 1984-85. The total number of inquiries concluded during 1983-84 exceeded that of 1982-83. This was achieved through the extensive use of overtime during the past summer and fall in order to deal with the growing work load, particularly in Quebec.

The continued growth of inquiries in progress during 1983-84 was a direct result of the increasing number of refugee claims made at inquiries. This figure should peak in 1984-85. While approximately 64 per cent of all inquiries opened during the first quarter of 1984-85 were adjourned for refugee claims, the introduction of visa requirements for four countries which were producing high volumes of claims should result in an improvement in the situation during 1984-85. These new visa requirements should permit the number of inquiries concluded to grow further as the pressure of new cases is lessened.

The number of detention review hearings in 1983-84 exceeded that of 1982-83 because of the increased volume of refugee claimants as well as general economic conditions. The expected decrease of refugee claims at inquiries during this fiscal year will result in a reduction of the number of detention reviews for 1984-85. Because of the length of adjournments for refugee claims, the number of detention review hearings will not return to pre-1982-83 levels.

Because of the changing demand patterns it has been necessary in the past to shift person-years between field offices, close offices and restructure geographic responsibility areas. During 1983-84, the Directorate closed two offices and reduced the staff of a third office in order to meet the demands at other localities. Increased volumes have limited the flexibility needed to respond to future changes in demand patterns.

The other goal of the Directorate is to render decisions fairly in accordance with the Act and Regulations and the rules of natural justice. A measure of the effectiveness of this function is the number of decisions overturned by the Federal Court of Appeal as a percentage of the number of inquiries concluding with a removal order or a departure notice. The percentage of these inquiries that are appealed to the Federal Court is a general measure of the acceptance of adjudicators' decisions. Given the time lag between the conclusion of an inquiry and the decision of the Court, these figures are measured on a cumulative three-year rolling average. While the percentage of decisions appealed is expected to continue to rise, the percentage of decisions overturned should remain low.

Figure 15: Concluded Inquiries Appealed and Overturned

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Percentage of decisions appealed	7.2	6.8	4.3
Percentage of decisions overturned	0.25	0.25	0.18

C. Settlement

Objective

To facilitate the adaptation of immigrants, including refugees, to the social, economic and cultural life of Canada through services provided by federal, provincial and municipal governments, and voluntary organizations. Within this objective, specific targets include the following:

- the average cost per recipient on the Adjustment Assistance Program should not exceed $2,900;
- the average cost per recipient on the Immigrant Settlement and Adaptation Program should not exceed $30; and
- the average time clients receive adjustment assistance should not exceed 10 months.

Resource Summary

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Settlement	37,184	62	35,166	62	30,314	63

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	2,024	5	1,953	6	1,961	6
Contributions to employee benefit plans	270	1	242	1	275	1
Transportation and communications	185	-	189	-	78	-
Professional and special services	581	2	650	2	61	-
All other operating costs	261	1	269	1	90	1
Contributions	33,863	91	31,863	90	27,849	92
Total	37,184	100	35,166	100	30,314	100

Past Financial Performance

Figure 18: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Settlement	30,314	63	34,837	100	(4,523)	(37)

Description

The Settlement activity consists of the following three national programs.

The Adjustment Assistance Program (AAP) provides contributions and loans to recently arrived indigent immigrants to ensure their basic needs of life are met until economic self-sufficiency is attained. The AAP also provides contributions to pay the cost of transportation to Canada of handicapped refugees and their dependents.

The Immigrant Settlement and Adaptation Program (ISAP) provides settlement and adaptation services to immigrants on their arrival in Canada, through financial assistance to voluntary organizations. Persons eligible to receive services must be permanent residents or persons to whom the Commission intends to grant permanent resident status, regardless of their length of residence in Canada. Access to service is controlled through the purchase of selective and direct settlement services deemed essential and useful only to newcomers and designed to meet needs normally associated with the first year of settlement.

The Transportation Loan Program facilitates the admission of prospective immigrants by providing recoverable loans to pay the costs of their transportation to Canada.

Performance Information/Resource Justification

AAP and ISAP: Approximately 91 per cent of the Settlement activity's expenditures of $37.2 million in 1985-86 is for contributions, to provide financial assistance to recently arrived indigent immigrants and voluntary organizations that assist immigrants in their adaptation to Canada. Figure 19 presents the expected cost per immigrant for AAP. It also includes the average length of time immigrants are in receipt of assistance under AAP.

Figure 19: Adjustment Assistance and Immigration Settlement and Adaptation Programs

	Actual 1982-83	Actual 1983-84	Forecast 1984-85	Estimates 1985-86
Total contributions	27,652,000	27,849,000*	31,863,000	33,863,000
AAP				
Average cost	2,513	2,461	2,872	2,793
Average time (months)	6.9	7.7	7.5	7.5
Program cost	24,763,000	24,636,000	28,719,000	30,719,000
ISAP				
No. of contracts	134	136	121	120
Program cost	2,889,000	3,151,000	3,144,000	3,144,000

* Includes $62,000 expended under the New Employment Expansion and Development Program

In March 1982 several cost-saving measures were implemented to ensure better financial control of the AAP. These measures, coupled with the review and clarification of operation guidelines, resulted in a reduction in the average cost per AAP recipient from $2,513 in 1982-83 to $2,461 in 1983-84. These savings were achieved in spite of an increase in the average period of receipt from 6.9 months to 7.7 months over the corresponding period.

In an effort to keep the average cost per recipient down, and to reduce the average length of time a person is in receipt of assistance, a number of new proposals are being considered. One of these proposals deals with the concept of "host families". Under this arrangement small grants of $500 from the Adjustment Assistance Program would be given to community organizations when families within their membership agree to assist local Commission officials in settling government-sponsored refugees. It is believed that this approach will lead to a faster and more successful integration of the refugee, thus reducing longer-term social and economic cost. Therefore, as a result of the "personal" integration that a host family will be able to provide, the CEIC/D should continue to achieve its integration objectives at no additional cost to the AAP. At present, consultation is continuing and it is expected that the concept will be piloted in January 1985. Further pilots studies will be undertaken during 1985-86 and, depending on the results, it is anticipated that the host family concept will be implemented in 1986-87.

Transportation Loan Program: Loans are issued to immigrants and refugees to cover the costs of their transportation to Canada and, under the Admissibility Program, to pay the cost of their medical examinations. Section 121(1) of the Immigration Act, 1976 authorized the Minister of Finance to provide $60 million to the Minister of CEIC/D for this purpose. The amount of loans outstanding at any one

time cannot exceed this limit. Loans are interest-free to refugees and members of designated classes; other recipients are charged interest at a rate established annually by the Department of Finance. The rate for calender year 1984 is 10.65 per cent. As of August 30, 1984, there were 42,652 loans outstanding, amounting to $45.9 million. The Transportation Loan Program is recorded in the Public Accounts of Canada under the title of Assisted Passage Scheme.

The rate of recovery of outstanding loans is approximately $1 million per month. For fiscal year 1983-84, a total of 9,277 loans were made amounting to $13,699,144. There are no means available to accurately forecast future dollar requirements or the number of loans, because the use of the fund is based on the need for assistance.

D. Refugee Status Advisory Committee

Objective

To fulfill Canada's international legal obligations with respect to refugees, as established by the Immigration Act, 1976.

Resource Summary

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Refugee Status Advisory Committee	1,688	26	1,700	31	1,294	23

Figure 21: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	1,037	61	1,003	59	793	61
Contributions to employee benefit plans	143	8	129	8	112	9
Transportation and communications	130	8	149	8	112	9
Professional and special services	309	19	350	21	258	20
All other operating costs	69	4	69	4	19	1
Total	1,688	100	1,700	100	1,294	100

Past Financial Performance

Figure 22: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Refugee Status Advisory Committee	1,294	23	1,671	23	(377)	-

Description

The Refugee Status Advisory Committee (RSAC) was established to advise the Minister on cases where people claim Convention refugee status (Immigration Act 1976, Section 48(1)). As a signatory to the Geneva Convention in 1951 and its 1967 protocol, Canada adheres to the principle that non-Canadians within our territory or at our ports of entry will not be returned to a country where they have "a well-founded fear of persecution".

RSAC members consider each claim for refugee status individually and provide recommendations to the Minister, or his/her delegates, on whether the claimant qualifies as a Convention refugee. In assessing each claim, members consider the testimony of the individual, conditions within the country of origin, the definition of Convention refugee (in the Immigration Act, 1976) and guidelines supplied to the RSAC in 1982 by the then Minister.

The RSAC operates independently of the Employment and Immigration Commission, but is subordinate to the Minister, to whom the RSAC Chairman reports. The members are appointed by the Minister from the public and private sectors, and are supported by a secretariat which includes operations, research and administrative services.

Performance Information/Resource Justification

The case load to be handled by the RSAC is non-discretionary and is largely determined by worldwide conditions in the area of human rights. The RSAC must consider each claim individually and provide recommendations. Since its inception in April 1978, there has been a steady and significant increase in the volume and processing time of claims in RSAC. The former reflects both the state of human rights conditions in many countries and the attractiveness of Canada as a country of desired residence, while the latter has been seriously compounded by ongoing resource problems. Figure 23 demonstrates the current claim load and processing time.

Figure 23: Volume of Claims and Processing Time

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Outstanding claims at beginning of year	4,000*	2,673*	1,479
Claims received	5,500	5,200	4,283
Claims processed	2,500	3,350	2,648
Average processing time (years)	2	1.5	1

* Each year a certain number of claims are not processed but are withdrawn from the outstanding claims because of special programs or because the claimants have left Canada.

In 1982-83, the Committee mounted a concerted effort to process a backlog of what were termed "manifestly unfounded claims". (In April 1, 1982 approximately 60 per cent of the backlog awaiting consideration by the Committee represented this type of claim). The processing of such a claim is significantly less time-consuming for the Committee than that required to deal with a normal claim. In fact, this effort succeeded in producing a high volume of output, as represented by decisions, in the fiscal year of 1982-83 when over 3,100 claims were processed. The following fiscal year, in spite of additional resources, less output was achieved because far fewer claims represented the "manifestly unfounded" type which could be expedited. However, the expedited process employed has been subjected to considerable public criticism including the Task Force on the Refugee Status Determination Process which reported in November 1981. At the present time the backlog of RSAC includes less than 5 per cent of what were previously labelled "manifestly unfounded claims". As a result the Committee is faced with an ever-growing backlog that is almost exclusively made up of the more time-consuming full-review claims.

During 1984-85, the Commission augmented the approved person-years of the RSAC to provide a total of 31 person-years. The projections for 1985-86 are based on a reduced allocation of 26 person-years. However, the volume of claims is increasing and resources for the RSAC are under review as part of a larger examination of the immigration inquiry and the refugee claim backlog.

A pilot project involving oral hearings began in May 1983. Operating at this time in Toronto and Montreal, the project involves interviews of refugee claimants by RSAC members after the formal examination under oath required by the Immigration Act. The target processing time for claims with oral hearings is two months from the

examination under oath until the Minister's decision is rendered; other claims can currently take up to 18 months for this part of the process. The project, which is strictly voluntary for claimants, has proven both popular and successful while providing valuable information that will be useful in consideration of any changes to Canada's refugee determination process.

The volume of new refugee claims has led to considerable backlogs not only at the RSAC, but in field offices across Canada. There are presently 3,500 or more active claims requiring processing prior to their transmission to the Committee where the backlog is approximately the same size. The field backlog is particularly severe in Ontario and Quebec. Measures are being considered in both those regions to augment the volume of claims currently being sent to the RSAC.

In order for the RSAC to overcome the backlog problem, a variety of measures have been implemented and more are being considered including the review of resources outlined earlier. Use of overtime, loaned resources and curtailing of other RSAC activities are already being employed. The RSAC has increased the number of weekly sessions of its members to the highest level in its history to review claims, and will continue this effort as long as resources are available. Further internal administrative changes and/or statutory changes to the refugee determination process already under review will require ongoing examination and implementation where feasible, if claims are to be adjudicated fairly and within reasonable time-frames.

E. Program Administration

Objective

To provide, at an acceptable cost, the direction, planning, control, information and coordination needed to ensure effective and efficient use of Immigration Program resources.

In 1985-86 the target for the Program Administration activity is:

- to perform specific tasks (for example, continue FOSS III development) designed to improve the efficiency and productivity of program operations.

Resource Summary

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	24,690	533	23,825	577	23,119	548

Figure 25: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	15,423	63	16,009	67	14,941	65
Contributions to employee benefit plans	2,157	9	1,852	8	2,073	9
Transportation and communications	3,569	14	4,207	18	3,574	15
Professional and special services	1,697	7	778	3	703	3
All other operating costs	1,844	7	979	4	1,828	8
Total	24,690	100	23,825	100	23,119	100

Past Financial Performance

Figure 26: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	23,119	548	20,587	456	2,532	92

Description

This activity includes the functions of the Executive Director, all Regional Directors General or Directors of Immigration and their immediate staff, and the Planning and Program Management Branch at national headquarters.

The Program Administration activity includes legislative, policy and procedural coordination; resource planning and management; performance measurement and productivity improvement; the collection and dissemination of program information, and the planning, development and maintenance of program information systems and computerized data bases. It provides staff training and development, and management services in support of program and field operations, as well as secretariat services for the Immigration Program and the Minister's Immigration portfolio.

Performance Information/Resource Justification

The over-all objective of the Program Administration activity is to ensure the efficiency of service of the Immigration Program through planning, direction, control, information coordination and program support. Figure 27 provides a comparison of the number of person-years expended in the Program Administration activity to the total person-years utilized in the Immigration vote.

Figure 27: Program Administration Activity: Persons-Years Comparison

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Program Administration person-years	533	577	548
Total Immigration Program person-years	2,229	2,301	2,249

The Program Administration activity has identified the following significant planned outputs for 1985-86:

- implementation of the findings of the study on safety and security of Immigration officers;
- implementation of the first stage of a Cost Recovery plan in offices in Canada and overseas;
- implementation of a Personal Alarm Security System (PASS) at offices in Canada;
- cooperation with External Affairs in the development of a Computer Assisted Immigration Processing Systems (CAIPS) for overseas offices;
- liaison with Revenue Canada in the development of their Inspection Services Information System (ISIS); and
- meetings with representatives of foreign governments regarding the development of a machine-readable passport.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 28: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	68,775	68,804	65,328
Contributions to employee benefit plans	9,629	8,662	9,089
Other personnel	279	208	709
Sub-total	78,683	77,674	75,126
Goods and services			
Travel, including detainees and deportees	3,767	4,529	3,454
Other transportation and communications	1,758	1,893	2,243
Information	693	744	851
Professional and special services	4,323	6,062	7,681
Rentals	769	423	568
Purchased repair and upkeep	398	154	81
Utilities, materials and supplies	914	610	867
All other expenditures	-	-	119
Sub-total	12,622	14,415	15,864
Total operating costs	91,305	92,089	90,990
Capital			
Construction and acquisition of machinery and equipment	403	403	569
Transfer payments	33,863	31,863	27,849
Total expenditures	125,571	124,355	119,408

2. Personnel Expenditures

Figure 29: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	21	19	19	50,358-96,300	63,870
Scientific and Professional					
Economics, Sociology and Statistics	2	2	3	14,570-65,080	48,421
Administrative and Foreign Services					
Administrative Services	60	58	54	13,912-57,987	36,371
Program Administration	1,303	1,322	1,341	13,912-57,987	33,559
Other	-	1	1		-
Technical	1	1	1		-
Administrative Support					
Communications	2	2	4	15,364-31,824	17,993
Clerical and Regulatory	589	562	519	12,932-31,743	20,604
Office Equipment Operation	2	2	-	12,665-25,271	20,915
Secretarial Stenographic, and Typing	208	209	233	12,636-31,946	21,702
Operational					
General Services	41	41	39	13,253-39,988	26,658

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 30: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Adjustment Assistance Program	30,719	28,719	24,636
Immigration Settlement and Adaptation Program	3,144	3,144	3,151
Item not required for 1984-85 and 1985-86			
New Employment Expansion and Development (NEED) Program	-	-	62
Total	33,863	31,863	27,849

B. Cost Analysis

The 1985-86 Estimates for the Immigration Program include only those expenditures to be charged to the Commission/Department's voted appropriations and statutory payments. Other items must be included when describing the Program on a full cost basis. Other costs are for accommodation provided by Public Works Canada ($9,926,000), surgical-medical insurance ($1,493,000), provision of accommodation at various Canadian airports by Transport Canada ($1,249,000), and other miscellaneous services provided free by other government departments ($1,018,000). The revenues shown consist of recovery of deportation expenses, fines and forfeitures, and other revenues.

Immigration will be implementing user fees, estimated at $3.4 million, for immigration services to partially offset its operating costs. These fees will not have the incidental effect of limiting access to Canada of legitimate visitors and immigrants.

Figure 31: Net Cost of Program by Activity ($000)

	Expenditures 1985-86	Add Other Costs	Total Cost	Deduct Revenue	Net Cost 1985-86	Total 1984-85
Recruitment and Selection	19,395	3,131	22,526		22,526	17,423
Enforcement and Adjudication	42,614	7,092	49,706	3,000	46,706	51,316
Settlement	37,184	346	37,530	600	36,930	36,409
Refugee Status Advisory Committee	1,688	144	1,832		1,832	2,067
Program Administration	24,690	2,973	27,663	3,400	24,263	23,619
Total	125,571	13,686	139,257	7,000	132,257	130,834

C. Immigration Overview

1. Background and Objectives

The Immigration Act, 1976 which came into effect in April 1978, resulted from a complete re-examination of Canada's immigration policy. Consultations were held with Canadian individuals, groups, organizations, and with provincial authorities, because immigration is a concurrent federal-provincial responsibility. Under this Act and its Regulations, the Commission/Department's main immigration objectives are:

- to facilitate the admission of immigrants in order to promote Canada's domestic and international interests, recognizing the need for family reunification, non-discrimination, concern for refugees and the promotion of Canada's economic, social, demographic and cultural goals;
- to protect the health, safety and good order of Canadian society;
- to facilitate the entry of visitors for the purpose of fostering trade and commerce, tourism, cultural and scientific activities and international understanding; and
- to encourage and facilitate the adaptation of newly-arrived immigrants.

2. Immigrant Categories

Immigrants are admitted under one of the following three classes.

Family: These immigrants must be sponsored by a close relative who is at least 18 years old and currently living in Canada as a permanent resident or citizen.

Independent immigrants: This class includes independent applicants, relatives who are assisted but not classed as family, entrepreneurs, retired persons, those who intend to be self-employed, workers, and any others who apply at Canadian government offices abroad to immigrate on their own initiative.

Refugees: The people must qualify as refugees in accordance with the definition of a Convention refugee set down in the Immigration Act of 1976. A yearly refugee plan, included in the Annual Report to Parliament on Immigration Levels, enables Canada to plan its admission of refugees and other people admitted for humanitarian reasons within the context of predetermined levels of annual immigration, as required by the Immigration Act. It specifies the number of refugees or members of designated classes Canada will admit during the calendar year, and the areas of the world from which they will come. Specific allocations are determined through consultations with the Canadian representative

of the United Nations High Commissioner for Refugees, the provinces, and private groups devoted to assisting refugees. Only refugees who are assisted by the federal government are included in the plan; refugees sponsored by private groups in Canada are additional.

The Immigration Program also oversees the entry of the millions of people entering Canada yearly as visitors and temporary workers.

3. Location of Immigration Services

In order to fulfill its mandate, the Immigration Program provides services in the following locations:

Overseas: Responsibility for immigration is assumed overseas through the Department of External Affairs. This entails interviewing prospective immigrants and processing applications as well as dealing with students, workers and tourist applications for temporary entry. Visitor visas are also issued.

At ports of entry: People arriving in Canada as immigrants are "landed" by immigration officers at ports of entry. Examination of visitors, including foreign students and temporary workers, are also conducted.

Within the community: Canada Immigration Centres (CICs), in 106 locations across Canada, act as the major source of immigration information. In consultation with the Canada Employment Centres (CECs), they may provide information to employers in Canada on entry requirements for foreign workers. The CEC transmits information on employment opportunities in Canada to Canadian visa offices abroad for use in immigration counselling and selection procedures. The CIC also administers the Refugee Sponsorship Program.

4. Immigration Program Activities

Immigration services are established and provided through the following activities.

Recruitment and Selection: This activity involves management and support of the recruiting, processing, movement and initial reception of immigrants and non-immigrants (temporary workers, foreign students and tourists.)

Settlement: Under this program, immigrants, including refugees, are given assistance to adapt to social, economic and cultural life in Canada. Assistance is provided through the Adjustment Assistance Program, the Immigrant Settlement and Adaptation Program and the Transportation Loan Program.

Enforcement: This activity provides for the protection of Canadians against undesirable non-Canadians through enforcement of the Immigration Act.

Adjudication: Persons who are allegedly in contravention of the Immigration Act and Regulations are given a fair and impartial hearing to determine whether or not they will be allowed to enter or remain in Canada. The Adjudication Directorate ensures that inquiries and release hearings are conducted fairly and efficiently in accordance with rules of natural justice and the Immigration Act and Regulations.

Refugee Status Advisory Committee (RSAC): As a signatory to the Geneva Convention of 1951 and its subsequent protocol, and in accordance with Section 47(3) of the Immigration Act of 1976, Canada is obligated to allow individuals who are legally in the country to remain here, if they fulfill the definition of refugee shown in the Immigration Act, 1976. RSAC panels consider each refugee claim individually and provide recommendations to the Minister or his/her delegates on whether or not the claimant ought to be determined a Convention refugee. Guidance and assistance are also provided to field offices.

Unemployment Insurance Account

1985-86

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Section I
Unemployment Insurance Account Overview

A. Description of the Account

1. Introduction

The Unemployment Insurance (UI) Account has been established within the Consolidated Revenue Fund to record all transactions related to the UI Program. The UI Program is a compulsory and contributory social insurance program which provides temporary income support to unemployed workers while they seek employment or are unable to work because of sickness, disability, pregnancy or adoption. In 1983, approximately 10.8 million Canadians contributed to the program, and there were approximately 3.4 million beneficiaries.

2. Benefits

Benefits may be claimed for unemployment, sickness, maternity, or adoption, at age 65, and for work sharing, job creation and training. The benefit rate is calculated at 60 per cent of the claimant's average weekly insurable earnings. The duration of benefits is normally dependent upon the length of the claimant's insured employment and the regional rate of unemployment where the claimant resides. Benefits are described more fully in Section II, pages 5-8 to 5-12.

3. Administration

While the UI Act specifies that the Minister of Employment and Immigration is responsible for reporting on the operation and status of the Unemployment Insurance Program, the administration of the program is shared between the CEIC/D and the Department of National Revenue (Taxation), which is solely responsible for the collection of premium contributions and benefit repayments and for the decisions concerning the insurability under the Act. The costs incurred in administering the Act are provided by the UI Account and financed through employee/employer premium contributions.

4. Government Contributions

The federal government contributes to the Unemployment Insurance Program. Currently, government contributions consist of all regionally extended benefits (benefits that are extended in economic regions having unemployment rates in excess of 4.0 per cent); all extension benefits paid under Section 38 (job creation benefits) and Section 39 (training benefits); and net benefits (benefits less premiums collected) paid to self-employed fishermen. Only the government's statutory contributions on a fiscal year basis are included in the Commission/Department's budgetary requirements/expenditures. However,

when expenditures exceed revenues, additional requirements, defined as advances, are acquired from the Consolidated Revenue Fund. Advances are repayable to the government and are treated as non-budgetary requirements of the federal government in the year when the advances are made.

5. Premium Contributions

Most employees under the age of 65 must contribute to the program. Premium contributions are determined based on the employee's insurable earnings which are his/her earnings up to a maximum. The premium rate, which is a percentage of the employee's insurable earnings, is set annually by the Commission. The employers contribute 1.4 times their employees' contributions. However, employers with approved wage loss insurance plans are entitled to premium reductions, which are subsequently shared with their employees.

B. Financial Summary

The Unemployment Insurance Account can be summarized on a calendar-year basis as follows:

Figure 1: Summary of the UI Account ($ millions)*

	1985	1984	Change	1983
Benefit payments	10,186	9,986	200	10,169
Overpayments and cancelled warrants	(63)	(66)	3	(60)
Benefit repayments	(60)	(63)	3	(46)
Net benefits	10,063	9,857	206	10,063
Administration	901	906	(5)	818
Bad debts	6	6	-	5
Net interest	564	455	109	409
Penalties	(11)	(12)	1	(10)
Total cost	11,523	11,212	311	11,285
Less:				
Government contributions	2,710	2,895	(185)	2,811
Premium revenue	8,624	7,652	972	7,017
Current surplus/(deficit)	(189)	(665)	476	(1,457)
Cumulative surplus/(deficit)	(4,708)	(4,519)	(189)	(3,854)

*This presentation differs from that used by the Minister of Finance, as interest is included on an accrual basis rather than a cash basis.

C. Highlights of Financial Changes

- Benefits and administrative costs in 1985 are expected to remain at approximately the same level as in 1984.
- Premium revenue is expected to increase by 13 per cent in 1985, compared to a 9 per cent increase in 1984.
- Government contributions are expected to decrease by 6 per cent in 1985, mainly due to savings expected from administrative changes.
- The deficit in the account is expected to increase by $189 million and reach $4,708 million by the end of 1985.

D. Financing Mechanism

As stipulated in the UI Act, the UI Program is designed to finance administrative costs and benefit costs (excluding those for which the government is responsible) through premium contributions. Since benefit costs vary significantly from year to year, the Act requires the Commission to review the financial status of the Account in consultation with the Minister of Finance and, with the approval of the Governor in Council, fix the premium rates each year.

The premium rates shall be set based on the ratio, calculated over three years, of average costs to total insurable earnings, adjusted to remove or reduce the account deficit or surplus that would otherwise occur. For 1985, the three-year average costs to total insurable earnings ratio was calculated to be 2.32 per cent of the weekly insurable earnings for employees. The current state of the account requires that the premium rate be increased. However, a large increase in the premium rate would have an impact on employment and economic activity. Therefore, the premium rate for 1985 is kept as close as possible to the minimum rate required by the Act, i.e., 2.35 per cent of insurable earnings, to keep private sector costs to a minimum and encourage employment. The employer rate, calculated at 1.4 times the employee rate, will be at 3.29 per cent of the employee's insurable earnings.

The premium rate for employees and the balance of the Account are summarized as follows:

Figure 2: Surplus (Deficit) and Premium Rate

	1985	1984	1983	1982
Annual surplus (deficit) ($ millions)	(189)	(665)	(1,457)	(2,728)
Cumulative surplus (deficit) ($ millions)	(4,708)	(4,519)	(3,854)	(2,397)
Premium rate - Employees (% of insurable earnings)	2.35	2.30	2.30	1.65

E. Current Issues

The financial requirements for 1985 are determined based on the current UI legislation plus a number of changes related to the determination of eligibility for benefits as announced by the President of the Treasury Board. These changes include the treatment of separation payments and employment pensions as earnings and a reduction from a six-week to a three-week maximum in the extension of benefits payable to claimants who complete a job training course or a job creation project.

Section II
Unemployment Insurance Benefits

A. Introduction

UI benefits are paid to workers who meet the requirements specified by the Unemployment Insurance Act and Regulations. Claimants are required to show by their record of employment that they have worked at insurable employment for a certain number of weeks in their qualifying period (the past 52 weeks or since the start of their last claim for benefit, whichever is shorter). The required number of weeks of insurable employment varies depending on the type of claim (see Description of Benefits, below), and the unemployment rate in his/her region.

After a two-week waiting period, claimants will receive benefits at 60 per cent of their average weekly insurable earnings up to a maximum. (The average is based on earnings in the last 20 weeks of work in the qualifying period, or less if the claimant does not have 20 weeks of insured employment). Claimants receiving regular benefits are allowed to have earnings from other employment up to 25 per cent of their benefit rate without affecting the amount of benefits. However, claimants receiving sickness, maternity and adoption benefits will have 100 per cent of their earnings from other employment deducted from their benefits. Effective April 1, 1985 all monies received at separation will be considered as earnings for determination of benefit eligibility, except in the case of those employees who as of December 31, 1984 benefitted from formal labour management agreements providing for severance pay. This transitional clause applies only until the end of the labour management agreements. The treatment of pension income as earnings will come into effect starting in January 1986.

The types of UI benefits, terms of eligibility, and duration are described below.

B. Description of Benefits

1. Regular Benefits

Eligibility: To qualify for regular benefits, claimants must have worked at insurable employment for 10 to 14 weeks during their qualifying period. This "variable entrance requirement" is determined by the rate of unemployment in the region where the claimant lives.

The terms are different for repeaters, defined as claimants who received benefits for more than 10 to 14 weeks in the qualifying period. They are required to have at least the same number of weeks of insured employment as weeks of benefit drawn up to a maximum of 6 weeks in addition to the 10-14. The repeater provision is waived where the regional unemployment rate is over 11.5 per cent.

Other categories of claimants are new entrants and re-entrants. A new entrant or re-entrant is one who has less than 14 weeks of insurable employment and/or benefits paid, during the 52-week period prior to the qualifying period. These claimants must have at least 20 weeks of insurable employment in the qualifying period in order to be eligible for benefits.

All unemployed workers who apply for regular benefits must also be available, capable and actively seeking employment.

Duration: Claimants may receive benefits for a maximum of 50 weeks. The weeks of entitlement to benefits are divided into three phases:

Initial phase: Claimants are entitled to one week of "initial benefits" for every week of insurable employment in their qualifying period up to a maximum of 25 weeks.

Labour force extended: If claimants have more than 26 weeks of insurable employment, they may claim one week of benefit for every two weeks of employment in excess of 25 (up to a maximum of 13 weeks). For example, a person having 27 weeks of employment can claim one extra week of benefits; a person having 29 weeks of employment can claim an extra two weeks of benefits, and so on.

Regionally extended: When the "initial" or "labour force extended" phases have been exhausted, claimants are entitled to further benefits based on the unemployment rate in their region. For every 0.5 per cent increment in the regional unemployment rate in excess of 4.0 per cent, claimants may receive an additional two weeks of benefits up to a maximum of 32 weeks.

2. Special Benefits

In addition to regular benefits, there are benefits paid in cases of sickness, maternity, adoption, and at age 65. Terms for entitlement to these special benefits differ from the terms for regular benefits. Claimants must have at least 20 weeks of insurable employment during the qualifying period.

Sickness, Maternity and Adoption Benefits: Claimants who have 20 weeks of insurable employment and a medical certificate or proof of adoption are entitled to 15 weeks of sickness or maternity or adoption benefits. Claimants with less than 20 weeks may be able to get some weeks of illness benefits, when sickness is not the direct cause of unemployment. Beginning January 1, 1984, adoptive parents may claim a maximum of 15 weeks benefit. These benefits are counted as reductions in over-all entitlement to regular benefits.

Age 65 Benefits: Claimants who have 20 weeks of insurable employment and reach 65 years of age are entitled to a three-week benefit without having to leave their employment.

3. **Fishermen's Benefits:**

Benefits may be claimed by the self-employed fishermen, in accordance with the following terms:

Year-round fishermen: To qualify, claimants must have at least 20 weeks of insurable employment as fishermen, with at least six insurable weeks of fishing in each of any three consecutive calendar quarters, and with their most recent employment in fishing being on a designated vessel. Their entitlements are similar to those of a regular claimant.

Seasonal fishermen: To qualify, claimants must have the usual 10 to 14 weeks of insurable employment in their qualifying period, including at least six insurable weeks of fishing. The benefit rate for fishermen with 15 or more weeks of insurable employment is calculated based on 60 per cent of the average of the highest 10 weeks of insurable earnings. The duration of benefits is equivalent to 5/6 of their weeks of insurable employment. For example, if they have 18 weeks of insurable employment, they would receive 15 weeks of benefits. When the basic entitlement is exhausted, they can receive regionally extended benefits. For winter fishermen, seasonal fishing benefits may be claimed for weeks that fall within the period from May 1 to November 15, and for summer fishermen, for weeks between November 1 to May 15.

4. **Work Sharing, Job Creation and Training Benefits:**

Claimants may receive benefits while on work sharing agreements, job creation projects, or training courses. Payment under these three benefit schemes are subject to a financial ceiling approved by the Governor in Council.

Work Sharing: Work sharing agreements between CEIC/D and employers are designed to avoid lay-offs, through the use of UI benefits as alternative income support. For example, a firm facing a 20 per cent reduction in production would normally plan to lay off one-fifth of its work force. Through work sharing the company could employ its total work force four days per week. The reduction from 40 hours to 32 hours a week would cut production by the required 20 per cent without reducing the number of employees. The company would pay its employees for the hours they worked, while UI benefits would be paid for the day the workers were not working. The two-week waiting period is deferred for work sharing claimants and earnings from work sharing employment will not affect the benefit rate, which is calculated based on the percentage of work reduced.

Job Creation and Training Courses: Claimants participating in job creation projects or taking approved training, whose entitlements are not enough to cover the duration of these activities, may have their entitlements extended to the end of the projects or courses, and also receive an additional maximum of three weeks of benefits after the projects or courses end, for the purpose of obtaining employment.

However, the maximum length of the benefit period for job creation claimants is 58 weeks, and for claimants attending training courses it is 104 weeks. It should be noted that the entitlement extensions do not apply to claimants participating in the Youth Training Option and the Career Access Program. Claimants on job creation projects may receive weekly benefits to a maximum of $315 in 1985. Claimants under the Career Access Program may receive weekly benefits up to $60 higher than their weekly benefit amounts. For claimants taking approved training courses, their weekly benefits may be set in accordance with the basic allowance rates established under the National Training Act, if the allowance rates are higher than their benefit rates.

C. Financial Requirements

The following figure shows the forecast financial requirements for each of the benefit types.

Figure 3: Forecast Benefit Payments by Type ($ millions)

	1985	1984	Change	1983
Regular	8,848	8,827	21	9,069
Sickness	219	205	14	179
Maternity	430	396	34	344
Adoption	4	3	1	-
Age 65/Retirement	20	19	1	19
Fishermen	192	163	29	142
Work sharing (Section 37)	45	32	13	83
Job creation (Section 38)	143	115	28	107
Training (Section 39)	285	226	59	226
Total	10,186	9,986	200	10,169

D. Environment

The current recovery is continuing, but at only a moderate pace. In 1985, only modest improvement in the reduction of unemployment is expected, as the expected weaker growth in real output will dim the prospects for substantial employment gains. The expected reduction in unemployment will result in lower regular benefits paid.

However, UI benefits are also determined by individual claimants' insurable earnings, which are directly related to their employment earnings. Increases in wages and salaries and the maximum weekly benefit will result in higher benefits paid. The following figure shows the maximum weekly benefit and average weekly benefit.

Figure 4: Weekly Unemployment Insurance Benefits ($/Week)

	1985	1984	1983
Maximum	276	255	231
Average	167	160	154

The increases in special benefits, such as sickness, maternity, adoption, and age 65/retirement, basically reflect the increases in the number of claims allowed, as the insured population expands, and the increases in the average weekly benefits. An additional factor for adoption will be the increased usage of this new program.

For work sharing, job creation and training benefits, the annual financial ceilings as authorized by orders of the Governor in Council are used in the 1985 forecast.

Section III
Administrative Costs

A. Introduction

Sections 63 and 135 of the UI Act specify that the costs of administering the Act shall be charged to the UI Account and financed by employee and employer premium contributions. Since the Canada Employment and Immigration Commission and Department are administering different programs, the costs of administration of the UI Act have to be separately identified.

B. Method of Calculation

The calculation of UI administrative costs begins with identifying the costs of those activities of the Commission/Department directly related to the UI Act. Administrative costs of the Immigration Program, the Annuities activity, and job creation programs are excluded from the calculation. For those activities such as training programs, general administration, and the Department, the UI portions of the administrative costs are calculated on a pro-rata basis.

For the fiscal year 1985-86, the UI administrative costs as compared to the total administrative costs of the Department and Commission are as follows:

Figure 5: Comparisons of the 1985-86 Administrative Costs of the UI Portion and Department/Commission Totals ($ millions)

	Department/Commission	UI Portion
Corporate and Special Services Program	286	244
Employment and Insurance Program	740	660
Immigration Program	92	-
Total	1,118	904

Since the actual costs of the Commission/Department are finalized on a fiscal year basis and only available when Public Accounts are finalized, the administrative costs on a calendar year basis for UI Account purposes are calculated as 9/12 of the amount for a fiscal year, plus the 3/12 of the amount for the previous fiscal year.

However, Section 132(2)(b) of the UI Act provides that all amounts collected by the Commission for services rendered shall be credited to the UI Account. Therefore, for each year, the amount of administrative costs in the UI financial statements represents the gross amount determined by the above-mentioned calculation less the amounts recovered.

C. Financial Requirements

The following figure shows the amount charged to the UI Account for administering the Act for the respective calendar year.

Figure 6: UI Administrative Costs ($ millions)

	1985	1984	Change	1983
Gross	907	912	(5)	823
Recoveries	(6)	(6)	-	(5)
Net	901	906	(5)	818

UI administrative costs are expected to decrease by about $5 million in 1985.

Section IV
Government Contributions

A. Introduction

Pursuant to Sections 136 and 146 of the Unemployment Insurance Act, the federal government shares part of the benefit costs of the Unemployment Insurance Program. They are referred to as the Government Contribution to the Unemployment Insurance Account and the Government Contribution to Fishermen's Benefits in the Department/Commission's Estimates. Government contributions in 1983 amounted to $2.8 billion, which is equivalent to 28 per cent of the total benefits paid.

B. Description of Government Contributions

1. Government Contribution to the Unemployment Insurance Account

The Government Contribution to the Unemployment Insurance Account is in accordance with Section 136 of the Act, which defines the Government cost of paying benefits as extended benefits paid under Section 35, Subsections 38(8) and 39(3).

Extended benefits paid under Section 35 are benefits paid to claimants who have exhausted their initial benefits (or labour force extended benefit, if they are entitled) and who reside in a region where the regional unemployment rate exceeds 4.0 per cent. For each 0.5 per cent increment in the regional unemployment rate, the claimant's entitlement will increase by two weeks up to a maximum of 32 weeks.

In accordance with Subsections 38(8) and 39(3) of the Act, claimants on job creation projects (Section 38) or training courses (Section 39), whose entitlements are not enough to cover the duration of the projects or courses, may have their entitlements extended to the end of projects or courses plus an additional maximum of three weeks of entitlement after the projects or courses end (no extensions are provided to claimants under the Youth Training Option or the Career-Access Program). All these extended benefits are included in the calculation of the government contribution.

2. Government Contribution to Fishermen's Benefits

Section 146 of the Act requires the federal government to finance all benefits paid to self-employed fishermen and to retain all premiums paid by them and their designated employers (buyers). The net fishing benefits are referred to as the Government Contribution to Fishermen's Benefits in the Commission/Department's Estimates.

C. Financial Summary

The following figure shows a financial summary of the two Government contributions on a fiscal year basis as presented in Part II of the Estimates.

Figure 7: Government Contributions ($ millions)

	Estimates 1985-86	Forecast 1984-85	Change	1983-84
Unemployment Insurance Account	2,422	2,719	(297)	2,714
Fishermen's Benefits	194	164	30	140
Total	2,616	2,883	(267)	2,854

Total Government contributions are expected to decrease to $2,616 million in 1985-86 from the forecast of $2,883 million in 1984-85. As indicated above the decrease will mainly occur in the Government Contribution to the UI Account, (regionally extended benefits).

The decrease in the Government contribution is mainly the result of the $254 million savings expected in 1985-86 from the changes discussed on page 5-7.

The projected fishermen's benefits to be paid and premiums are based on the average increase in fishermen's claims and contributions, and the average insurable earnings observed in the last several years.

Section V
Premium Revenue

A. Introduction

Unemployment Insurance premiums must be paid by the covered employees based on their weekly insurable earnings which is their normal wage or salary up to a maximum. Employers are required to contribute 1.4 times their employees' premiums, unless they have an approved wage loss insurance plan.

Premium revenue from employees and employers is collected by Revenue Canada (Taxation) through their income tax collection systems. The amount transferred to the Unemployment Insurance Account in a year is an estimate of the premiums which can be collected in that year. This amount is finalized when the income tax returns are filed and processed the following year.

B. Financial Summary

Premium revenue in 1985 could amount to $8,624 million which is an increase of $972 million from the $7,652 million received in 1984.

Figure 8: Premium Revenue Receipts ($ millions)

	1985	1984	Change	1983
Premium revenue	8,624	7,652	972	7,017

C. Variables Affecting Premium Revenue

The reasons for the increase in the premium revenue in 1985 are further explained below:

1. Number of Contributors

The number of persons employed in 1985 is expected to increase by about two per cent. The number of contributors will therefore increase by a similar percentage in 1985.

2. Average Insurable Earnings

Average weekly insurable earnings are expected to increase by about six per cent in 1985 which is a result of the following two factors. First, the Act requires that the maximum weekly insurable earnings be escalated annually in accordance with an earnings index for that year. In 1985, the maximum weekly insurable earnings will be increased to $460 from $425 per week. This increase will apply to those employees

whose earnings are at or above the maximum. Second, since insurable earnings are directly related to employee's earnings, increases in wages and salaries also contributed to the increase in average weekly insurable earnings. This applies to those employees whose earnings are below the maximum.

3. Premium Rate

In 1985, the premium rate for employees will be increased to 2.35 per cent of the weekly insurable earnings from 2.30 per cent in 1984. The premium rate for the employers, calculated at 1.4 times the employee rate will then be 3.29 per cent of the employee's insurable weekly earnings.

4. Premium Reduction

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. The total amount of premium reductions is expected to increase from $301 million in 1984 to $328 million in 1985.

Figure 9: Premium Rate and Insurable Earnings

	Employee Premium Rate	Employer Premium Rate	Maximum Weekly Insurable Earnings	Maximum Weekly Premiums	
				Employee	Employer
1983	2.30%	3.22%	$385	$8.86	$12.40
1984	2.30%	3.22%	$425	$9.78	$13.69
1985	2.35%	3.29%	$460	$10.69	$14.97

Section VI
Summary and Balance of the Account

In summary, benefits paid in 1985 could reach $10,186 million. Total costs including administration and interest could be in the vicinity of $11,523 million.

With estimated government contributions of $2,710 million and premium revenue of $8,624 million, there will be a deficit of $189 million for the 1985 operation. This will result in a cumulative deficit in the Account of $4,708 million by the end of 1985. The deficit will be financed by additional advances from the Consolidated Revenue Fund to a total outstanding of $3,600 million. The difference between the cumulative deficit and the outstanding advances can be explained by unredeemed benefits and interest payable on the outstanding advances.

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Energy, Mines and Resources Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Energy, Mines and Resources Canada

Preface

This Expenditure Plan is a reference document containing levels of detail to meet the various needs of its audience.

There are four chapters in this document. The first chapter provides an introduction to the Department while the other three present the Program Expenditure Plans for each of the Department's Programs.

Chapters 2 to 4 begin with extracts from Part II of the Estimates for the Program being described. This is to provide continuity with the other Estimates documents. It is to be noted that only the Minerals and Earth Sciences Program is providing performance information in these 1985-86 Estimates; for this Program, extracts from Volume II of the Public Accounts are also provided.

Each Program Expenditure Plan is divided into three sections. Section 1 presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the bases for the resources requested. Section III provides further information on costs and resources as well as special analyses that the readers may require to understand the Program more fully.

This document permits easy access to specific information that the readers may require. A general table of contents lists the various chapters, and a detailed table of contents is provided for each Program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references throughout the document allow the readers to find more details on items of particular interest.

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Departmental Summary

Historical Roles and Responsibilities

Although the Department is comparatively new, some of its components date to pre-Confederation days. The Geological Survey of Canada (GSC), the oldest scientific organization in Canada, was founded in 1842, by Sir William Logan, to determine the extent of Canada's natural resources. The Surveys and Mapping Branch had its beginning in 1857. It has been primarily responsible for providing a comprehensive survey of Canada as a basis for discovery, settlement, resource development and defence.

It was the formation of the Department of the Interior, in 1873, however, that marked the first stage of development of Energy, Mines and Resources, Canada (EMR). GSC and Surveys and Mapping were brought into this Department, which then had the responsibility for administering all federal lands and natural resources in Western Canada and in the Far North. Following the growth and settlement of the West and the transfer of control of public lands and natural resources to the Prairie Provinces, the raison d'être for the Department of the Interior no longer existed, and it was abolished in 1936. It was replaced, in part, by the Department of Mines and Resources organized into five branches: Mines and Geology; Lands, Parks and Forests; Surveys and Engineering; Indian Affairs; and Immigration.

In 1949, the Department of Mines and Resources was succeeded by two new Departments: Resources and Development, and Mines and Technical Surveys (M&TS). The latter was made up of segments of other departments having bases in earth sciences plus astronomy, and including the Mines Branch, Geological Survey of Canada, Surveys and Mapping, Dominion Observatories, and the Geographical Branch.

Under the Government Organization Act of 1966, EMR was established as the federal government's principal agency, under direction of the Minister, for co-ordinating, promoting and recommending national policies and programs with respect to energy, mines and minerals, water and other resources, and conducting related studies, research and investigations.

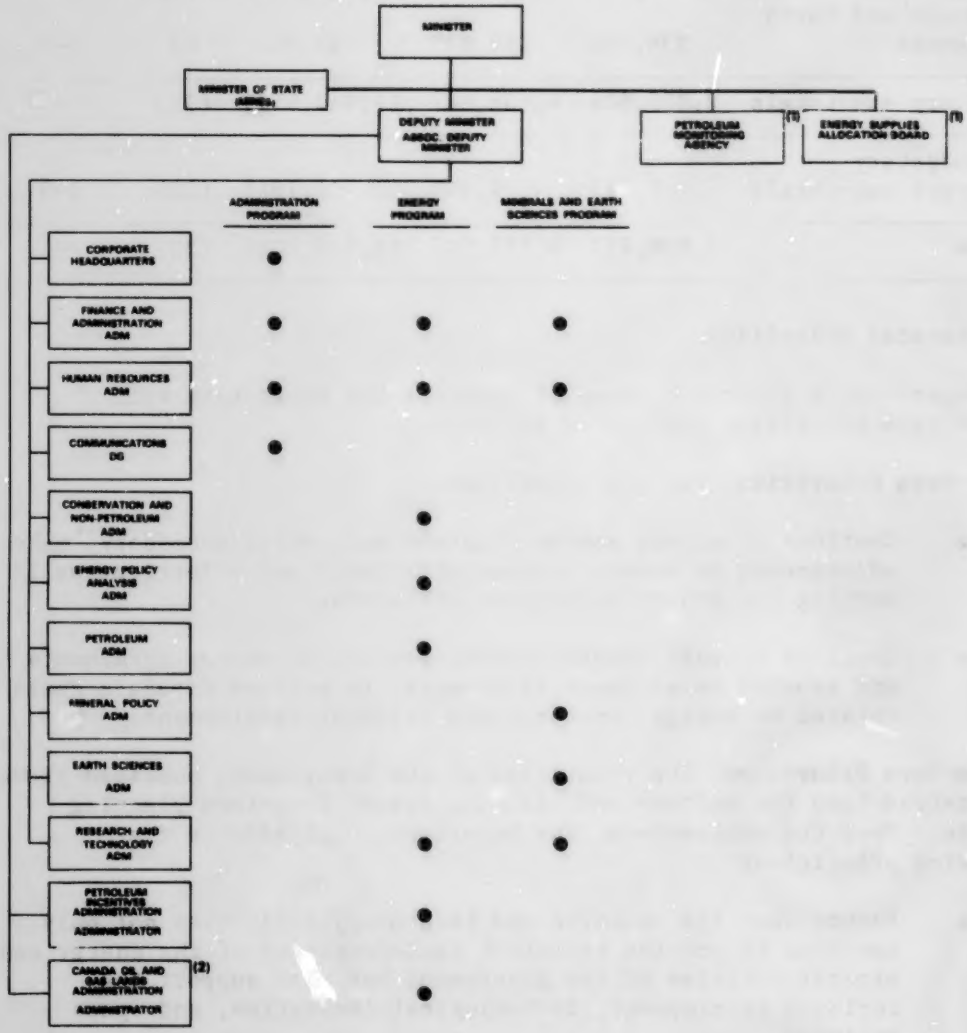
Subsequently, the Astronomy Division of the Observatories Branch was transferred to the National Research Council, and the Branch was renamed Earth Physics. Under Energy, a new Branch, Resource Management and Conservation, was created, and the Water Sector transferred to Environment Canada.

Since 1966, EMR has gone through several reorganizations, most particularly in the Energy Sector. These changes were necessitated, in part, by the release of the government's National Energy Program (NEP) in 1980. As a consequence, a new and expanded infrastructure was required to implement this new Program.

There are now two operational Programs (Energy, and Minerals and Earth Sciences) and a supportive Program (Administration) in the Department. Their main responsibilities complement the broad policy objectives and initiatives of the Economic and Regional Development Envelope of the Cabinet Committee on Economic Regional Development. These responsibilities are discussed in the following chapters.

Organization and Programs

Figure 1: Relationship of Organization to the Program Structure



1. These organizations are funded in the Energy Program.
2. The Administration reports to both this Department and to Indian and Northern Affairs Canada.

Departmental Spending Plan

Figure 2: Departmental Spending Plan by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For details see page
Budgetary					
Administration	44,183	47,616	(3,433)	(7)	2-8
Energy	2,441,937	3,791,556	(1,349,619)	(36)	3-9
Minerals and Earth Sciences	334,380	298,875	35,505	12	4-9
Budgetary sub-totals	2,820,500	4,138,047	(1,317,547)	(32)	--
Non-budgetary (Energy) sub-totals	8,277	9,458	(1,181)	(12)	3-5
Totals	2,828,777	4,147,505	(1,318,728)	(32)	--

Departmental Priorities

The Department's principal areas of emphasis for short-term and medium-term priorities are listed below.

Short-Term Priorities: Two are identified.

- Continue to assess energy programs and, where necessary, make adjustments to ensure maximum efficiency and effectiveness in meeting the energy objectives of Canada.

- Continue to work toward federal-provincial energy agreements and mineral development agreements, to achieve Canada's goals related to energy, economic and regional development.

Medium-Term Priorities: The priorities of the Department, outlined above, also extend into the medium- and, in some cases, long-term planning periods. Over the medium-term, the Department will address the following priorities.

- Ensure that its research and technology activities not only continue to provide technical implementation of the energy and mineral policies of the government but also support the regional development, technological innovation, and space policies.

- Ensure that the activities of the Department can provide the scientific and technical information and expertise required to

meet the economic, security, safety and scientific needs of the nation related to earth sciences.

- Ensure continued exploration and development for oil and gas in Western Canada, frontier and offshore areas, with due regard for the economic, social and environmental impacts of such activities.

- Develop and implement policies and programs to enhance export markets for Canada's mineral and energy resources.

Administration Program
Expenditure Plan

1985-86

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Appropriation Authority

Authority is requested to spend $40,877,600 for the operation of the Administration Program during the 1985-86 fiscal year. Of this amount, $49,416,600 is required for operating expenditures and $395,000 for capital expenditures. Revenue totalling $8,934,000, received during the fiscal year, will be credited to the Vote and will reduce the total funding required. An estimated $3,305,000 for the Minister's salary and motor car allowance, and contributions to employee benefits will be met under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Energy, Mines and Resources		
	Administration Program		
1	Program expenditures	40,878	25,343
(S)	Minister of Energy, Mines and Resources -- Salary and motor car allowance	42	41
(S)	Contributions to employee benefit plans	3,263	2,355
	Total Program	44,183	27,739

Votes — Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Energy, Mines and Resources	
	Department	
	Administration Program	
1	Administration -- Program expenditures and authority to spend revenue received during the year	40,877,600

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates Authorized person-years	Budgetary Operating	Capital	Sub-total	Less: Revenues credited to the Vote	Total	1984-85 Main Estimates
Direction and Co-ordination	115	7,535	30	7,565	.....	7,565	7,304
Finance and Administration	357	26,471	327	26,798	8,934	17,864	15,752
Human Resources Management	105	4,704	15	4,719	.....	4,719	4,681
Communications	107	14,012	23	14,035	.....	14,035	.....
Total	684	52,722	395	53,117	8,934	44,183	27,739

Section I
Program Overview

A. Highlights

The highlights of the Administration Program for 1985-86 are described below. Details are discussed in the Background and Planning Perspective portions of this Section, and in the Analysis by Activity Section, starting on page 2-12.

- To continue progress of the Four-Year Strategic Plan on Francophone Participation in the Scientific and Professional Category, to a target of 14.6% representation by March 1987, at a cost of $511,000.

- To act on the recommendations/results of the Affirmative Action Workforce and systems audit, starting April 1985 and ending March 1988.

- To complete two pilot projects relating to the automation of departmental policy and procedures manuals, and of departmental records indexes; and access to information and privacy procedures. The pilot projects were jointly sponsored and financed by the Department of Communications, Supply and Services Canada and EMR. This Department will be paying approximately $190,000 in 1985-86 of the total amount of $1,900,000 allocated to these projects.

- To continue the development of four volumes of the new departmental Administrative Policies and Procedures Manual covering property planning and management, material management, information management, security and occupational health and safety, at a cost of $310,000 in 1985-86.

- To complete the implementation of the Financial and Managerial Information Systems (FAMIS) (improving utility and timeliness, and reducing production cost), throughout the Department, for approximately $100,000 in 1985-86.

- To advertise programs in support of Home Energy Planning, use of natural gas as an alternative fuel and the launching of the new "Canadian Atlas."

- To produce a film treating the scientific support provided by the Department in the search for offshore resources.

- To distribute a multi-media kit aimed at primary school children to explain the various sources of renewable and

non-renewable energy; and to distribute, through schools, a film strip explaining the dangers of explosives.

- To produce a photo story-book to commemorate the 25th anniversary of the Polar Continental Shelf programs.

- To complete a series of policy papers dealing with media relations, exhibits, advertising, audio-visual and publications activities throughout the Department.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Direction and Co-ordination	7,565	7,480	85	2-12
Finance and Administration	17,864*	17,867*	(3)	2-14
Human Resources Management	4,719	4,771	(52)	2-18
Communications	14,035	17,498	(3,463)	2-21
Totals	44,183	47,616	(3,433)	
Authorized person-years	684	678	6	2-24

* These amounts include revenues credited to the Vote. See page 2-26.

The resources shown in the Forecast column have been revised to reflect the transfer to the Administration Program of resources associated with public information activities previously included in the Energy and Minerals and Earth Sciences Programs.

Explanation 1985-86 Changes: The 1985-86 estimated expenditures of $44.2 million represent a decrease of approximately $3.4 million (or 7%) from the 1984-85 forecast. The decrease is made up of the following items:

	($ millions)
• For all activities' general inflation increases related to personnel costs only	0.4
• Increased resources to develop long range accommodation plan	0.7
• Departmental portion of general reduction in advertising budgets announced on November 8, 1984	(3.5)
• Miscellaneous	(1.0)
Total:	(3.4)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $47.6 million or 72% higher than the 1984-85 Main Estimates of $27.7 million (Extracts from Part II of the Estimates, page 2-4). The difference of $19.9 million reflects the following offsetting items:

	($ millions)
• Realignment of the Communications Activity's costs from the Energy Program and MESP	17.5
• Increased resources for tenant services' projects, approved in Supplementary Estimates (B)	0.5
• Realignment of the Finance and Administration Activity's costs from the Energy Program and MESP	1.6
• Miscellaneous	0.3
Net Change:	19.9

C. Background

1. Introduction

The Administration Program provides management direction, policy, advice and comprehensive management support systems and services to the two operational Programs.

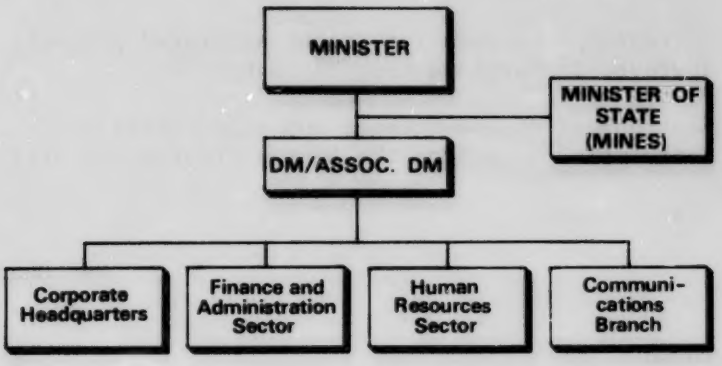
The Program encompasses the Ministers' and the Deputy Minister's Offices and the Office of Environmental Affairs. In addition, it provides common departmental services: administration, computer services, official languages, personnel, finance, internal audit, program evaluation, strategic planning, central departmental library and communications.

2. Legal Mandate

The mandate for the Administration Program is based on the legislative authority of the Department of Energy, Mines and Resources Act and the Resources and Technical Surveys Act. Other acts and instruments administered in whole or in part through the organizations in the Administration Program are the:

Access to Information Act;
Financial Administration Act;
Official Languages Act;
Privacy Act;
Public Service Employment Act;
Public Service Staff Relations Act; and
National Film Act.

Figure 2: 1985-86 Resources by Organization/Activity ($000)



					TOTALS $
Direction and Co-ordination	7,565				7,565
Finance and Administration		17,864			17,864
Human Resources Management			4,719		4,719
Communications				14,035	14,035
TOTALS	7,565	17,864	4,719	14,035	44,183
PERSON-YEARS	115	357	105	107	684

3. Program Objective

The objective of the Administration Program is to provide managerial direction and financial, administrative, electronic data processing, human resources and communications support for the achievement of federal and departmental objectives in the fields of energy, minerals and earth sciences.

4. Program Organization for Delivery

Activity Structure: The Departmental Administration Program consists of the four Activities shown in Figure 2. This reflects a change from the two Activities (Corporate Management and Common Services) shown in 1984-85. All figures used in this document for previous years have been revised to reflect the new structure. Details of the Program structure below the Activity level are included in Section II, Analysis by Activity, starting at page 2-12.

Organizational Structure: The Program is composed of four major organizational units: Corporate Headquarters, the Finance and Administration Sector, the Human Resources Sector and the Communications Branch. Figure 2 shows the relationships between the resources being requested for 1985-86 and the organizational and Program/Activity structures.

It should be noted that the resources shown under the Finance and Administration Sector and the Human Resources Sector do not reflect the total financial, administrative or personnel resources of the Department. The staff shown in these two Sectors provide direction and advice to support staff in line organizations. They are located with the organizations they serve in order to maintain the quality of the support services provided. The person-years for these staff are shown on pages 2-15 and 2-19.

D. Planning Perspective

1. Environment

This Program responds to factors influencing the two operational Programs (Energy, and Minerals and Earth Sciences), responsibilities delegated to the Ministers and/or the Deputy Head (e.g., official languages, affirmative action, etc.), and the requirements of central agencies. These factors are discussed in Chapters 3 and 4.

2. Program Effectiveness

The Administration Program provides centralized management and support services to the Department. As a consequence, the Program contributes directly to the effectiveness, efficiency and economy of the two operational Programs. These attributes are discussed in Chapters 3 and 4. From a performance standpoint, however, the Program can be measured in terms of the expenditures of the two operational Programs as shown in Figure 3.

Figure 3: Departmental and Administrative Operating Expenditures ($ Millions) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Whole Department - Budgetary	2,820.5	5,297	4,138.0	5,256	3,005.1	4,994
Administration Program	44.2	684	47.6	678	36.1	629
% of the Administration Program to the whole Department	1.6	12.9	1.2	12.9	1.2	12.6

Section II
Analysis by Activity

A. Direction and Co-ordination

Objective

To direct and co-ordinate the federal and departmental program objectives; to achieve federal goals by pursuing the departmental mission; and to manage allocated resources.

Resource Summary

This Activity accounts for approximately 17% of the total Program expenditures and approximately 17% of the total person-years.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Departmental Management and Support	4,805	82	5,933	79	3,456	71
Corporate Planning	506	6	308	6	525	5
Program Evaluation	1,130	10	481	10	573	6
Internal Audit	1,124	17	758	17	865	15
	7,565	115	7,480	112	5,419	97

Of the total expenditures, 66% is for personnel costs and 34% for operations and maintenance.

Description

The Administration Program supports the Offices of the Ministers, Deputy Minister and Associate Deputy Minister. The introduction of the Policy and Expenditure Management System has necessitated the creation of a separate organization within the Department to address strategic planning and central agencies' liaison. This Corporate Planning Group provides the departmental focus for program evaluation and internal auditing.

Performance Information/Resource Justification

The person-years in this Activity will do the following tasks in 1985-86.

Corporate Planning (6 P-Y)

- To provide support to the Department through the co-ordination and preparation of Strategic Overviews; briefing material for the Ministers; and analyses on government programs.

- To complete development of and maintain a corporate planning process.

Program Evaluation (10 P-Y)

- To develop evaluation assessments for the Petroleum Sources and Emergency Planning Activities, Electrical Energy sub-activity and for the Industrial Conversion Assistance Program.

- To complete five Program evaluations:

  - Coal Utilization
  - Federal Energy Management
  - Natural Gas and Liquids
  - Petroleum Incentives Program
  - Industrial Conversion Assistance Program.

- To co-operate in the development of evaluation frameworks for new programs as these arise.

Internal Audit (17 P-Y)

- To carry out seven internal audits of responsibility centres, including:

  - Earth Physics Branch
  - Surveys and Mapping Branch
  - Polar Continental Shelf Project
  - Explosives Branch
  - Mineral Policy Sector
  - Conservation and Non-Petroleum Sector
  - Petroleum Incentive Administration.

- To carry out functional audits in selected areas of:

  - Financial Management
  - Personnel Management
  - Administrative Services.

- To carry out follow-up reviews of the implementation of previous audit recommendations.

B. Finance and Administration

Objective

To provide financial, administrative and electronic data processing support services to departmental operations to ensure accountability and control.

Resource Summary

This Activity accounts for approximately 40% of the total Program expenditures and approximately 52% of the total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Financial Management	2,873	53	2,841	53	2,002	53
Administration	9,428	152	9,210	150	7,091	130
Electronic Data Processing	3,636	118	3,976	119	3,413	104
Departmental Support Services	1,637	30	1,572	30	1,422	30
Activity Management and Support	290	4	268	4	230	4
	17,864	357	17,867	356	14,158	321

Of the total expenditures, 74% is for personnel costs 24% is for operations and maintenance and 2% is for capital costs.

Description

The Finance and Administration Sector is composed of the following Branches:

Financial Management Branch (FMB): This Branch employs the financial officers and related support staff for all organizations in the Department. Most financial staff work directly with service line and support organizations. The costs of the financial organizations are directly related to the cost of the organization being supported.

Administration and Computer Science Branch: This Branch is responsible for the management of the administration, electronic data processing (EDP) and departmental support services sub-activities. It co-ordinates the departmental responses regarding the Access to Information and Privacy (ATIP) Acts. Within the Branch, these sub-activities are carried out by the following organizations.

- **Administrative Services Directorate:** This group provides materiel management, property planning and management (including telecommunications), information management and ATIP secretariat services. It also manages the departmental technical field support services which are funded under the Minerals and Earth Sciences Program (MESP). Functional direction is provided to administrative staff located in the other sectors and branches.

- **Computer Science Centre (CSC):** The Centre provides EDP services for departmental scientific, economic analysis and administrative functions. It provides centralized data processing services to EMR as well as other governmental departments. In addition, it provides systems analyses, development and programming services, advice on hardware and software applications, education, training and documentation. The CSC operates on a cost recovery basis with revenues coming from departmental users (76.7%, based on 1983-84 use) and users from other governmental departments (23.3%).

- **Departmental Support Services:** These comprise security services and occupational health and safety services for the Department. In addition, in-house graphics services and library services are provided for the Corporate Headquarters.

The Finance and Administration (F&A) Sector controls the following person-years based on the 1985-86 Estimates.

Figure 6: Finance and Administration Sector Resources

	Administration Program	Energy Program	MESP	Total
Finance	53	76	49	178
Administration	152	--	43	195
EDP	118	--	--	118
Departmental Support	30	--	--	30
Sector Management	4	--	--	4
Total F & A Sector	357	76	92	525

Performance Information/Resource Justification

The person-years in this Activity will do the following tasks in 1985-86.

Financial Management (53 P-Y)

- To assist branches in the implementation of the approved capital planning system.
- To review and evaluate the financial and managerial information systems and make any necessary revisions.
- To monitor planning and accountability processes and make recommendations as required.

Administration (152 P-Y)

- To develop the three volumes of the departmental Administrative Policies and Procedures Manual relating to materiel management, property planning and management and information management.
- To conduct space optimization studies and develop and implement systems and procedures to ensure the efficient use, control and maintenance of accommodation used by departmental organizations
- To continue implementation of the departmental records improvement program.
- To continue the gradual and modular approach to the design and implementation of office automation systems based on the evaluation of existing pilot projects which relate to administrative policies and procedures and information management.

Electronic Data Processing (118 P-Y)

- To analyze the results of the computer needs' study carried out in 1984-85 and to develop specifications for and initiate procurement of EDP equipment to replace existing equipment, the lease of which expires in June 1986.
- To participate in the Department's study of its communication needs.
- To continue development of the Computer Science Centre's information which will provide additional support to users.
- To participate, in conjunction with Supply and Services Canada and other departments, in the examination of the viability of installing a supercomputer to serve EMR and other departments.

Departmental Support (30 P-Y)

- To develop the volume of the departmental Administrative Policies and Procedures Manual relating to security and occupational health and safety.

- To provide education and training for departmental employees to increase their awareness of security and occupational health and safety issues.

- To maintain a centralized acquisition service for books and publications required by Corporate Headquarters and the Energy Program in order to provide better control and usage.

C. Human Resources Management

Objective

To develop policies and programs and deliver services to meet the current and future personnel management needs of the Department.

Resource Summary

This Activity accounts for approximately 11% of the total Program expenditures and approximately 15% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Development	1,259	33	1,218	33	1,258	33
Personnel Operations	2,693	57	2,811	56	2,512	56
Management Category Personnel	147	4	142	4	150	4
Activity Management and Support	620	11	600	11	627	11
	4,719	105	4,771	104	4,547	104

Of the total expenditures, 84% is for personnel costs and 16% for operations and maintenance.

Description

The Assistant Deputy Minister, Human Resources is responsible for human resources matters throughout the Department, including planning, staffing, training and development, organization and classification, staff relations, compensation and benefits, official languages and affirmative action programs.

The Human Resources Sector is responsible for the personnel staff throughout the Department. The costs of personnel units, operating in support of line organizations, are reflected in the programs they serve. The management and department-wide functions are funded through the Administration Program.

The Human Resources Sector utilizes the following person-years based on the 1985-86 Estimates, including those classified as special purpose resources.

Figure 8: Human Resources Sector Person-Years

	Administration Program	Energy Program	MESP	Total
Personnel Program Development including Official Languages	33	--	--	33
Personnel Program Operations	57	19	35	111
Management Category Personnel	4	--	--	4
Activity Management and Support	11	--	--	11
Total Human Resources Sector	105	19	35	159

Performance Information/Resource Justification

The person-years in the Activity will do the following tasks in 1985-86.

Personnel Program Development (33 P-Y)

- To deliver personnel programs and services and provide personnel advice to management and employees relating to human resources planning, official languages and affirmative action (e.g., disabled, women and indigenous people).
- To monitor, review and report on progress of these programs to departmental managers, central agencies and the public.
- To integrate human resources planning with corporate and operational planning.

Personnel Program Operations (57 P-Y)

- To deliver personnel programs and services and to provide personnel advice to management and employees of the Department.
- To provide more timely and accurate computerized personnel and associated data to enable departmental management to economize and increase productivity.
- To rely on automated rather than manually compiled data to improve the effectiveness and efficiency of the functional activities in personnel administration.

Management Category Personnel (4 P-Y)

- The Department will review and improve in 1985-86 its Human Resources Planning Systems for the recruitment, development and retention of its senior human resources based on its annual Senior Human Resources Plan; it will also implement a system for the identification, storage and retrieval of career and skills information for its senior employees.

- The Department, in conjunction with the Treasury Board of Canada, will recommend and implement a special program to improve the compensation system for Research Managers.

- The Department will implement special measures to improve the representation in its senior cadre of women and francophones.

D. Communications

Objective

To communicate to the public, information relating to energy policies and programs, mineral policies and strategies, earth sciences programs, and research and technology programs related to the landmass of Canada and its mineral and energy resources.

Resource Summary

This Activity accounts for approximately 32% of the total Program expenditures and approximately 16% of the total person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Public Awareness	3,111	44	3,088	44	2,414	44
Support Services	8,612	36	12,178	36	7,420	36
Activity Management and Support	2,312	27	2,232	26	2,170	27
	14,035	107	17,498	106	12,004	107

Of the total expenditures, 32% is for personnel costs and 68% for operations and maintenance.

Description

This Activity includes the provision of comprehensive public relations support to the Ministers and all departmental programs. It is designed to provide public information in areas of energy, minerals and earth sciences; to gather and analyze public opinion and attitudes towards departmental policies and programs; to analyze media coverage; and to monitor and evaluate all departmental information activities.

Performance Information/Resource Justification

Figure 10 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 10: Communications

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Public Awareness	3,111	44	To increase public awareness of governmental policies and programs in the areas of energy supply and conservation alternative fuels, research and technology, minerals and earth sciences. To conduct research to provide an assessment of public reaction to departmental programs and to establish departmental presence and communications services across Canada.	- Providing services to Ministers' offices for press releases, speeches and statements. - Publishing departmental annual reviews and reports. - Targeting publications, brochures, fact sheets, magazines in support of transportation, substitution, supply, R&D, earth sciences and minerals. - Conducting public opinion surveys and motivational research, and inviting focus groups to assist in the assessment of public awareness. - Providing daily press clipping service to all Members of Parliament and departmental officials to review issues of the day, and analysis of media reaction to major issues. - Providing full range of communications activities carried out by regional communications officers.
2. Support Services	8,612	36	To provide creative support to the full range of communications activities. To ensure consistency in corporate image with a sensitivity to targeted audiences. To ensure high quality of departmental products of a communications nature.	- Providing editorial services (i.e., writing, editing and ensuring language quality of all communications documents designed for public consumption). - Producing standards and guidelines for departmental use, ensuring consistency in all publications. - Conducting advertising in support of residential, transportation, industrial, natural gas, R&D and earth sciences programs and in support of the "National Atlas." - Producing audio-visual productions including news clips and a variety of films and multi-media packages for school audiences in support of various departmental programs. - Encouraging face to face communications through the use of exhibits such as petroleum, residential, transportation, industrial and renewables programs. - Developing Telidon exhibits to describe federal energy policies, programs, projects and other initiatives.
3. Activity Management and Support	2,312	27	To provide policy and operational direction to the Branch. To formulate departmental policies on communications issues. To ensure adequate administrative support for all the foregoing activities.	- Formulating policies concerning such issues as style and presentation of the corporate image, use of audio-visual, distribution, advertising, exhibits and publishing. - Providing the Branch with internal support for all procurement/contracting requirements as well as the housekeeping issues related to planning accommodation, safety and security.

Section III
Supplementary Information

The Forecast and Actual columns on the various tables in this Section have been revised to reflect the recent changes authorized for the program/activity structure of the Administration Program.

A. Analysis by Object

1. Expenditures by Object

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	23,346	22,934	19,866
Contributions to employee benefit plans	3,263	2,980	3,001
Other personnel costs	10	2	8
Personnel sub-totals	26,619	25,916	22,875
Goods and Services			
Transportation and communications	2,938	2,872	2,158
Information	6,209	9,936	4,892
Professional and special services	8,428	9,258	6,694
Rentals	3,818	3,843	2,489
Purchased repair and upkeep	2,756	2,659	1,926
Utilities, materials and supplies	1,934	2,001	1,284
All other expenditures	20	41	4
Goods and services sub-totals	26,103	30,610	19,447
Operating totals	52,722	56,526	42,322
Capital	395	454	832
Transfer payments	—	--	72
Gross expenditures	53,117	56,980	43,226
Less: receipts and revenues credited to the vote	8,934	9,364	7,098
Totals of net expenditures	44,183	47,616	36,128

2. Personnel Expenditures

Figure 12: Person-Years by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Direction and Co-ordination	115	112	97
Finance and Administration	357	356	321
Human Resources Management	105	104	104
Communications	107	106	107
	684	678	629

The net increase of six person-years in the 1985-86 requirements from the 1984-85 forecast is made up of the following items.

- Access to Information and Privacy Acts' activities 2
- Minor transfers in program responsibilities 4

6

Figure 13: Authorized Person-Years and Salary Provision

Category and Group	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management	26	22	20	50,350-96,300	74,151
Scientific and Professional					
Economics, Sociology and Statistics	2	2	1	14,570-65,080	49,500
Library Science	4	4	3	19,782-50,712	33,008
Physical Sciences	3	4	4	15,304-68,070	49,205
Administrative and Foreign Service					
Administrative Services	129	118	115	13,912-57,987	34,981
Computer System Administration	69	70	57	18,766-61,433	39,446
Financial Administration	29	30	24	13,853-57,980	41,980
Information Services	58	58	58	13,579-57,980	41,453
Organization and Methods	12	12	5	13,520-57,980	48,250
Personnel Administration	34	34	34	13,330-63,870	40,923
Purchasing and Supply	9	9	9	12,766-57,980	39,167
Technical					
Drafting and Illustration	15	15	14	15,557-40,310	28,213
General Technical	2	2	2	12,635-55,682	45,339
Social Science Support	3	1	2	12,635-57,764	26,656
Administrative Support					
Clerical and Regulatory	168	174	166	12,932-31,743	21,756
Communications	3	3	3	15,364-31,824	22,275
Data Processing	34	34	32	13,352-37,130	24,761
Secretarial, Stenographic, Typing	54	51	47	12,636-31,946	22,322
Operational					
General Labour and Trades	5	5	4	14,776-40,676	31,232
General Services	7	7	7	13,253-39,988	20,799
Others	18	23	22	--	--

Note: The Person-Years columns display the forecast distribution of the authorized person-years for the Program by occupational group. The Current Salary Range column shows the salary ranges by occupational group at October 31, 1984. The Average Salary Provision column reflects the estimated base salary costs, including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 14 shows the total cost of each Activity in the Administration Program. Other costs shown consist of the charges for accommodation provided by Public Works Canada ($2,607,000), surgical-medical insurance ($460,000), and other miscellaneous services provided by other governmental departments ($83,000). Costs shown do not include depreciation on accommodation provided by this Department without charge.

Figure 14: Program Costs ($000)

Activity	1985-86 Gross Operating Expenditures	Less Revenue Credited to the Vote	Estimates 1985-86	Add Other Costs	Net Cost	Total 1984-85
Direction and Co-ordination	7,565	--	7,565	529	8,094	6,124
Finance and Administration	26,798	8,934	17,864	1,644	19,508	19,049
Human Resources Management	4,719	--	4,719	485	5,204	5,601
Communications	14,035	--	14,035	492	14,527	17,498
	53,117	8,934	44,183	3,150	47,333	48,272

C. Revenue Summary

The revenues received by the Administration Program are credited back to the Administration Program Vote and are available to offset activity expenditures up to 125% of the amount of revenue printed in the Main Estimates.

Figure 15: Revenue by Type ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Services and service fees	8,934	9,364	7,098

Services and Service Fees: Recoveries are from organizations within EMR and other governmental departments for computing services, EDP equipment rentals and EDP consulting and programming services.

The increase from 1984-85 to 1985-86 is a result of a change in departmental policy concerning use of EDP consultants. Most departmental EDP contracts formerly initiated in the line organizations of the Department will be administered and paid by the CSC. As well, charges for the use of internal EDP consultants have been initiated. These costs will be recovered from these same line organizations.

D. List of Acronyms

Assoc.	Associate
ATIP	Access to Information and Privacy
CSC	Computer Science Centre
DM	Deputy Minister
EDP	Electronic Data Processing
EMR	Energy, Mines and Resources Canada
FAMIS	Financial Management Information Systems
F&A	Finance and Administration
FY	Fiscal year
GSC	Geological Survey of Canada
MESP	Minerals and Earth Sciences Program
M&TS	Mines and Technical Surveys
P-Y	Person-years
R&D	Research and development

Energy Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $2,094,110,505 for the operation of the Energy Program during the 1985-86 fiscal year. Of this amount, $8,277,000 is for non-budgetary requirements, representing loans to finance regional electrical interconnections. An estimated $356,103,221 for employee benefits, payments to Interprovincial Pipe Line Limited, Petroleum Compensation payments, expenditures related to the Environmental Studies Revolving Fund, and the Canada/Nova Scotia Development Fund will be met under existing statutory authority.

Under the Canada Oil and Gas Act (S.C. 1980-81-82-83, c.81), expenditures out of the Environmental Studies Revolving Fund cannot exceed the total of levies collected in the Estimates year and the balance of levies available from previous years. It is anticipated that all levies collected during the Estimates year will be spent, leaving the undisbursed balance unchanged at $1,300,000.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Energy, Mines and Resources		
	Energy Program		
5	Operating expenditures	136,343	150,703
10	Grants and contributions	199,991	425,456
15	Canadian Home Insulation Program	109,500	188,500
20	Canada Oil Substitution Program	40,000	185,889
25	Petroleum Incentives Program	1,600,000	1,600,000
(S)	Payments to Interprovincial Pipe Line Limited in respect of deficiencies related to the Montreal extension	8,400	8,400
(S)	Petroleum Compensation	290,000	290,800
(S)	Canada/Nova Scotia Development Fund	50,000	.....
(S)	Contributions to employee benefit plans	7,703	7,188
(S)	Environmental Studies Revolving Fund	.....	800
	Total budgetary	2,441,937	2,857,736

Extracts from Part II of the Estimates

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
L30	Loans to finance regional electrical interconnections	8,277	9,458
	Total non-budgetary	8,277	9,458
	Total Program	2,450,214	2,867,194

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Energy, Mines and Resources	
	Energy Program	
5	Energy -- Operating expenditures	136,342,505
10	Energy -- The grants listed in the Estimates and contributions	199,991,000
15	Canadian Home Insulation Program -- Payments for the purposes of the Canadian Home Insulation Program Act	109,500,000
20	Canada Oil Substitution Program -- Payments for the purposes of the Oil Substitution and Conservation Act	40,000,000
25	Petroleum Incentives Program -- Payments for the purposes of the Petroleum Incentives Program Act	1,600,000,000
L30	Loans in accordance with terms and conditions approved by the Governor in Council to assist in financing regional electrical interconnections	8,277,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates									1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the Vote	Total	Non-budgetary Loans investments advances	Total	
Energy Policy	133	8,244	34	307	8,585	.....	8,585	.....	8,585	8,353
Petroleum[1]	133	8,869	62	447,100	456,031	.....	456,031	.....	456,031	649,594
Emergency Planning (including the Energy Supplies Allocation Board)	25	2,091	9	.....	2,100	.....	2,100	.....	2,100	2,171
Conservation and Non-Petroleum	523	84,562	165	292,575	377,302	.....	377,302	8,277	385,579	573,719
Energy Research and Development	20	2,012	11	300	2,323	.....	2,323	.....	2,323	2,732
Monitoring of Energy Enterprises	18	1,649	5	.....	1,654	.....	1,654	.....	1,654	1,763
Petroleum Ownership, Control and Incentives	385	24,986	283	1,600,000	1,625,269	.....	1,625,269		1,625,269	1,624,479
Administration of Canada Oil and Gas Lands	123	9,424	53	50,000	59,477	.....	59,477	.....	59,477	9,382
Program Management and Support	39	1,582	25	509	2,096	.....	2,096	.....	2,096	5,041
Environmental Studies[2]	4	297	.....	2,500	2,797	2,797	.....	.....	.....	800
Energy Public Information	.....	.....	.....	.....	.....	.....	.....	.....	.....	13,460
Funds available from the Province of Alberta under the Market Development Incentives Program	.....	.....	.....	-92,900	-92,900	.....	-92,900	.....	-92,900	-26,300
	1,405	143,696	647	2,300,391	2,444,734	2,797	2,441,937	8,277	2,450,214	2,867,194

1. This Activity includes the payment for compensation from the Petroleum Compensation Account. See page 3-63.

3. This Activity is financed through a Revolving Fund. For this particular Fund, net cash Estimates are equal to the anticipated operating profit (loss). For purposes of this Departmental Part III of the Estimates, this Activity is included in the Administration of Canada Oil and Gas Lands Activity. Page 3-47 refers. For detailed information on the Revolving Fund, refer to page 3-65.

Section I
Program Overview

A. Highlights

In accordance with the Economic and Fiscal Statement delivered in the House of Commons on November 8, 1984, federal expenditures on energy demand and supply programs will be reduced as part of an overall Energy Program review and evaluation. The following initiatives will be undertaken, which, together with other adjustments, will result in more than a $600 million saving in Energy, Mines and Resources Canada (EMR) projected expenditures during the 1985-86 fiscal year:

- reduction of Petroleum Incentives Program (PIP) expenditures in 1985-86 by $250 million;
- termination of the Canada Oil Substitution Program (COSP) effective March 31, 1985, effecting a saving of $95 million in 1985-86;
- implementation of measures to terminate the Canadian Home Insulation Program (CHIP) by March 31, 1986, resulting in an $84 million saving in 1985-86;
- deferment of new commitments under the Natural Gas Laterals Program (NGLP), providing for an $85-million saving in 1985-86;
- cancellation of the Maritimes Engineering Program (MEP) of engineering work on the Maritimes section of the Trans Quebec and Maritimes gas pipeline, saving $8 million in 1985-86;
- winding up of Canertech, an entity of Petro-Canada, investing in conservation and renewable energy projects, saving $30.6 million in 1985-86; and
- reduction of the level of expenditures of the interdepartmental energy research and development program by $60.8 million in 1985-86.

The highlights of the Energy Program for 1985-86 are described below. Details are discussed in the Background and Planning Perspective portions of this Section, and in the Analysis by Activity Section, starting on page 3-26.

- To adjust, as required, Canadian energy policies and program elements to achieve the Program's objectives of economic growth, self-sufficiency, energy security, enhanced Canadian

participation, fair treatment and a stable planning environment.

- To study the changes which may be required relative to domestic petroleum pricing, the tax system, new oil supply, oil demand reduction by substitution and conservation, and incentives for Canadianization, and to co-ordinate recommendations for their implementation.

- To ensure the orderly development, provision and utilization of adequate and secure sources of petroleum to meet Canada's energy requirements consistent with the government's energy policies.

- To develop and administer programs concerned with oil and gas prices, including: domestic pricing; export pricing; pipeline subsidies; and gas market expansion incentives. The domestic price of oil will no longer be set administratively but will be based on market forces.

- To design a stand-by organization for the National Emergency Agency for Energy (NEAE).

- To operate conservation and non-petroleum programs to ensure that they continue to contribute to the government's objective of energy security in the most cost-effective way.

- To place increasing emphasis on education, highly cost-effective information and technological transfer initiatives, as well as focused financial assistance to specific regions and sectors, to overcome barriers to cost-effective energy conservation and oil substitution.

- To consolidate advances and maintain momentum in the development and use of non-petroleum energy sources.

- To assess the Canadian ownership rate and the Canadian control status of applicants, and to issue certification for use in applying for incentives contributions and for production licences on Crown Lands, pending completion of a comprehensive review of the PIP and decision as to its replacement.

- To assess applications for incentives contributions with respect to expenditures incurred in the exploration for, and the development of, oil and gas in Canada, and to process payments, pending decisions as to the replacement of the PIP.

- To continue to produce high quality and timely Petroleum Monitoring Agency's (PMA) publications and reports.

- To evaluate petroleum operating cost estimates for 1982, 1983 and 1984.

- To finalize the main elements of a federal mandatory allocation and rationing program for petroleum products.

- To prepare interdepartmentally co-ordinated plans for energy research and development (R&D) programs for approval by the Panel on Energy R&D.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Energy Policy	8,585	8,353	232	3-26
Petroleum	456,031	1,499,594	(1,043,563)	3-29
Emergency Planning (including the Energy Supplies Allocation Board)	2,100	2,171	(71)	3-33
Conservation and Non-Petroleum	385,579	575,719	(190,140)	3-35
Energy Research and Development	2,323	2,732	(409)	3-40
Monitoring of Energy Enterprises	1,654	1,763	(109)	3-42
Petroleum Ownership, Control and Incentives	1,625,269	1,724,479	(99,210)	3-44
Administration of Canada Oil and Gas Lands	59,477	10,182	49,295	3-47
Program Management and Support	2,096	2,321	(225)	3-53
Sub-totals	2,543,114	3,827,314	(1,284,200)	--
Less: Market Development Incentives Program	92,900	26,300	66,600	3-64
Totals	2,450,214	3,801,014	(1,350,800)	--
Authorized person-years	1,405	1,363	42	3-55

The resources shown in the Forecast column have been revised to reflect the transfer to the Administration Program of the costs of the public information activities which were previously included in the Energy Program. In addition, the 1984-85 forecast reflects the consolidation of the Petroleum Sources and Oil Pricing and Compensation Activities into

the new Petroleum Activity as displayed in this Plan and a similar consolidation of the Non-Petroleum Sources and Energy Conservation Activities into a new Conservation and Non-Petroleum Activity.

Explanation of 1985-86 Changes: The 1985-86 estimated requirements of $2,450.2 million represent a decrease of approximately $1,350.8 million (or 36%) over the 1984-85 forecast. The decrease is made up of the following items:

	($ millions)
• Changes in contribution requirements	
- Natural Gas Laterals Program (NGLP)	(178.0)
- Maritimes Engineering Program (MEP)	(15.0)
- Petroleum Compensation	(850.8)
- Coal Utilization	(13.3)
- Coleson Cove Plant	(6.0)
- Propane Vehicles Grant Program (NVGP)	(12.0)
- Remote Community Demonstration Program (NCDP)	(2.6)
- Forest Industry Renewable Energy (FIRE)	10.0
- Industrial Conversion Assistance Program (ICAP)	(1.6)
- Renewable Energy Demonstration Program in Quebec (ENERDEMO)	(4.0)
- Canada Oil Substitution Program (COSP)	(90.9)
- Canadian Home Insulation Program (CHIP)	(79.0)
- Petroleum Incentives Program (PIP)	(100.0)
- Canada/Nova Scotia Development Fund	50.0
• Change in funding from Alberta under the Market Development Incentives Program (MDIP)	(66.6)
• For all activities allowance for inflation on personnel costs only	2.7
• Reduction in program operating costs Canada Oil Substitution Program (COSP) and Canadian Home Insulation Program (CHIP)	(10.0)
• Establishment of Super Energy-Efficient Home Program (SEE)	6.0
• Expansion of ENERDEMO Program	3.7
• Establishment of new Canada/National Energy Audit Program (NEAP)	8.3
• Other Program changes and fluctuations	(1.7)
Total:	(1,350.8)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $3,801.0 million or 33% higher than the 1984-85 Main Estimates of $2,867.2 million (Extracts from Part II of the Estimates, page 3-6). The difference of $933.8 million reflects the following major offsetting items:

	($ millions)
• Supplementary Estimates (B), 1984-85, providing additional funding for the Petroleum Compensation Account	850.0
• Increased requirements in the Petroleum Incentives Payments due to increased drilling activities	100.0
• Realignment of the Communications Activity's costs to the Administration Program due to approved Program/Activity changes	(13.5)
• Realignment of Corporate functions from the Energy Policy Activity to the Administration Program	(2.7)
Net Change	933.8

C. Background

1. Introduction

The Energy Program is one of two operational Programs within EMR, the other one being the Minerals and Earth Sciences Program (MESP). The Energy Program has the following main responsibilities:

- Establishing and maintaining effective strategies, policies and programs for the supply, efficient use and conservation of energy resources, with due regard for other governmental economic and social goals.

- Promoting the orderly development of adequate and secure sources of energy to meet Canada's energy needs.

- Encouraging the availability to Canada of optimal technical capability for the research, development, supply, processing and use of renewable and non-renewable energy.

- Administering the acts and regulations which form the bases of Canada's national energy policy which is directed at the objectives of economic growth based on energy resource development, self-sufficiency and energy security, enhanced Canadian participation, and fair treatment for consumers and producers in a stable planning environment of federal, provincial and industrial co-operation.

- Administering the relevant acts and regulations pertaining to the exploration and development of oil, gas and other mineral resources on Canada Lands, in conjunction with other federal departments and agencies, provinces and territories, and interested industrial sectors.

- Preparing contingency plans to deal with oil shortages.

2. Special Relationships

This Program has a close relationship with the three operational Sectors of the MESP, namely, Mineral Policy, Earth Sciences, and Research and Technology. Special relationships have also developed with a number of other departments, agencies and committees having responsibilities with strong interests in the energy policy area. Some of these departments and agencies are responsible for providing energy-related advice to Cabinet; others are responsible relative to the implementation of Cabinet's energy policy decisions. Their roles and policy inputs vary in accordance with the particular issue being considered. In total, nearly 40 departments, agencies and committees have varying degrees of participation in the energy policy advice and implementation processes for which the Minister and the Department have the overall co-ordinating role.

Several central agencies and committees are key participants in the policy co-ordinative function. The Treasury Board of Canada Secretariat (TBS) deals with energy-related issues in the context of its functions which encompass all national issues. The Department of Finance Canada, in its responsibility for the country's taxation structure, also has a direct concern with the role of energy in the economy. A number of interdepartmental committees assist in the advice and implementation functions: the Interdepartmental Panel on Energy Research and Development; the Committee on Megaprojects, Industrial and Regional Benefits; and the Senior Policy Committee (SPC) on Northern Resource Development. This latter Committee also has representation from the two Territorial governments.

The Interdepartmental Panel on Energy Research and Development represents 22 federal government departments and agencies. The Panel reviews federal activities; develops and implements a co-ordinated federal program; advises Ministers on the allocation of funds; co-ordinates federal government activities, including the federal approach to major international and federal-provincial initiatives; and provides for the exchange of information on policies and strategies which would affect the direction of federal programs.

A formal link exists between the Department and Indian and Northern Affairs Canada (INAC) through the Canada Oil and Gas Lands Administration (COGLA) whose Administrator reports to the Deputy Ministers (DMs) of the two Departments.

Other Departments such as Justice, Environment, Fisheries and Oceans, and Transport also have responsibilities for the development of the country's energy resources. In addition, there are some 18 other departments and agencies whose participation in energy issues is essential to the energy advice and implementation functions related to Cabinet decision-making.

In the context of EMR's contacts with other governmental bodies, there is a special relationship with the Agencies which, along with EMR, report to the Minister. In total, the Department and these Agencies -- National Energy Board, Atomic Energy Control Board, Atomic Energy of Canada Limited, Petroleum Monitoring Agency, Energy Supplies Allocation Board, and Petro-Canada -- carry out responsibilities for all aspects of energy supply in support of the Minister's mandate as Principal Adviser to the Cabinet on energy policy development and implementation. The Agencies perform regulatory, research, or policy functions as specified in their legislative mandates. The Minister and Department have responsibilities for the development and co-ordination of policy on energy in all forms.

3. Legal Mandate

The legislative framework for the Activities of the Energy Program can be found in the Department of Energy, Mines and Resources Act and the Resources and Technical Surveys Act.

The Canadian energy initiatives have resulted in major new and revised legislation for the Activities of the Energy Program. The major Energy Program legislation is listed in Section III, page 3-61, as are other acts and instruments administered in whole or in part through the organizations in the Energy Program.

4. Program Objective

The objective of the Energy Program is to establish and maintain effective policies, strategies and programs for the supply and efficient use of energy resources, with due respect for other social and economic goals.

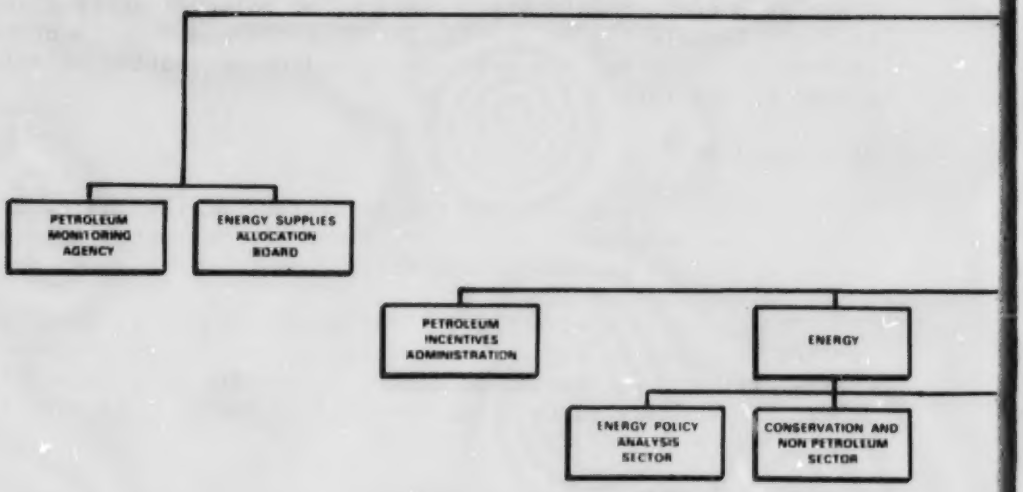
5. Program Organization for Delivery

Activity Structure: The Energy Program consists of the nine Activities shown in Figure 2, pages 3-14 and 3-15. This reflects a change from the Activities shown in 1984-85. Details of the Program structure below the Activity level are included in Section II, Analysis by Activity, starting on page 3-26.

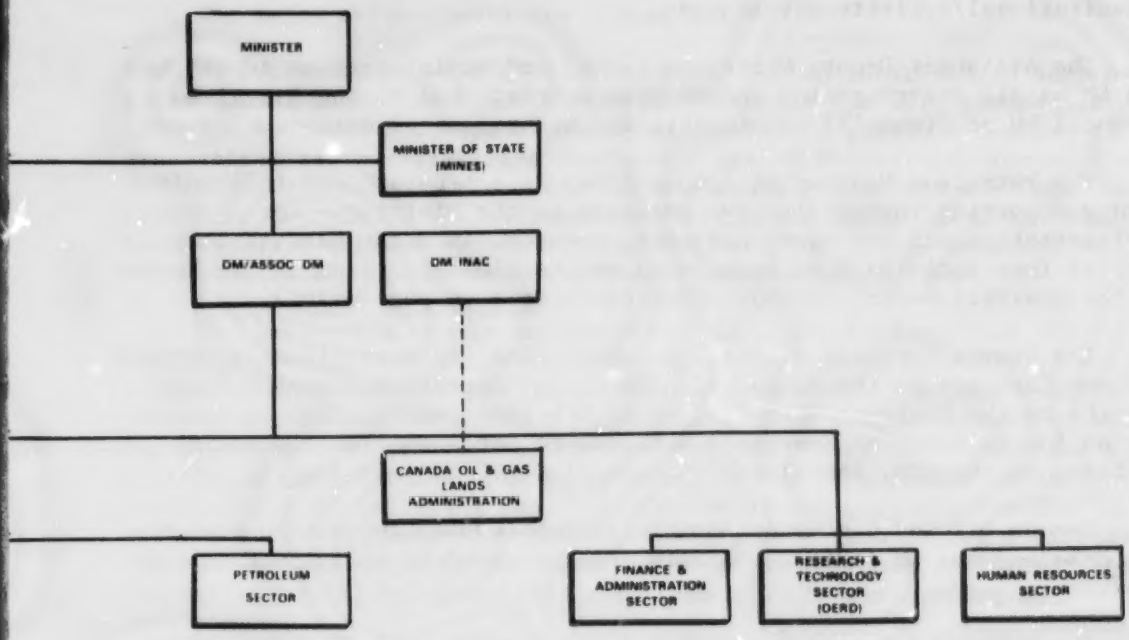
The Activity structure is designed in parallel with the organizational structure. The responsibility centres at the sub-activity level report directly to the appropriate sectorial/administrative heads.

Organizational Structure: This Program is composed of three major Sectors (Energy Policy Analysis, Petroleum, and Conservation and Non-Petroleum), and two Administrations (Petroleum Incentives, and Canada Oil and Gas Lands). The Research and Technology, Finance and Administration, and Human Resources Sectors, plus the Communications Branch, also support this Program. Finally, important inputs are provided to the Program by the Earth Sciences Sector through the oil and gas resource appraisals

Figure 2: 1985-86 Resources by Organization/Activity ($000)



	PETROLEUM MONITORING AGENCY	ENERGY SUPPLIES ALLOCATION BOARD	PETROLEUM INCENTIVES ADMINISTRATION	ENERGY POLICY ANALYSIS SECTOR	CONSERVATION AND NON PETROLEUM SECTOR
Energy Policy				8,585 (135)	
Petroleum					
Emergency Planning (including the Energy Supplies Allocation Board)		677 (4)			
Conservation and Non-Petroleum					384,815 (495)
Energy Research and Development					
Monitoring of Energy Enterprises	1,654 (18)				
Petroleum Ownership, Control and Incentives			1,624,692 (369)		
Administration of Canada Oil and Gas Lands					
Program Management and Support				805 (2)	
TOTALS (including non-budgetary)	1,654	677	1,624,692	9,390	384,815
PERSON YEARS ( )	18	4	369	137	495



					TOTALS $	TOTALS P Y
					8,585	(135)
455,794 (127)		237 (6)			456,031	(133)
1,423 (21)					2,100	(25)
		764 (28)			385,679	(523)
		105 (3)	2,218 (17)		2,323	(20)
					1,854	(18)
		577 (16)			1,525,269	(385)
	59,309 (122)	168 (5)			59,477	(127)
		663 (18)		628 (19)	2,096	(39)
457,217	59,309	2,514	2218	628	2,543,114	
148	122	76	17	19		1405

provided by the Geological Survey of Canada's Institute of Sedimentary and Petroleum Geology, located in Calgary, Alta. Figure 2 shows the relationships between the resources requested for 1985-86 and the organizational/activity structures.

The Assistant Deputy Ministers (ADMs) and Administrators report to the DM on all energy policy and program matters, and to the Associate (Assoc.) DM on financial, administrative and personnel matters.

The Petroleum Monitoring Agency (PMA) is a separate and independent Agency reporting through its own Chairman to the Minister. For administrative and budgetary purposes, however, it forms part of this Program (see Activity F on page 3-42) and is closely linked to the Energy Policy Analysis Sector (EPAS). (See Activity A on page 3-26.)

The Energy Supplies Allocation Board (ESAB) reports directly through its own Chairman to the Minister. The Energy Emergency Planning Group reports to the Chairman with respect to its planning function in support of the Energy Supplies Emergency Act and, in other emergency planning matters, to the ADM, Petroleum. (See Activity C on page 3-33.)

Canada Oil and Gas Lands Administration (COGLA) reports to both the DM (EMR) and the DM (INAC). Details are discussed in Activity H on page 3-47.

The Office of Energy Research and Development (OERD) is the Secretariat to the Interdepartmental Panel of Energy Research and Development. OERD is located in the Research and Technology (R&T) Sector in EMR. It provides co-ordinated recommendations supporting national energy objectives concerning resources allocations and policies.

D. Planning Perspective

1. Environment

National energy objectives have a direct bearing on the broad energy mandate of ensuring the supply and efficient use of energy resources, with due regard to other governmental, social and economic goals. Hence, the issues, factors and assumptions, acting as major determinants of the environment for 1985-86, are discussed within each goal.

- **Economic Growth:** This is based on developing energy resources.
- **Self-sufficiency and Energy Security:** This means securing oil and other energy supplies for all regions.
- **Enhanced Canadian Participation:** This is having Canadians play a growing role in their energy industries.
- **Fair Treatment:** This means sharing by all Canadians of the energy benefits and burdens.

- **Stable Planning Environment:** This is based on co-operation between federal and provincial governments and industry.

The major determinants are listed below.

General Determinants: A number of factors, having their origin in broad governmental policy, may affect the direction of the work planned for 1985-86: Economic Envelope expenditure restraint; possible changes in generalized tax measures; the improved state of federal-provincial energy relations; a revised outlook for international oil prices over the remainder of this decade, accompanied by changed market conditions for both Canada's energy imports and exports, and the energy measures announced in the Speech from the Throne on November 5, 1984.

The basic five energy policy goals will be maintained and actively pursued. To reach stated program objectives effectively and efficiently, however, there is a continuous need to fine-tune various program mechanisms, to shift emphasis among them and, at times, to set new priorities as economic conditions change. There is also a need for a continuing governmental role in relation to the five policy objectives, particularly in assisting industry with major new projects and the related infrastructure. For these reasons, attention is being directed towards optimal spin-off benefits, in terms of regional employment and industrial activity, associated with Canada Lands exploration and development.

Economic Growth Determinants: As an engine of growth for the benefit of all regions of Canada, the development of energy resources will proceed to the extent that new investment can be attracted in response to market growth opportunities; appropriate tax, loan and price incentives; greater productivity through technological innovation; and measures designed specifically for industry sectors of strong growth and major spin-off potential.

Energy Security Determinants: Continuing uncertainty in the international oil market, as it affects pricing and the continuity of future oil supply, will make planning and decisions difficult both for public policy makers and private investors. In particular, uncertainty as to whether recent oil price declines reflect the longer-term trends could inhibit efforts to achieve oil self-sufficiency.

The uncertainty in international prices will have a depressing effect on new energy projects, both in terms of their own inherent profitability and the industry cash flow necessary to finance them. Hence, there is an ongoing need to support the industry's continued efforts in Western Canada and on the Canada Lands.

Finally, there will be a major preoccupation to ensure that Canada's needs for electricity are met, using Canadian resources and technology.

Enhanced Canadian Participation Determinants: Increased participation by Canadian companies in exploration and development will determine the extent of enhanced Canadian participation in the oil and gas industry.

Fair Treatment Determinants: The new federal-provincial energy agreements, effective upon the expiry of the interim agreements in early 1985, must ensure that all Canadians, whether they live in the East or the West, and whether they be consumers or producers, share equally in Canada's energy benefits and burdens.

Stable Planning Environment Determinants: The extent to which a stable planning environment is achieved will depend on the degree of co-operation between governments, and with industry, through consultation and the full recognition and understanding of respective rights and responsibilities.

The oil resource development environment in the East Coast offshore will be improved with implementation of the Newfoundland offshore Agreement-in-Principle of June 1984.

2. Initiatives

The initiatives for this Program are discussed in the context of the national energy goals.

Economic Growth: A number of measures are being implemented to enhance energy resource development, not only to ensure energy security but also to promote economic growth and job creation. These measures include the accelerated design and construction of oil sands projects, e.g., initiatives that will exploit the economic opportunities of industrial resources in Eastern Canada, Ontario, and Quebec and the natural and human resources of Western Canada. Investment in these and other energy resource development projects will be stimulated by such incentives as the reduction of excessive front-end loading of taxes in favour of a system which is sensitive to profitability. Regional participation in offshore activity will be promoted to ensure a maximization of local content. The resultant regional strengths and prosperity will benefit all Canadians. Accordingly, full recognition will, in turn, be given to the resource development role as a powerful engine of growth and job creation across all of Canada.

Energy Security: The Program contains many initiatives designed to reduce Canadian oil demand while, at the same time, increasing the supplies of domestic oil. These initiatives include measures to encourage substitution away from oil, conservation, and flexible and balanced development of frontier oil and gas reserves. Starting at page 3-67, details of the energy programs' descriptions, historical details, budgets for 1985-86, etc., are more fully discussed.

Substitution away from Oil: Substitution is intended to reduce the use of oil in the residential, commercial and industrial sectors. The

following representative programs are designed to contribute to the off-oil objective. Their effectiveness is routinely evaluated to ensure adequacy in both intent and realization.

- **Gas Distribution Systems Expansion Program (DSEP):** This program is described on page 3-67. The expected total cost of this program in 1985-86 is approximately $60 million.

- **Alternative Vehicle Fuels:** Good results have been achieved in research concerning alternative vehicle fuels. Several programs, directed at supplying alternative fuels for vehicles, have been developed, including the Propane Vehicles Grant Program (PVGP) and the Natural Gas Vehicles Assistance Program (NGVAP). The expected total cost for alternative vehicle fuels in 1985-86 is approximately $7.2 million.

- **Renewable Energy Sources:** The use of renewable energy sources is encouraged through a number of projects including the Forest Industry Renewable Energy (FIRE) Program, the Solar Demonstration Program, the ENERDEMO Program (formerly the Conservation and Renewable Energy Demonstration Agreements (CREDA) and the Remote Community Demonstration Program (RCDP)). The expected total cost for renewable energy sources in 1985-86 is approximately $50.6 million.

- **Coal Utilization Program:** This initiative is directed at the Atlantic Provinces and, at a later date, possibly in other regions, where coal is available but imported oil highly depended upon. The program assists in the introduction of new environmentally-acceptable technologies to consume coal more efficiently. The expected cost for the coal utilization program in 1985-86 is approximately $30.3 million.

Conservation: The aim of energy conservation initiatives is to accelerate and intensify the implementation of cost-effective opportunities in the major energy using sectors. Important progress has been made, and additional economic possibilities are being evaluated.

An important emphasis is placed on education, information initiatives, and technological development and transfer in the residential, commercial and industrial sectors. Two projects, the Canadian Home Insulation Program (CHIP) and the Super Energy Efficient Housing Demonstration (SEEHD) Program are designed to promote conservation in the home. In the Atlantic Region, the Atlantic Energy Conservation Investment Program (AECIP) focuses on conservation assistance in the industrial and commercial sectors. Details are given on pages 3-67 to 3-69 inclusive. The expected total cost for conservation in 1985-86 is $130.9 million.

Balanced Development of Frontier Oil and Gas Reserves: Special oil pricing and taxation incentives have been implemented to encourage the development of new oil and gas sources. The 1981 Agreement between Canada and Alberta provided for a "New Oil Reference Price," essentially at the international level, for oil discovered after 1973. As a result of further pricing provisions agreed to by the two governments in June 1983, close to 40% of all Canadian oil production is now eligible for the international price incentive.

There is an on-going assessment of the effectiveness of fiscal instruments as devices for revenue collection and industry incentives. The objective is to provide for a fair distribution of oil and gas benefits between producers and consumers, and, through the PIA, to ensure sufficient industrial incentives for balanced resource development in support of energy security. As of December 1983, incentives on the Canada Lands amounted to $2,261.5 million, and PIP processed 1,055 applications relating to exploration or development expenses through the PIA in the provinces other than Alberta. The expected cost for the Petroleum Incentives Program in 1985-86 is approximately $1,600 million.

Energy security is also promoted through: the exploration and resource appraisals of Petro-Canada; the federal government's support for electric power development; and the contingency plans of the Energy Supplies Allocation Board (ESAB) for dealing with oil shortages.

Enhanced Canadian Participation: One of the five major thrusts of federal energy policy -- the government's Canadian participation policy -- has two objectives:

- Canadian ownership of at least 50% for any oil and gas development of the Canada Lands.

- Introduction of a "Canadian share" to encourage Canadian private and public ownership of oil and gas production in discoveries made after October 28, 1980.

The chief instruments of Canadianization include: the Petroleum Incentives Program's (PIP) payments, which cover up to 80% of exploration costs on Canada Lands for eligible Canadian-owned and -controlled firms; the Canadian Ownership Special Charge, which supports the Crown's direct participation in the oil and gas sector; exploration agreements negotiated by the Canada Oil and Gas Lands Administration (COGLA) with companies which undertake exploration leading to production on Canada Lands; and the requirement that the level of Canadian ownership in Canada Lands oil production projects be at least 50%. These instruments have encouraged the development of a stronger Canadian private and public sector presence in the industry.

The process of Canadianization has, in recent years, been characterized by a shift from major acquisitions to the current, more gradual process, where non-acquisition initiatives will play the leading

role. In this regard, private Canadian firms are entering into joint ventures and into farm-ins on Canada Lands with foreign-controlled companies. This addition of new Canadian players to consortiums -- arising from this ownership focus and COGLA's role in encouraging transfer of technology, expertise and knowledge to Canadian owned firms -- supports the aim of increased Canadianization of the industry. As a result, while the development of Canada Lands resources proceeds, strong participation by Canadian firms will be ensured.

Fair Treatment: The establishment of an oil and gas pricing and revenue system that is fair to both the consumer and petroleum industry is a fundamental goal of the Energy Program. Oil and natural gas pricing in Canada is determined through federal-provincial negotiation, and, in this process, the Government of Canada ensures that prices are fair to consumers in the various regions while, at the same time, providing the oil industry with the necessary incentives to develop new sources of oil.

Other initiatives designed to assist the industry in resource development programs have included suspension of the Incremental Oil Revenue Tax (IORT) during the period June 1982 - July 1984; modification of the Petroleum and Gas Revenue Tax (PGRT); extension of the New Oil Reference Price (NORP) to various categories of oil production; and, in some instances, the retention of an earned depletion allowance. Fairness to consumers has been ensured by keeping oil prices significantly below international levels, when world oil prices were rising rapidly, and maintaining the gas/oil price parity at 65%.

Stable Planning Environment: The projected implementation of an offshore agreement with Newfoundland in 1985-86, the negotiation of agreements relating to energy pricing and taxation acceptable to all provinces in the same period, and the satisfactory resolution of such other matters as interprovincial transfers of electrical energy will proceed on the basis of full consultation. Emphasis will be placed on the establishment of a stable planning environment in which all governments can work effectively towards national and regional energy objectives. Recognition of the respective rights and responsibilities of each government will be the basis for the kind of co-operation essential for the resolution of day-to-day problems and for the long-term planning needed for the combined supply and efficient use of the country's energy resources.

3. Program Effectiveness

The Energy Program achieves its objectives and goals through special relationships and co-operation with a wide range of federal, provincial, municipal, individual, and national/international industrial-academic-research complexes. While the Program is too diversified in outputs to provide comprehensive indicators that simply and clearly indicate its effectiveness, proxy measures are used whenever possible. The Department is achieving positive results, as revealed in the findings of program evaluations. Together with such reviews as internal audits and A-Base

studies, EMR continues to improve the selection of more meaningful indicators in assessing the Program's effectiveness, especially through:

- analyzing the results of initiatives taken;
- evaluating significant planned outputs and results in Section II, Analysis by Activity; and
- presenting program results and analyzing trends.

In addition to the above-noted general indicators of effectiveness, and to ongoing performance measurement carried out by departmental managers, EMR is currently implementing a full-scale Program Evaluation Plan covering separate components of the Energy Program. This evaluation, which is administered through the Program Evaluation Branch, permits a deeper, albeit periodic, examination of the relevance, effectiveness and impact of individual departmental programs.

With the maturing of the Energy Program, this area will be the principal focus of activity for the Program Evaluation Branch in this and future years.

The last year has seen the completion of an evaluation of the Canadian Home Insulation Program (CHIP) which, at $109.5 million estimated expenditures in 1985-86, is the second largest program in the energy sector. CHIP is one of the principal home energy conservation components of the Conservation and Non-Petroleum Activity. (See page 3-35 of Section II, Analysis by Activity.)

Very briefly, CHIP is aimed at inducing homeowners and renters to retrofit their homes (increase their insulation, caulking, etc.) and thereby reduce their consumption of energy. The program provides a taxable grant up to a maximum of $500 against the cost of retrofit materials and labour. Recent amendments to the CHIP regulations (1982) require program participants to contribute up to $300 of their own money to be eligible for the maximum $500 grant.

The CHIP evaluation study (carried out over 1982 and 1983) concluded that, while the original targets for CHIP were ambiguous and unrealistic, the initiative resulted in a large number of homeowners taking insulation action, largely in attics. Depending on the various assumptions applied, the benefit-cost ratio of CHIP is between 0.56 and 2.32 (which is considered reasonable in comparison to other governmental programs). The evaluation also indicated that the program has not induced the larger expenditures required for complete retrofitting (approx. $1,500 - $3,000).

While energy savings from such a complete retrofit are regarded as economically efficient from the overall social perspective, they are seen as less so from the individual consumer's point of view. The study indicated that there were significant opportunities to increase program

awareness and participation in certain regions and among certain socio-economic groups. It also pointed to a number of ways in which the management, administration and delivery of the program could be improved. Overall, CHIP is estimated to have created over 44,000 person-years of employment between 1977-82.

In response to these findings, and coincidental with new energy policy directions, it has been decided that the rate of the CHIP grant be reduced to 33 1/3%, and that the program be terminated effective March 31, 1986.

Evaluation work is now in progress on a number of other components of the Energy Program, including: Petroleum Incentives Administration, Forest Industry Renewable Energy Program, and Transportation Energy Conservation.

Readers desiring more information on this topic are encouraged to examine statements by the Minister, departmental annual reports, updates to the various programs, and such monitoring surveys as those issued by the PMA and Statistics Canada.

The following charts and tables illustrate the effectiveness of the of Energy Program in terms of expectations associated with component programs in the period prior to 1985. They relate, in particular, to the energy security and fair treatment objectives.

Figure 3, "Oil Supply/Demand Projections," demonstrates a continuing need for offshore light crude oil to meet domestic refinery requirements, since the heavy crude which is exported cannot generally be utilized in Canada. Figure 4 relates domestic ("blended") oil prices and natural gas prices to international oil price trends showing a favourable 65% parity with domestic oil for natural gas and a converging of domestic and international oil prices in the post-1981 period. Figures 5 and 6, in percentage and dollar terms, illustrate changing revenue-sharing relationships in which the federal share was increased in the early 1980s, with the industry share being restored by 1985 to mid-1970s levels.

Figure 3: Oil Supply/Demand Projections

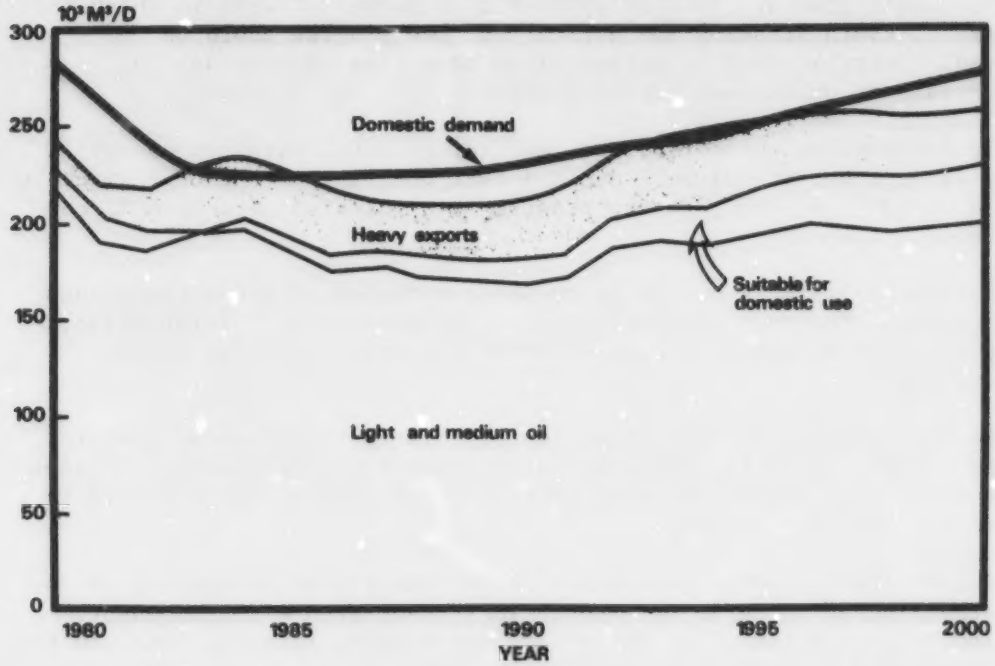


Figure 4: Oil and Natural Gas Prices (1983 Canadian $/m³. Oil Equivalent)

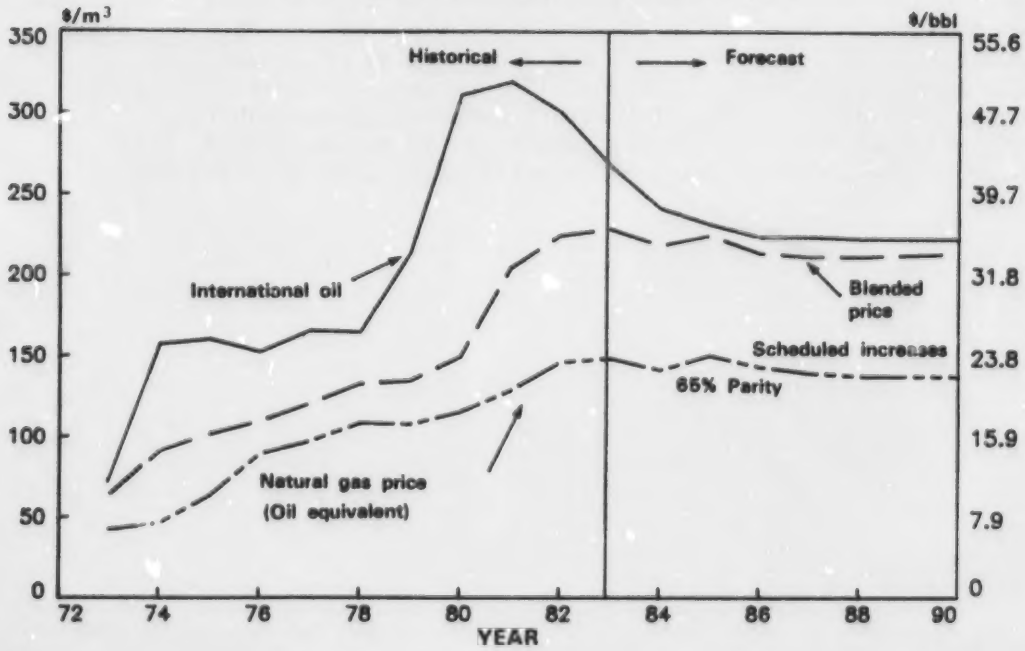


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Figure 5: Oil and Gas Revenue Sharing (Percentages)

	Federal Government	Provincial Government	Industry
1975	6.0	38.0	56.0
1977	4.0	50.7	45.3
1979	7.3	51.3	41.4
1980[1]	(9.7)	54.0	55.8
1981	21.7	35.7	42.6
1982	26.2	27.9	45.9
1983	20.9	30.5	48.6
1984[2]	15.0	32.0	53.0
1985[2]	18.0	30.0	52.0

1. The federal deficits in oil and gas revenues are due to high Oil Import Compensation Payments (OICP) associated with rapid increase in international oil prices in 1979-80.

2. Estimates.

Figure 6: Oil and Gas Revenue Sharing ($ billions)

	Federal Government	Provincial Government	Industry
1975	.3	1.9	2.8
1977	.3	3.8	3.4
1979	.8	5.6	4.5
1980[1]	(1.1)	6.1	6.3
1981	3.5	5.6	6.7
1982	5.3	5.7	9.4
1983	4.6	6.7	10.6
1984[2]	3.2	6.7	11.1
1985[2]	4.0	6.8	11.6

1. The federal deficits in oil and gas revenues are due to high Oil Import Compensation Payments (OICP) associated with rapid increase in international oil prices in 1979-80.

2. Estimates.

Section II
Analysis by Activity

A. Energy Policy

Objective

To establish federal energy policies, strategies and activities, with due regard to their economic, social, regional and environmental impacts, and to Canada's international energy relations.

Resource Summary

This Activity accounts for approximately 0.4% of the total Program expenditures and approximately 10% of the total person-years. A more detailed breakdown of resources is given in Figure 7.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Energy Strategy	2,710	46	2,594	46	2,375	46
Financial and Fiscal Analysis	1,656	25	1,610	25	1,514	25
Corporate Development and Economic Analysis	2,297	41	2,456	41	1,918	37
International Energy Relations	749	13	730	13	752	14
Energy Policy Co-ordination	165	3	157	3	152	3
Activity Management and Support	1,008	7	806	7	938	6
	8,585	135	8,353	135	7,649	131

Of the total budgetary expenditures, 75% is for personnel costs, 21% for operations and maintenance and the remaining 4% for grants and contributions.

Description

The Energy Policy Activity provides the direction and background analysis for energy policy initiatives which have an overall or strategic impact, such as the pricing of crude oil and natural gas and the development of overall energy policy framework. The Activity plans, develops and maintains an energy taxation and incentive system directed to effectively

serve Canada's energy policy objectives of economic growth, self-sufficienty and energy security, enhanced Canadian participation, fair treatment, and a stable planning environment. In the area of corporate development and economic analysis, there are responsibilities for short-term to medium-term policy analyses related to current energy issues, for longer-term economic studies of underlying problems in the energy sector, for the monitoring of corporations in the energy area which report to Parliament through the Minister, and for Canadianization analyses, policy development and program monitoring. In the field of international relations, this Activity is concerned with the effective management and co-ordination of Canada's energy relations vis-à-vis other countries and international organizations, with monitoring and analyzing international energy developments which impinge on Canadian interests, and with ensuring that the domestic energy policy process is fully informed of Canada's international interests and commitments.

Performance Information/Resource Justification

Figure 8 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 8: Energy Policy

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Energy Strategy	2,710	46	To co-ordinate the review and analysis of policy objectives and instruments; to analyse, develop and co-ordinate new policy recommendations on: (1) strategic supply/demand and price issues, (2) federal-provincial energy issues, (3) northern energy and Aboriginal issues, and (4) energy trade policy; and to develop and maintain energy statistical data bases and analytical tools.	- Evaluating national energy programs in relation to energy policy objectives. - Examining, for renewal, energy pricing and taxation agreements with producing provinces. - Co-ordinating policy development concerning energy-related projects on Canada Lands. - Providing an energy analytical framework and forecast scenarios. - Liaising with other federal departments, territorial governments and Aboriginal groups in formulating northern energy policies.
2. Financial and Fiscal Analysis	1,656	25	To plan, develop, advise on and maintain an effective federal energy taxation and incentive system; to evaluate the interaction of federal and provincial royalty/taxation and incentive systems; to develop accurate forecasts of industrial and governmental energy revenues; and to encourage new petroleum projects.	- Assessing the effectiveness of fiscal instruments in revenue collection and in providing sufficient incentive for industrial re-investment activities. - Evaluating new energy project proposals from the private sector seeking various forms of governmental assistance or fiscal relief. - Determining the financial capacity of the petroleum sector to meet Canada's energy security objectives. - Evaluating the impact of alternative pricing and fiscal measures on the petroleum industry. - Forecasting federal government revenues from the petroleum sector. - Finalizing the Canada Oil and Gas Act fiscal regulations.

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Figure 8: Energy Policy (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
3. Corporate Development and Economic Analysis	2,297	41	To plan, develop and implement policies on Canadianization of the petroleum industry; to manage energy expenditures of the federal government and its agencies; to conduct economic analyses of energy initiatives; to evaluate government policies and programs in the electrical and nuclear areas; and to analyse the impact of energy policies on the economy.	- Analyzing the implementation of the Canadianization provisions of the federal energy programs. - Monitoring the operations of Petro-Canada and Co-Energco. - Advising Investment Canada on energy cases. - Evaluating energy expenditure programs and their policy rationales. - Carrying out in-depth cost benefit analyses of energy projects such as natural gas pipelines. - Evaluating government policies by undertaking economic and financial analyses in such areas as Canada Deuterium Uranium reactor (CANDU) sales, Bay of Fundy tidal power, Churchill Falls, etc. - Analyzing the impact on the economy of changes in energy prices, and developing policy proposals to ameliorate negative effects.
4. International Energy Relations	749	13	To advise on the effective management of Canada's energy relations vis-à-vis other countries and international organizations.	- Managing Canada's energy bilateral relationships with such key countries as the U.S.A., Japan, France and Mexico. - Developing energy co-operation with other countries. - Promoting and defending Canadian interests and policies in the International Energy Agency (IEA). - Analyzing emerging opportunities for Canada in Pacific Basin energy trade and co-operation. - Explaining Canada's domestic energy policies and objectives to foreign audiences. - Advising on the ongoing plans and operations of Petro-Canada International Assistance Corporation (PCIAC). - Analyzing the factors influencing the U.S.A. market for exports of oil, natural gas and electricity.
5. Energy Policy Co-ordination	165	3	To plan and implement energy programs and services in support of the Minister's parliamentary functions, and to develop and carry out program planning, evaluation and information functions directed towards national energy policy objectives.	- Preparing notes for daily debates in Parliament, for special debates and for parlimentary committees. - Analyzing, on a monthly basis, domestic and international energy trends. - Preparing energy program documents under the policy and expenditure management system.

B. Petroleum

Objective

To ensure the development, in an orderly fashion, of adequate and secure sources of petroleum to meet Canada's energy requirements.

Resource Summary

This Activity accounts for approximately 19% of the total Program expenditures and approximately 10% of the total person-years. A more detailed breakdown of resources is given in Figure 9.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Petroleum Resources	5,265	12	4,957	12	2,303	7
Oil Supply	997	16	860	17	827	17
Petroleum Utilization	1,085	19	831	19	1,137	20
Natural Gas and Liquids	147,229	41	340,787	42	149,002	37
Oil Pricing and Compensation	300,584	33	1,151,090	29	492,714	31
Activity Management and Support	871	12	1,069	15	812	15
	456,031	133	1,499,594	134	646,795	127

Of the total expenditures, 1% is for personnel costs, 1% for operations and maintenance and the remaining 98% for contributions.

Description

The Petroleum Activity carries out economic and technical assessments of: Canada's oil and gas resources and requirements; the conditions of their development; the component of foreign oil in meeting Canadian requirements; related transportation and processing systems pertaining to oil and gas supplies from all sources; and the condition of oil and gas markets, domestic and foreign, and of factors affecting these markets. These assessments are used to support policy development, program design and implementation.

The Activity implements initiatives relative to: petroleum resource assessments; heavy oil research, development and demonstration; adaptation of the oil refining industry to changing supply and market circumstances, and related policy objectives; monitoring oil product markets; charges on exports of crude oil and oil products in conjunction with the National Energy Board (NEB) and Finance Canada; the management

of Canadian oil supply, domestic and imported; the domestic pricing of gas outside its province of production; the export pricing of gas; and the expansion of gas transmission and distribution systems.

Included in the Activity are the various compensation and pricing programs constituting Canada's administered oil pricing system. Revenues are collected by way of the Petroleum Compensation Charge (PCC) and used to fund payments to importers of petroleum and to producers of new conventional and synthetic crude oil in an amount equal to the difference between Canadian and international prices. The Activity involves monitoring that difference, establishing rates of compensation and ensuring that payments are appropriately made.

The Activity also includes programs for maximizing the utilization of Canadian crude oil by subsidizing transportation costs incurred in shipping crude oil east of Montreal and by offering financial support on crude oil exchanges involving domestic for foreign crude oil. Finally, an amount of $8.4 million is included to cover Interprovincial Pipe Line Limited's (IPL) financial deficiency in constructing and operating its pipeline from Sarnia to Montreal.

As well, the Petroleum Sector maintains an ongoing interface with the National Energy Board on oil and gas regulatory matters and provides appropriate representation vis-à-vis other governments and international agencies.

Performance Information/Resource Justification

Figure 10 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 10: Petroleum

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Petroleum Resources	5,265	12	To contribute to the design and implementation policies for optimal development of Canada's petroleum resources through the provision of information and analysis on oil and gas resources, particularly from geological and engineering standpoints.	- Determining supply price and future production of oil and gas in Western Canada and frontiers. - Assessing non-conventional resources: enhanced oil recovery, oil sands and heavy oil upgraders. - Implementing Canada-Saskatchewan heavy oil-fossil fuel R&D agreement.
2. Oil Supply	997	16	To develop and implement oil supply policy so as to enhance security of supply and maximize the development and use of domestic resources through the provision of information, analysis and advice on Canada's oil requirements and supply, from domestic and foreign resources.	- Preparing weekly analysis and reports on domestic, U.S. and international oil supply, demand and market developments. - Preparing periodic in-depth assessments of current and prospective developments regarding significant Canada and international oil market issues.

Figure 10: Petroleum (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
				- Developing and maintaining the domestic and international petroleum data bases. - Advising on policies and programs affecting the utilisation of domestic crude oil, oil imports and exports. - Advising on levels of export charges and prices and on applications for exemptions and reductions. - Administering the Petro-Canada/ Pemex crude oil import program. - Monitoring crude oil feedstock costs for the U.S. Gulf and Canadian oil-based petrochemical industry. - Preparing advice on the costs and benefits of a Canadian emergency oil inventory program. - Reviewing the need for an oil import strategy for Canada.
3. Petroleum Utilization	1,085	19	To develop policies and programs with respect to Canada's oil transportation, refining and marketing industry and monitor its activities so as to provide adequate utilisation of available petroleum resources.	- Ensuring efficient utilisation of available crude oil resources to supply Canadian oil products needs. - Developing information, analysis and policy advice to optimise the transportation, processing and marketing of oil in Canada. - Providing engineering evaluation of upgrading, refining and transportation projects. - Assessing feedstock requirements of refineries and the petro-chemical industry. - Monitoring the marketing products. - Developing a data base and methodology to monitor downstream industry profitability and to analyse the impacts of changing market environments and government policies.
4. Natural Gas and Liquids	147,229	41	To develop and implement policies and programs for greater use of natural gas and natural gas liquids in domestic and export markets, including pricing, taxation, transmission systems, distribution systems, and oil substitution programs.	- Advising on policies concerning the expansion and extension of gas transmission facilities. - Managing the Natural Gas Laterals Program (NGLP). - Managing the Gas Marketing Assistance Program (GMAP).

Figure 10: Petroleum (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
				- Administering the regulated pricing regime for natural gas sold in domestic markets. - Managing the Market Development Incentives Program (MDIP) from Alberta. - Managing the Distribution Systems Expansion Program (DSEP). - Implementing the Volume-Related Incentive Pricing program. - Assessing and advising on NEB recommendations to the Governor in Council concerning conformity of negotiated gas export contracts with gas export pricing policy. - Implementing the natural gas market incentive plan in co-operation with Alberta. - Assessing and advising on policies and programs relative to the domestic use and export of natural gas liquids. - Advising on required changes to the Canada/Alberta energy agreements with respect to natural gas. - Evaluating gas development projects and proposals for which federal assistance, incentives or regulatory changes are requested.
5. Oil Pricing and Compensation	300,584	33	To develop and administer programs which implement Canada's oil pricing system.	- Establishing appropriate rates of oil import compensation and processing claims for payment. - Determining New Oil Reference Prices (NORP)and making payments to producing provinces and synthetic oil producers. - Assessing the need for the transportation subsidy on shipments east of Montreal and processing applications. - Reviewing individual applications for financial support on crude oil exchanges and determining compensation. - Establishing the Petroleum Compensation Charge (PCC) and managing the collection of that charge. - Modifying programs in response to demands from the industry, provincial governments, consumers on changes in policy direction.

C. Emergency Planning (including the Energy Supplies Allocation Board)

Objective

To prepare, test and maintain contingency plans for the control and regulation of energy production, distribution and use in an emergency, including, specifically, programs for mandatory allocation and rationing of available petroleum supplies to ensure equitable distribution.

Resource Summary

This Activity accounts for approximately 0.1% of the total Program expenditures and approximately 2% of the total person-years. A more detailed breakdown of resources is given in Figure 11.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Allocation and Rationing Programs	669	8	692	8	515	8
National Emergency Agency for Energy	231	6	238	6	178	6
Organization Planning, Information Systems and Special Projects	439	7	454	7	338	7
Activity Management and Support	761	4	787	4	576	4
	2,100	25	2,171	25	1,607	25

Of the total expenditures, 57% is for personnel costs and 43% for operations and maintenance.

Description

The Emergency Planning Activity is responsible for preparation, maintenance and testing of contingency plans for programs of mandatory allocation and rationing pursuant to the Energy Supplies Emergency Act (1979), to ensure the equitable distribution of available petroleum supplies during a national emergency; development and maintenance of plans for the establishment and operation of a National Emergency Agency for Energy (NEAE) as required by the Emergency Planning Order (1981) to control and regulate energy production, distribution and use in the case of an emergency; Canadian representation on the North Atlantic Treaty Organization (NATO) and the International Energy Agency (IEA) that are responsible for contingency planning to deal with petroleum emergencies; and development of measures to mitigate the need for a national emergency

regulatory program. Upon declaration of a national emergency, the Activity initiates implementation and operation of a mandatory allocation program, and, if necessary, a rationing program, as required by the Energy Supplies Emergency Act (1979).

Performance Information/Resource Justification

Figure 12 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 12: Emergency Planning (including the Energy Supplies Allocation Board)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Allocation and Rationing Programs	469	8	To prepare, test and maintain contingency plans for programs of mandatory allocation and rationing of petroleum supplies, and upon declaration of a national emergency, to implement and operate these programs.	- Participating in Allocation Systems Test (AST-5) of the International Energy Agency (IEA). - Modifying and updating the rationing program. - Updating logistics information. - Representing Canada on the Standing Group on Emergency Questions of the IEA.
2. National Emergency Agency for Energy	231	6	To prepare, test and maintain plans for the establishment and operation of a National Emergency Agency for Energy (NEAE).	- Developing operating procedures for the emergency organization. - Testing NEAE plans. - Participating in NATO exercises. - Representing Canada on the NATO Petroleum Planning Committee.
3. Organization Planning, Information Systems and Special Projects	439	7	To support the planning and, if necessary, the implementation of allocation and rationing programs and the NEAE.	- Undertaking training of shadow staff for the NEAE emergency organization. - Recruiting and training staff for the NEAE emergency organization. - Developing computer systems to support participation in Allocation Systems Test No. 5 (AST-5) - Undertaking negotiations with the provinces on demand restraint measures and public information programs.

D. Conservation and Non-Petroleum

Objective

To encourage energy conservation, oil substitution and the development of adequate and secure sources of non-petroleum energy and alternative fuels to meet Canada's energy requirements and export opportunities.

Resource Summary

This Activity accounts for approximately 15% of the total Program expenditures and approximately 37% of the total person-years. A more detailed breakdown of resources is given in Figure 13.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Electrical Energy*	29,065	11	36,401	12	30,581	12
Uranium and Nuclear Energy	784	11	737	11	659	10
Coal	32,981	11	46,543	11	8,009	10
Renewable Energy	66,721	83	62,048	68	38,734	65
Transportation Energy	13,329	31	29,197	40	10,012	32
Home Energy Programs	174,697	84	354,722	101	234,891	86
Industry Energy Programs	45,245	86	32,776	65	13,295	62
Federal Energy Management Programs	1,433	15	1,531	11	1,956	13
Building Energy Technology	10,054	20	1,762	8	5,289	11
Activity Management and Support	11,270	171	10,002	147	7,781	142
	385,579	523	575,719	474	351,207	443

* Includes $8,277,000 in loans to provinces to assist financing of regional electrical interconnections.

Of the total expenditures, 6% is for personnel costs, 16% for operations and maintenance, and the remaining 78% for contributions.

Description

The Conservation and Non-Petroleum Activity develops and delivers programs to encourage energy conservation, oil substitution and the use of non-petroleum and alternative fuels through: analysis of energy supply and demand; formulation of policy; dissemination of information; provision of advice; grants and contributions; and research and demonstration projects.

Performance Information/Resource Justification

Figure 14 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

In addition to the information noted below, a major evaluation study of the Canadian Home Insulation Program (CHIP) has been completed. CHIP, which is one of the principal components of the Home Energy Programs sub-activity, is the largest expenditure program in the Conservation and Non-Petroleum Activity. The results of the CHIP evaluation study are reported in Section I, Program Effectiveness. (See pages 3-21 to 3-23 inclusive).

Figure 14: Conservation and Non-Petroleum

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Electrical Energy	29,065	11	To evaluate and recommend policies to enhance the contribution of electricity in support of Canada's energy and economic needs; and to co-ordinate and administer agreements relating to electricity supply and use.	- Recommending federal roles in regional co-operation, and minimizing impact of inter-provincial disputes. - Analysing electricity market and forecasts of future needs, and encouraging appropriate investments. - Encouraging and supporting research, development and demonstration. - Improving opportunities for profitable international trade in electricity. - Administering federal-provincial agreements in support of policy objectives (e.g., Nelson River Transmission, Canadian Electrical Association R&D, Annapolis Tidal Demonstration).
2. Uranium and Nuclear Energy	784	11	To develop and co-ordinate policy on: uranium supply, exports of uranium and nuclear equipment; development of nuclear power and uranium industries in Canada; and management of radioactive wastes.	- Implementing Canada's uranium export policies. - Publishing information and data on uranium resource and nuclear energy. - Developing a nuclear supply industry rationalization and research strategy. - Co-ordinating federal approaches to major nuclear projects (e.g., Lepreau 2). - Negotiating with provinces and territories on radioactive wastes management (e.g., uranium tailings, low level radioactive waste, irradiated fuels, etc.)
3. Coal	32,981	11	To establish national strategies and an environment where coal can make an optimum contribution to the Canadian energy economy; and to identify, select and assist the commercialization of technologies leading to the expanded and environmentally acceptable use of coal.	- Implementing a coal supply and demand management information system. - Recommending coal strategies for the 1980s and 1990s, including the future of the Coal Utilization Program beyond 1985-86. - Completing demonstrations of coal/water fuel technology; environmental control technology;

Figure 14: Conservation and Non-Petroleum (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
				bubbling fluid bed combustion materials testings; and a plan for effective beneficiation of Atlantic coals. - Preparing a market implementation plan for utilization and transportation of coal-water fuels. - Constructing a circulating fluid bed combustion demonstration facility. - Administering the Coal Utilization Program and the Canada-Nova Scotia Agreement on Oil Substitution and Conservation.
4. Renewable Energy	66,721	83	To ensure the orderly development of renewable energy technologies, with the goal of increasing the use of renewable energy in the economy.	- Publishing a discussion paper on renewable energy. - Delivering and monitoring renewable energy programs (e.g., FIRE, EMERDEMO-Canada, Solar). - Administering the Canada-P.E.I. Agreement on Alternative Energy. - Co-ordinating and directing renewable energy R&D. - Analyzing the technical and economic potential of renewable energy technologies. - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.
5. Transportation Energy	13,329	31	To ensure the orderly development of alternative non-petroleum liquid and gaseous fuels; and to improve the efficiency of energy use in the transportation sector.	- Publishing papers and convening public discussions of transportation energy options. - Achieving 150,000 gaseous-fuelled vehicles through the propane and natural gas vehicle programs, including 6,000 government vehicles by 1985-86. - Preparing a policy framework for promoting the use of alcohol fuels. - Designing and implementing new programs to ensure continuing reduction in new vehicle fuel consumption. - Preparing a policy and planning framework for the conservation of energy in the transportation sector. - Establishing a second ride-sharing centre in a major urban area. - Designing outreach programs to improve the efficiency of fuel use by trucks. - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.
6. Home Energy Programs	174,697	84	To promote optimal energy management in the residential sector through conservation measures, oil substitution and advice to households.	- Promoting and encouraging good home energy planning and management. - Providing advice and information to the public on all aspects of residential energy conservation and substitution.

Figure 14: Conservation and Non-Petroleum (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
				- Stimulating 165,000 energy conservation activities in existing residential units through the Canadian Home Insulation Program (CHIP). - Effectively and efficiently administering CHIP, and Enersave. - Encouraging high-quality workmanship to produce enduring energy savings resulting from the energy conservation and oil substitution activities undertaken in existing Canadian residences. - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.
7. Industry Energy Programs	45,245	86	To develop and manage policies and programs for the efficient use and conservation of energy, and for oil substitution in industry and commerce.	- Identifying conservation opportunities in industrial and commercial facilities, and providing contributions for consulting advice. - Developing an appropriate range of industrial and commercial sector energy conservation task forces by the end of 1986. - Funding eligible research and development projects to develop energy conserving products and processes. - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.
8. Federal Energy Management Programs	1,433	15	To encourage and facilitate the efficient use of energy in all governmental operations by funding surveys and training courses and investing in cost effective retrofit (upgrading) projects.	- Investing $11.4 million in approximately 90 upgrading projects that will have pay-back (in terms of energy saved) of five years or less. - Investing $2.5 million to demonstrate innovative upgrading techniques for later use in the private sector and other federal organizations. - Funding 200 surveys ($1.5 million) to identify cost-effective opportunities to use energy more efficiently and thereby conserve energy. - Funding 40 training sessions for managers of federal buildings and 40 workshops for building operators ($0.4 million) so that opportunities identified in the surveys and demonstration projects can be exploited effectively.

Figure 14: Conservation and Non-Petroleum (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
			To accelerate the conversion of federal facilities off-oil to the most economical alternative fuel. The long-term program goal (1980-81 to 1991-92) is to reduce oil consumption in federal facilities by 40% (218 million litres).	- Investing $2.2 million in approximately 50 conversion projects, resulting in a displacement of 14 million litres of oil and thereby achieving, in five years, 75% of the program's eleven year goal of displacing 218 million litres. - Undertaking surveys of potential conversion to determine their feasibility and to identify the most cost effective way to proceed ($0.1 million). - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.
9. Building Energy Technology	10,054	20	To work with the housing industry to ensure the construction of cost-effective super energy efficient housing by developing products and skills in the industry and developing consumer knowledge and demand for energy efficient housing.	- Developing and implementing revised training programs. - Modifying program technical criteria. - Ensuring development of testing and inspection capabilities in the industry. - Ensuring development of new national standards for products and equipment required in R-2000 housing (e.g., durability of polyethylene vapour barriers, air to air heat exchangers, etc.) - Supporting the construction of approximately 500 demonstration homes and 2,000 repeat homes under the Super Energy Efficient Home Program (SEEHP). - Implementing a public information program in co-operation with the building industry.
			To improve building energy technology by: - providing detailed technical advice and support to allow the successful implementation of EMR's conservation programs in a technically sound manner which will reduce potential risks and liabilities to EMR; and - supporting the development and transfer of priority technical information products, standards and advice to private sector user groups in response to their needs.	- Providing detailed technical advice, manuals, handbooks, etc., in support of EMR's conservation program for the residential sector. - Providing retrofit manuals, procedures, seminars, etc., for a number of specialized areas, including retail lighting, insulation of flat roofs, apartment building operations, domestic hot water systems in large buildings, boiler selection in operating guidelines, window retrofit and replacement handbook, restaurant seminars, domestic hot water distribution systems, etc. - Providing a capability in the provinces and territories for marketing and delivering associated programs and for reporting upon regional developments affecting the sub-activity.

E. Energy Research and Development

Objective

To ensure that Canada has the R&D policies, R&D programs and research capabilities to support national energy strategies.

Resource Summary

This Activity accounts for approximately 0.1% of the total Program expenditures and approximately 1% of the total person-years. A more detailed breakdown of resources is given in Figure 15.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy Development	85	1	85	1	91	1
Research and Development Projects	1,905	13	2,317	13	1,639	13
Information Systems	100	1	150	1	98	1
Activity Management Support	233	5	180	4	276	4
	2,323	20	2,732	19	2,104	19

Of the total expenditures, 46% is for personnel costs, 41% for operations and maintenance and the remaining 13% for contributions.

Description

The Energy Research and Development Activity gives general direction to the federal energy R&D programs which provide both technical knowledge and research facilities. Substantial progress has been made in broadening the scope of these R&D programs (defined by seven tasks: Energy Conservation; Oil Sands, Heavy Oils and Coal; Fusion Energy; Renewable Energy; New Liquid Fuels; Conventional Energy Systems; and Co-ordination) and ensuring their congruence with the long-term energy options open to Canada.

Performance Information/Resource Justification

The management and co-ordination of the interdepartmental energy R&D programs are done through an advisory network centred on the Office of Energy Research and Development (OERD). This Office is the Secretariat to the Interdepartmental Panel on Energy Research and Development. It is organizationally located in the R&T Sector of EMR. In 1985-86, OERD will be responsible for an Energy R&D budget amounting to almost $114 million.

The resources of this Activity are organized to achieve the following sub-objectives:

- To develop and recommend energy R&D policies and the strategies and resource allocations required to implement such policies.
- To develop and implement plans for R&D activities in response to the policies and strategies noted above, and to manage the expenditure of the panel and branch resources.
- To develop and provide information on energy R&D activities.
- To manage the administrative support of OERD.

F. Monitoring of Energy Enterprises

Objective

To monitor and analyze developments related to the petroleum industry, such as production costs, profitability, investments and industry structure, in order to provide relevant information to the governmental policy-making process, for private sector decision-making, and to inform the public.

Resource Summary

This Activity accounts for approximately 0.1% of the total Program expenditures and approximately 1% of the total person-years. A more detailed breakdown of resources is given in Figure 16.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Publication of Industry Monitoring Reports	1,107	16	1,345	16	878	16
Special Studies and Corporate Analyses of Financial and Ownership Information	49	-	79	-	7	-
Activity Management and Support	498	2	339	2	74	2
	1,654	18	1,763	18	959	18

Of the total expenditures, 50% is for personnel costs and 50% for operations and maintenance.

Description

The Monitoring of Energy Enterprises Activity collects information from companies reporting under the Energy Monitoring Act on petroleum reserves, production, revenues, cost and profitability, financing and reinvestment, foreign transactions, R&D, procurement policies, ownership and control. It analyzes the above data and prepares public reports. Selective auditing of individual company records is done to clarify the information provided and to ensure appropriate reporting. The Activity monitors foreign ownership trends in the energy industry and provides advice and data required for the application of various Canadianization programs. It also conducts reviews of the activities of larger companies in the petroleum industry, as required for policy formulation purposes.

Performance Information/Resource Justification

Plans of the Petroleum Monitoring Agency (PMA) for 1985-86 are focused on producing publications which more effectively and economically meet the needs of private and public users. These plans are based on users' interviews carried out in 1984-85.

Figure 17: Monitoring of Energy Enterprises

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Collection and collation of questionnaires	250	250	240
Preparation of regular monitoring reports	2	2	2

G. Petroleum Ownership, Control and Incentives

Objective

To actively contribute to increased Canadian ownership and control of the petroleum industry and the overall energy security of Canada by administration of the Canadian Ownership and Control Determination Act and the Petroleum Incentives Program Act.

Resource Summary

This Activity accounts for approximately 64% of the total Program expenditures and approximately 27% of the total person-years. A more detailed breakdown of resources is given in Figure 18.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
COCD Policy	1,380	23	2,132	31	1,624	29
COCD Operations	6,491	93	5,302	86	4,007	85
PIP Policy	2,122	36	2,340	36	1,425	27
PIP Operations	8,656	145	9,628	166	5,741	126
Activity Management and Support	1,606,620	88	1,705,077	66	1,735,069	75
	1,625,269	385	1,724,479	385	1,747,866	342

Of the total expenditures, 1% is for personnel costs, 1% for operations and maintenance and the remaining 98% for contributions.

Description

The Petroleum Ownership Control and Incentives Activity includes the development and maintenance of policies, systems, procedures and regulations to administer the Canadian Ownership and Control Determination (COCD) Act and to safeguard information received under the Act. Applications are processed for Canadian Ownership Rate (COR) and Control Status (CS) certificates. The Activity also includes the development and maintenance of policies, systems procedures and regulations related to eligible costs, and the safeguarding of information under the Petroleum Incentives Program (PIP) Act. Entity (corporations, partnerships, trusts, individuals, etc.) applications for incentive contributions are analyzed and processed, payments are issued, and applications payment and financial forecast records are maintained. Finally, rulings, interpretations and advice to potential applicants for COR and Canadian CS certification and PIP payments are also provided.

The Petroleum Incentives Administration (PIA) is responsible and accountable for the administration of the COCD and PIP Legislation. It is a service-oriented organization, applying legal, financial, economic and managerial skills to assess applicants' submissions and resolve unusual or difficult cases. The services provided by PIA are addressed to both the oil and gas industry, primarily situated in Alberta and to the financial community.

Implicit in the service aspect of the Administration is the ability to assist clients through offices in geographic proximity to their bases of operations. This has been achieved by the PIA through the establishment of a regional office in Calgary, Alta., and by regular industry contacts in Calgary and Toronto.

Performance Information/Resource Justification

Figure 19 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 19: Petroleum Ownership, Control and Incentives

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. COCD Policy	1,380	23	Based on the interpretation of the Canadian Ownership and Control (COCD) Act: to provide support and assistance to COCD Operations in processing applications for certification by assessing special cases, providing written opinions on complex cases, establishing precedents for future guidance and recommending action on requests for the exercise of ministerial discretion; to provide service to the oil and gas industry and investment community by issuing advance rulings and written opinions and publishing information circulars, interpretation bulletins and guidelines; to develop and maintain legislation, regulations and policy by reviewing and recommending amendments.	- Processing approximately five to 10 special cases and five to 20 advance rulings. - Issuing five to 10 precedents. - Issuing 15 to 20 interpretation bulletins and information circulars. - Issuing a COCD program kit to current and potential applicants.
2. COCD Operations	6,491	93	To process applications for certificates in Ottawa and Calgary under the COCD Act in accordance with the legislation and regulations and the internal standards established: to ensure the COCD Act and Regulations are interpreted and applied consistently in assessing applications; to provide service to applicants by responding to inquiries and by providing guidance in meeting program requirements; and to conduct audits to verify the integrity of the self-assessing system and compliance with legislation and regulations.	- Processing approximately 3,334 large and complex applications.

Figure 19: Petroleum Ownership, Control and Incentives (cont'd)

Sub-Activity	Resources $000's	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
3. PIP Policy	2,112	36	Based on the interpretation of the Petroleum Incentives Program (PIP) Act: to provide support and assistance to the industry and PIP Operations in processing applications for PIP incentives by providing opinions on complex cases, establishing precedents for future guidance, issuing advance rulings, providing prior approval of wells over $50 million and recommending action on requests for the exercise of ministerial discretion; to provide liaison and service to the industry and PIP Operations by researching legislative changes and preparing interpretations, issuing interpretative responses, guidelines, bulletins, circulars, releases and opinions; and to monitor the effects of policy, legislation and regulations and recommend amendments.	- Processing approximately 35 advance rulings and 100 ministerial discretion cases. - Issuing 70 interpretation bulletins and information circulars. - Processing 35 requests for wells exceeding $50 million.
4. PIP Operations	8,656	145	To process applications for payments in Ottawa and Calgary under the PIP Act in accordance with the legislation and regulations and the internal standards established: to ensure the PIP Act and Regulations are interpreted and applied consistently in assessing applications; to provide service to applicants by responding to inquiries and by providing guidance in meeting program requirements; and to conduct audits to verify the integrity of the self-assessing system and compliance with legislation and regulations.	- Processing approximately 30,300 applications from approximately 1,700 entities. - Pre- and post-auditing approximately 30 applicants and 10 special projects.

H. Administration of Canada Oil and Gas Lands

Objective

To ensure the vigorous and responsible development of oil and gas resources on Canada Lands.

Resource Summary

The resources for this Activity are shown in both the Estimates of EMR and INAC. For this Department's share, the Activity accounts for approximately 2% of the total Program expenditures and approximately 9% of the total person-years. A more detailed breakdown of resources is given in Figure 20.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy	692	12	686	12	478	8
Co-ordination	50,866	18	858	18	658	11
Safety	5,187	57	5,005	53	1,793	30
Environmental Protection	1,731	15	1,716	15	598	10
Resource Evaluation and Conservation	2,597	35	2,574	35	1,793	30
Rights and Revenues Administration	1,558	26	1,544	26	1,196	20
Canada Benefits	1,039	17	1,030	17	478	8
Research and Development	2,006	18	2,515	18	910	8
International	173	3	172	3	179	3
Activity Management and Support	3,091	49	3,447	49	3,889	62
Gross Program resources	68,940	250	19,547	246	11,972	190
Less: costs financed through INAC	9,463	123	9,365	121	5,849	92
Net Program resources (EMR)	59,477	127	10,182	125	6,123	98

Of the gross expenditures, 10% is for personnel costs and 6% for operations and maintenance and the remaining 84% for contributions.

Description

The Canada Oil and Gas Lands Administration (COGLA) is a shared responsibility of both the DM (EMR) and the DM (INAC). With respect to specific regulatory responsibilities, COGLA reports to the DM (EMR) on activities south of the line of administrative convenience and to the DM (INAC) on activities north of the line. (Figure 22 provides a map of the Canada Lands and line of administrative convenience.) Beyond the specific regulatory responsibilities, there are policy issues of common interest to both parent Departments. These are dealt with through the Policy Review Committee, which is composed of senior members from both Departments.

COGLA carries out four principal groups of sub-activities. The first group relates to the negotiation, issuance and processing of oil and gas rights on Canada Lands and the negotiation and issuance of production licences. With respect to the exploration phase, the sub-activities include the issuance of calls for proposals to explore new lands and the subsequent negotiation of new Exploration Agreements (EAs). The EAs include a work plan and a Canada Benefits plan which outline how Canadian industry and labour will be given full and fair access to the benefits from oil and gas activities, and the opportunity for Canadian firms to supply goods and services related to these activities.

The second group relates to the regulation and monitoring of the operational, occupational and environmental safety of oil and gas initiatives. This includes writing regulations and standards, evaluating applications to carry out geophysical, drilling or research programs, imposing terms and conditions on operations, monitoring activities, preventing unsafe operations, entering and inspecting sites, and ensuring proper reporting. It also involves a series of approvals including a development plan approval, a production facility approval, a production structures approval, and, depending on the particular circumstances of the development, a launch approval, an installation approval, a transport approval, and a final certificate of fitness and production operations approval.

A third group of sub-activities covers inter- and intra-governmental co-ordination. In its role as principal contact with the oil and gas industry, COGLA depends on the support and co-operation of many federal departments. COGLA also administers joint federal-provincial agreements and/or arrangements for offshore oil and gas, and provides the framework for federal and provincial officials to work together.

The fourth group can be termed support sub-activities and includes the resources evaluation function, the provision of data to companies, institutions and individuals and environmental and related engineering research functions. Resource evaluation provides an appraisal of oil and gas potential on Canada Lands necessary for assessing exploration, for determining work programs for exploration agreements, and for federal oil

and gas supply forecasting. The geophysical and geological data that COGLA gathers for its own purposes are also made available to companies for operational applications and to the scientific community for research. Research and development projects directly support the regulatory decision-making process described above in group two. The main research vehicle is the Environmental Studies Revolving Funds (ESRF).

Performance Information/Resource Justification

In acc· ·dance with the Memorandum of Understanding between EMR and INAC, the f ·nding of COGLA is the joint responsibility of both Departments, subject to normal governmental controls, and this funding arrangement is reflected in the Estimates of both Departments.

Figure 21 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 21: Administration of Canada Oil and Gas Lands

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Policy	692	12	To review, develop and implement policies and strategies for the Canada Oil and Gas Resources management regime. To determine lands for issuance and negotiate and issue Exploration Agreements. To develop a resource management regime for non-fuel ocean minerals. To provide public information on federal oil and gas resource management on Canada Lands.	· Developing a new "Lands Policy." · Letting three to five Calls for Proposals and negotiating 10 to 15 Exploration Agreements. · Preparing a policy paper on offshore non-fuel minerals regime and initiating consultation with coastal provinces on an offshore non-fuel mineral regime. · Issuing approximately 125 press releases and holding about 10 major press conferences.
2. Coordination	50,866	18	To promote federal-provincial-territorial cooperative arrangements for resource management. To implement, administer and monitor joint inter-governmental cooperative resource management agreements. To maintain good working relationships with key agencies in jurisdictions where agreements do not exist. To establish and administer consulting arrangements to coordinate inter-departmental interests in resource management decisions. To ensure industry receives consistent direction in meeting regulatory requirements.	· Negotiating one or possibly two federal-provincial agreements for joint offshore oil and gas resource management. · Completing implementation of one federal-provincial agreement and implementing a second agreement. · Reviewing consultative arrangements with CCG, CEIC, DFO, DOE, ORIF and Labour and strengthen as necessary. · Strengthening COGLA coordination function in the Territories.
3. Safety	9,187	57	To provide state of the art engineering and environmental regulations, standards and guidelines for operational and occupational safety. To review and approve proposed equipment, facilities, and work practices for drilling, seismic, research and production programs.	· Issuing new Structures and Production Facilities Regulations and Drilling Safety and Training guidelines. · Certifying five drilling units and 10-15 supply boats. · Evaluating 25-35 drilling programs and issuing 60 Authorities to Drill a Well.

Figure 21: Administration of Canada Oil and Gas Lands (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
			To monitor daily drilling, production, seismic and research activities and associated environmental conditions. To inspect oil and gas facilities and operations. To maintain an effective, comprehensive emergency regime.	- Carrying out 400-500 inspections of drilling units. - Monitoring 30 daily drilling reports and 100 seismic surveys. - Monitoring daily storm/sea state conditions for 20-25 drilling units. - Completing review of three development plans. - Reviewing 12 emergency contingency plans from safety viewpoint.
4. Environmental Protection	1,731	15	To define and set environmental terms and conditions, for all exploration and production rights proposals. To provide state of the art environmental and engineering regulations, standards and guidelines for environmental protection. To review and approve proposed equipment, facilities and work practices for drilling, seismic research and production programs. To maintain an effective, comprehensive emergency measures regime. To ensure adequate public review of environmental impact of major oil and gas activities.	- Developing guidelines for calls for proposals, environmental monitoring and well site abandonment. - Participating in panel review of West Coast moratorium. - Providing environmental input for Structures and Production Facilities Regulations and Drilling guidelines. - Assessing 25-35 drilling programs and 40 Proposals for an Authority to Drill a Well. - Reviewing and approving 12 contingency plans and conducting two major emergency exercises. - Reviewing environmental impact statement for Hibernia.
5. Resource Evaluation and Conservation	2,597	35	To evaluate oil and gas potential on Canada Lands. To recommend exploration strategies to expand knowledge of reserves. To develop and maintain data bases for tracking potential and reserves on Canada Lands. To assess and approve reservoir extraction plans.	- Contributing Canada Lands portion of National Hydrocarbon Inventory. - Providing regional assessment for four areas. - Reviewing and analysing 14 significant discoveries. - Processing data, cores and cuttings for 40 wells and reservoir logs for 40 wells. - Reviewing 30 to 35 reservoir test programs for individual wells. - Reviewing extraction plan for one major field.
6. Rights and Revenues Administration	1,558	26	To promulgate royalty and rights regulations pursuant to the Canada Oil and Gas Act. To manage the renegotiation of Exploration Agreements (EAs) and the relinquishment of lands. To administer EAs in force including the registration and transfer of interests and the monitoring of work commitments. To ensure the full and prompt collection of revenues.	- Administering 160-180 EAs, renegotiating 17 EAs and implementing relinquishment procedures for 72 EAs. - Collecting $10 million in revenue. - Establishing the registry of interests. - Developing royalty regulations

Figure 21: Administration of Canada Oil and Gas Lands (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
7. Canada Benefits	1,039	17	To assess appropriateness of oil industry activities in ensuring Canadians have full and fair access to Canada Lands opportunities. To foster co-operation between Canadian suppliers and oil industry to expand capabilities of Candian firms to provide goods and services. To encourage expanded capabilities of Canadian operators to participate on Canada Lands. To ensure adequate public review of socio-economic and industrial impact of major oil and gas activities.	- Assessing 50-70 Canada Benefits packages and assessing 20-30 Annual Canada Benefits Reports. - Monitoring employment practices of 10-12 operators. - Reviewing 600-700 designated items. - Determining specific supplier development strategy and special affirmative action strategy. - Reviewing Hibernia Development Plan Proposal and socio-economic impact statement.
8. Research and Development	2,006	18	To ensure the Environmental Studies Revolving Fund (ESRF) provides the data and research base necessary for oil and gas activity approvals. To ensure the marine engineering R&D program supports regulatory needs and/or promotes Canadian technological development. To promote, with operators and the supply community, the development of Canadian oil and gas technologies and joint initiatives to transfer and share technology from other countries. To maintain the Canada Lands data bases and mineral samples required by the oil and gas industry and its supporting services firms.	- Publishing 15-25 ESRF reports. - Reviewing ESRF program achievements. - Completing three to four marine engineering studies on structural monitoring, diving and safety. - Identifying R&D opportunities under Canada Benefits plans and Venture and Hibernia development plans. - Filling 2,500 requests for data or advice.
9. International	173	3	To provide expert technical advice and testimony on international seabed resource management regimes and boundary issues. To promote international offshore comprehensive emergency planning for cross-boundary accidents. To provide information and data on Canada Lands activity and the Canadian land management regime to foreign companies, academics and agencies.	- Advising on offshore boundary disputes involving St. Pierre et Miquelon, Beaufort Sea, Dixon Entrance and Juan de Fuca Strait. - Holding or participating in one bilateral offshore emergency exercise. - Filling 100 information requests from outside Canada.

Figure 22: The Canada Lands

Line of Administrative Convenience Boundary between EMR and INAC ....

INAC has a broad mandate north of 60^0, and EMR has a mandate for area south of 60^0 and the offshore areas at the east and west coasts of Canada.

I. Program Management and Support

Objective

To provide managerial direction to the Energy Program and to maintain common central services.

Resource Summary

This Activity accounts for approximately 0.1% of the total Program expenditures and approximately 3.0% of the total person-years. A more detailed breakdown of resources is given in Figure 23.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Management	630	2	849	10	388	6
Financial Management	752	18	733	18	786	22
Human Resources Management	714	19	739	20	673	18
	2,096	39	2,321	48	1,847	46

Of the net expenditures, 68% is for personnel costs, 8% for operations and maintenance and the remaining 24% for grants and contributions.

Description

The Program Management and Support Activity provides central management and direction of the other Activities of the Energy Program. Also included, are resources for certain centralized support organizations such as finance and personnel. A more detailed description of the finance and human resources organizations can be found in the Administration Program on pages 2-14 and 2-18 respectively.

Performance Information/Resource Justification

The performance information for the finance and human resources organizations is described in detail in the relevant sections of the Finance and Administration and Human Resources Management Activities in the Administration Program. This information is detailed on pages 2-16 and 2-19 of the Administration Program.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Forecast and Actual columns on the various schedules of this Section have been revised to reflect the transfer to the Administration Program of the resources associated with the public information activities which were previously included in the Energy Program.

Figure 24 does not include resources for the Environmental Studies Revolving Funds (ESRF). Details on ESRF are discussed on pages 3-65 and 3-66.

Figure 24: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	55,023	51,294	42,780
Contributions to employee benefit plans	7,703	6,668	7,223
Other personnel costs	73	77	135
Personnel sub-totals	62,799	58,039	50,138
Goods and Services			
Transportation and communications	8,712	9,584	6,015
Information	3,789	1,903	2,052
Research and development contracts	8,967	5,411	10,462
Other professional and special services	55,821	61,579	35,331
Rentals	1,638	1,497	966
Purchased repair and upkeep	209	407	93
Utilities, materials and supplies	1,376	2,294	1,047
All other expenditures	88	78	104
Goods and services sub-totals	80,600	82,753	56,070
Operating totals	143,399	140,792	106,208
Capital	647	919	757
Transfer payments	2,297,891	3,649,045	2,617,729
Totals of expenditures (budgetary)	2,441,937	3,790,756	2,724,694

2. Personnel Expenditures

Figure 25: Person-Years by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Energy Policy	135	135	131
Petroleum	133	134	127
Emergency Planning (including the Energy Supplies Allocation Board)	25	25	25
Conservation and Non-Petroleum	523	474	443
Energy Research and Development	20	19	19
Monitoring of Energy Enterprises	18	18	18
Petroleum Ownership, Control and Incentives	385	385	342
Administration of Canada Oil and Gas Lands	127	125	98
Program Management and Support*	39	48	46
	1,405	1,363	1,249

* The corporate finance and personnel organizations supporting the Energy Program are included in this Activity. The resources are shown in Figure 2, pages 3-14 and 3-15.

The net increase of person-years in the 1985-86 requirements from the 1984-85 forecast is made up of the following items.

- Phased reduction of the Canada Oil Substitution Program and the Canadian Home Insulation Program (28)
- Termination of the Maritimes Engineering Program (1)
- Canada/National Energy Audit Program 14
- Energy Demonstration Program (ENERDEMO) 21
- Super Energy Efficient Housing Program 32
- Industrial Energy Research and Development Program 4

Total: 42

Figure 26: Authorized Person-Years and Salary Provision

Category and Group	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management	84	79	68	50,350-96,300	66,271
Scientific and Professional					
Auditing	31	24	19	27,934-68,070	42,853
Biological Sciences	1	1	1	16,161-68,070	48,227
Economics, Sociology and Statistics	150	149	142	14,570-65,080	46,116
Engineering and Land Survey	109	78	74	23,306-76,130	51,004
Meteorology	1	3	3	16,131-68,070	54,170
Physical Sciences	57	59	50	15,304-68,070	51,571
Administrative and Foreign Service					
Administrative Services	68	67	95	13,912-57,987	32,553
Commerce	202	202	192	15,635-60,465	47,581
Computer System Administration	11	10	9	18,766-61,433	37,873
Financial Administration	27	27	14	13,853-57,980	39,429
Information Services	4	9	4	13,579-57,980	41,006
Organization and Methods	16	12	5	13,520-57,980	41,816
Personnel Administration	9	9	9	13,330-63,870	37,160
Programme Administration	124	107	128	13,912-57,987	40,484
Technical					
Drafting and Illustration	1	-	-	15,557-40,310	27,928
Engineering and Scientific Support	8	8	8	14,041-50,866	29,351
General Technical	36	16	16	12,635-55,682	35,017
Social Science Support	48	45	38	12,635-57,764	33,300
Administrative Support					
Clerical and Regulatory	235	260	234	12,932-31,743	21,195
Office Equipment Operation	20	8	-	12,665-25,271	20,319
Secretarial, Stenographic, Typing	159	190	140	12,636-31,946	21,760

Note: The Person-Years columns display the forecast distribution of the authorized person-years for the Program by occupational group. The Current Salary Range column shows the salary ranges by occupational group at October 31, 1984. The Average Salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 27: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Energy Policy			
University of Calgary for the Energy Resources Institute	125	125	125
Program Management and Support			
In support of organizations associated with the research, development, management and promotion of energy-related issues	50	30	20
Conservation and Non-Petroleum			
Item not required for 1985-86			
Solar Energy Society of Canada	--	--	10
Brace Research Institute of McGill University	--	--	5
Biomass Energy Institute Inc.	--	--	5
Totals of grants	175	155	165
Contributions			
Energy Policy			
In support of Laval University for a scholarship program	182	169	143
Item not required for 1985-86			
Saskatchewan Co-op Upgrader	--	--	108
Petroleum			
In support of the natural gas liquids supply development	150	--	--
Joint Canada-Saskatchewan program for the development of heavy oil recovery technology (1976)	650	1,304	1,216
*Oil substitution - Distribution System Expansion Program	60,000	60,000	46,681
Natural Gas Laterals Program	57,000	235,000	76,936
*Gas Marketing Assistance Program	27,000	27,000	21,501
Maritimes Engineering Program	--	15,000	--
Canada-Saskatchewan Agreement on Fossil Fuel Research, Development and Demonstration (1981)	3,900	3,000	660
Petroleum Compensation Payments	--	640,800	--
(S) Payments to Interprovincial Pipe Line Limited in respect of deficiencies incurred by the Company in connection with the construction and operation of the Montreal extension of the Interprovincial Pipe Line system	8,400	8,400	8,330
(S) Petroleum compensation	290,000	500,000	482,730
Item not required for 1985-86			
Membership in the World Petroleum Congress Canadian Association	--	--	1
Transportation Assistance Program	--	--	1,236
Contribution to Government of the Northwest Territories for feasibility study of natural gas and propane use	--	--	75

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (cont'd)			
Conservation and Non-Petroleum			
In support of the development and commercialization of new coal utilization technology	30,265	43,568	7,223
Payment to New Brunswick Power Commission re: Coleson Cove Plant	17,000	23,000	19,272
Federal share of the Canadian Electrical Association Research and Development Program	3,028	2,800	2,800
In support of commercial vehicle owners to stimulate the use of propane as a motor fuel in place of gasoline or diesel	—	12,000	5,310
In support of solar heating demonstration projects	11,800	8,800	1,273
Oil Substitution--Conversion Assistance	35,000	125,889	155,609
In support of the development and demonstration of a pressurized oxygen fluidized bed for wood gasification	1,000	2,500	2,511
In support of the Remote Community Demonstration Program	2,410	5,000	348
In support of the development of improved batteries for electric vehicles	—	100	84
In support of government-industry activities for development of new liquid fuels	120	100	47
*In support of the development of natural gas fuelling stations	2,150	3,140	366
*In support of conversion or purchase of natural gas vehicles	5,000	5,930	286
In support of development of specifications and standards for alternative transportation fuels	50	100	—
Canadian Home Insulation Program: Contributions to individuals	109,500	188,500	53,145
In support of low cost energy conservation initiatives	486	496	420
In support of assisting industrial and commercial establishments and institutions to improve efficiency of energy use	6,000	4,000	3,658
In support of organizations to stimulate the use of biomass residue as a fuel in place of conventional fuels and to cogenerate electricity and heat	20,000	10,000	7,069
In support of the Atlantic Provinces to assist industrial and commercial establishments and institutions to finance a portion of the capital investments in energy conservation	17,446	14,200	2,060
*In support of industrial conversion assistance program	5,200	6,750	771
In support of super energy efficient housing demonstrations	4,000	--	1,727
In support of a transportation energy conservation task force	50	--	50
In support of the development and demonstration of new technologies related to renewable and non-conventional sources of energy and energy conservation and oil substitution by conventional fuels	16,348	--	--
In support of biomass combustion systems in Prince Edward Island	2,000	--	--
In support of industrial energy research and development programs to effect research and to increase the efficiency of the use of energy	3,722	--	--
Items not required for 1985-86			
In support of a utility off-oil fund to finance up to 75% of the cost of environmentally acceptable conversions of oil-fired electricity plants to coal	--	366	87
In support of commercial-scale demonstration of advanced electrolytic hydrogen production	--	700	--

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (cont'd)			
In support of federal-provincial agreements for the development and demonstration of new technologies related to renewable and non-conventional sources of energy and energy conservation	--	17,100	15,036
In support of stimulating the wider application of conservation and renewable energy opportunities in Prince Edward Island	--	2,000	617
To provincial agencies and to persons for development initiatives undertaken under the General Development Agreements and Subsidiary Agreements, for the purpose of economic and socio-economic adjustment	--	3,012	2,653
In support of the direct delivery of a conservation and renewable energy program in Quebec		4,000	66
Summer Canada - Student Employment Program	--	--	10
Energy Research and Development			
Class contributions to the International Energy Agency or its agents for energy research and development projects relevant to Canadian concerns	300	--	--
Petroleum Ownership, Control and Incentives			
Petroleum Incentives Payments	1,600,000	1,700,000	1,729,034
Items not required for 1985-86			
To the Swedish Council for Building Research	--	35	31
To KFA Jülich for the exchange of information relating to energy modelling, energy systems analysis and energy technology assessment	--	10	6
To the International Energy Agency for an Energy Technology Policy Study	--	--	36
Administration of Canada Oil and Gas Lands			
In support of infrastructural costs directly or indirectly relating to the exploration for or development, production or transportation of oil and gas in the offshore area	50,000	--	--
Program Management and Support			
In support of organizations associated with research, development, management and promotion of energy-related issues	459	421	94
Items not required for 1985-86			
Memorial University	--	--	2
Environmental Studies			
(S) Under Section 49(9) of the Canada Oil and Gas Act for such environmental or social studies as the Minister determines are necessary	2,500	4,362	819
*Funding from the province of Alberta under the Market Development Incentives Program (MDIP)	(92,900)	(26,300)	(33,754)
Totals of contributions	2,300,216	3,653,252	2,618,383
Totals of grants and contributions	2,300,391	3,653,407	2,618,548

* In accordance with the agreement on Oil Pricing between the Governments of Canada and the Province of Alberta dated September 1, 1981, funding is received from Alberta for the Market Development Incentives Program (MDIP) for purposes intended to increase natural gas markets in Canada. The amount shown represents the estimated amount of MDIP funds to be applied to eligible programs during the fiscal year.

4. Non-Budgetary (Loans)

Figure 28: Details of Non-Budgetary Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Loans			
Regional electrical interconnections	**8,277,000**	9,458,000	7,709,186

B. Cost Analysis

Figure 29 shows the total cost of each Activity in the Energy Program. Other costs shown consist of the charges for accommodation provided by Public Works Canada ($5,086,000), surgical-medical insurance ($944,000), and other miscellaneous services provided free by other governmental departments ($167,000). Costs shown do not include depreciation or accommodation provided by this Department without charge.

Figure 29: Program Costs ($000)

Activity	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Total 1984-85
Energy Policy	8,585	596	9,181	-	**9,181**	8,974
Petroleum	374,031	587	374,618	-	**374,618**	623,881
Emergency Planning (including the Energy Supplies Allocation Board)	2,100	110	2,210	-	**2,210**	2,280
Conservation and Non-Petroleum	374,679	2,307	376,986	98,573	**278,413**	469,378
Energy Research and Development	2,323	88	2,411	-	**2,411**	2,815
Monitoring of Energy Enterprises	1,654	79	1,733	-	**1,733**	1,841
Petroleum Ownership, Control and Incentives	1,625,269	1,698	1,626,967	-	**1,626,967**	1,626,162
Administration of Canada Oil and Gas Lands	59,477	560	60,037	7,857	**52,180**	8,836
Program Management and Support	2,096	172	2,268	-	**2,268**	5,312
	2,450,214	6,197	2,456,411	106,430	**2,349,981**	2,749,479

C. Other Acts and Instruments Administered in Whole or in Part by the Energy Program

1. Major Energy Program Legislation

Atomic Energy Control Act
Canada-Nova Scotia Oil and Gas Agreement Act
Canada Oil and Gas Act
Canadian Home Insulation Program Act
Canadian Ownership and Control Determination Act
Cooperative Energy Act
Energy Administration Act (formerly part of the Petroleum Administration Act)
Energy Monitoring Act
Energy Supplies Emergency Act, 1979
Motor Vehicle Fuel Consumption Standards Act
National Energy Board Act
Northern Pipeline Act
Oil and Gas Production and Conservation Act
Oil Substitution and Conservation Act
Petro-Canada Act
Petroleum Incentives Program Act

2. Instruments and Agreements

Canada-Alberta Agreement Relating to Energy Pricing and Taxation
Canada-Alberta Agreement Respecting Gas Pricing and Market Development Incentive Payments
Canada-British Columbia Agreement on Energy and Taxation
Canada-Nova Scotia Agreement on Offshore Oil and Gas Resource Management and Revenue Sharing
Canada-Saskatchewan Agreement Relating to Pricing and Taxation
Emergency Planning Order

3. Others

Arctic Waters Pollution Prevention Act
Canada Business Corporation Act
Canada-Saskatchewan Heavy Oil Development Agreement
Crow's Nest Pass Rate Agreement
Public Lands Grants Act
Territorial Lands Act

D. Revenue Summary

The revenues received by the Energy Program are deposited to the Consolidated Revenue Fund and are not available to finance activity expenditures.

Figure 30: Revenue by Type ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Privileges, licences and permits	7,857	7,602	6,185
Interest on Loans	97,923	97,147	66,966
Miscellaneous	650	97,811	85,332
Total Program	106,430	202,560	158,483

The descriptions of the principal expected sources of revenue for 1985-86 are as follows:

Privileges, Licences and Permits

• Royalties and exploratory licences for Canada Lands	7,857

Interest on Loans

• Hydro Quebec	1,253
• Manitoba Hydro	24,383
• Prince Edward Island	850
• Nova Scotia Power	319
• New Brunswick Electric Power Commission	600
• Atomic Energy Loans	70,518
Sub-total:	97,923

Miscellaneous

• Interests on funds advanced to Canada Mortgage and Housing Corporation for payment of CHIP claims	650
Sub-total:	650
Total:	106,430

E. Petroleum Compensation

Petroleum Compensation payments are authorized by Section 77(1) of the Energy Administration Act (S.C. 1980-81-82-83, c. 114) which was proclaimed in July 1982. (See Figure 31, page 3-64).

Objective

To provide compensation for the importation of foreign petroleum through payments to refiners and other importers of crude oil and petroleum products and for the subsidization of designated classes of high-cost domestic petroleum through the payment of compensation either directly or through the provincial goverments to producers of such petroleum. The compensation payments are financed by a levy (the Petroleum Compensation Charge) collected on all domestic and foreign petroleum used in Canada.

Description

Payment of Compensation: Under Part IV, Division I of the Energy Administration Act, compensation is payable in accordance with the Regulations for prescribed quantities and kinds of petroleum. The Petroleum Compensation Program Regulations describe in detail the following classes of petroleum as compensatory.

- **Synthetic Petroleum:** This is produced from the mining of the Athabasca Tar Sands by the partners in Syncrude Canada Ltd. and by Suncor Inc.

- **New Oil:** This includes defined post-1980 "new" petroleum produced in the provinces of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan, and defined "new" pentanes-plus produced in the provinces of Alberta, British Columbia and Saskatchewan.

- **Special Old Oil:** This includes post-1973, pre-1981 "new" oil defined by the provinces as eligible for new royalties in the provinces of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan, and similarly defined pentanes-plus produced in the provinces of Alberta, British Columbia and Saskatchewan.

- **Oil Imports:** These include foreign petroleum discharged at a point of entry in Canada or at a place outside Canada for direct transmission by pipeline to Canada.

- **Domestic Transfers:** When domestic crude oil shipments are made east of Montreal, compensation is available based on the transportation costs to east coast refineries.

- **Crude Oil Exchanges:** For foreign crude received in exchange for domestic crude exports, financial assistance is available, if required.

Collection of Levy: Under Part III.1 of the Energy Administration Act, a levy is imposed on (1) domestic petroleum received for processing or consumption in Canada, and (2) foreign petroleum or petroleum products imported into Canada for processing, consumption, sale or other use in Canada at a rate prescribed by the Governor in Council.

Figure 31: Petroleum Compensation: Statement of Operations for the Period Ending March 31, 1986 ($000)

	EXPENDITURES				REVENUES				EXCESS EXPENDITURES (REVENUES)			
ACTIVITY	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84
PAYMENT OF COMPENSATION												
SYNTHETIC OIL	627,800	602,400	25,400	497,730	–	–	–	–	627,800	602,400	25,400	497,730
NEW OIL & SPECIAL OLD OIL	2,234,100	2,029,000	205,100	1,155,305	–	–	–	–	2,234,100	2,029,000	205,100	155,305
OIL IMPORTS	633,900	654,800	(20,900)	541,169	–	–	–	–	633,900	654,800	(20,900)	541,169
DOMESTIC TRANSFER	27,500	40,900	(13,400)	38,678	–	–	–	–	27,500	40,900	(13,400)	38,678
LEVY OFFSET	162,200	49,900	112,300	–	–	–	–	–	162,200	49,900	112,300	–
LESS: COLLECTION OF LEVY	–	–	–	–	3,395,500	2,236,200	1,159,300	1,750,142	3,395,500	2,236,200	1,159,300	1,750,142
NET CONTRIBUTIONS (RECEIPTS)	3,685,500	3,377,000	308,500	2,232,872	3,395,500	2,236,200	1,159,300	1,750,142	290,000	1,140,800	(850,800)	482,730

F. Market Development Incentives Program

In accordance with the agreement on Oil Pricing between the Governments of Canada and the province of Alberta dated November 1981, funding is received from the province of Alberta for the Market Development Incentives Program (MDIP) for purposes intended to increase natural gas markets in Canada. The amount shown represents the estimated amount of MDIP funds to be applied to eligible programs during the noted fiscal years.

Figure 32: Market Development Incentives Program ($000)

	1984-85	1985-86	1986-87
Petroleum Sources (for the Distribution System Expansion Program)	-	55,000	55,000
Non-Petroleum Sources (for the Compressed Natural Gas Fuelling Station Program)	-	5,900	5,500
Conservation (for the Industrial Conversion Assistance Program)	-	5,000	5,000
Marketing Assistance Program	26,300	27,000	17,000
Totals	26,300	92,900	82,500

G. Environmental Studies Revolving Funds

Objective

To fund environmental and social studies which are necessary to determine whether to authorize oil and gas exploration or development activities on Canada Lands.

Authority

Canada Oil and Gas Act (S.C. 1980-81-82-83, c.81).

Description

The Environmental Studies Revolving Funds (ESRF) are administered within the federal government for studies in environmental and social areas necessary for decision-making directly relevant to oil and gas activities on Canada Lands. ESRF are financed through special levies on all those who own oil and gas interests on Canada Lands.

The funds come under the jurisdiction of both EMR and INAC. The former addresses issues associated with offshore activities in southern Canada and is administered by COGLA on behalf of EMR. The latter is concerned with onshore and offshore activities in Canada's North and is handled through the Northern Affairs Program of INAC.

ESRF operate on the basis of annual budgets, levies and study priorities agreed to by the Ministers of EMR and INAC. Such studies must be national or regional in scope, be supplementary or complementary to ongoing federal government programs, and directly address the needs of the oil and gas sector and its regulators.

Studies might cover the following areas:

- The physical and chemical effects of equipment and methods employed in oil and gas activities.
- The interaction of oil and gas activities with living organisms on the land, in the sea, and in the air.
- The socio-economic effects of oil and gas activities.
- The monitoring of long-term biological effects caused by oil and gas activities.

Figure 33: Resource by Activity ($000) and Person-Years

		EXPENDITURES				REVENUES				EXCESS EXPENDITURES (REVENUES)			
	PERSON YEARS	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84	FORECAST 1985-86	FORECAST 1984-85	CHANGE	ACTUAL 1983-84
ADMINISTRATION	4	320	238	82	103	—	—	—	—	320	238	82	103
PAYMENT FOR STUDIES	—	2,500	4,362	(1,862)	819	—	—	—	—	2,500	4,362	(1,862)	819
COLLECTION OF LEVY	—	—	—	—	—	2,820	3,800	(980)	2,821	(2,820)	(3,800)	(980)	(2,821)
TOTAL	4	2,820	4,600	(1,780)	922	2,820	3,800	(980)	2,821	—	800	(2,780)	(1,199)

Figure 34: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	190	167	72
Contributions to employee benefit plans	27	21	11
Transportation and communications	50	50	19
Other Professional and Special Services	30	--	1
	297	238	103
Transfer payments	2,500	4,362	819
Less: receipts credited to the fund	2,797	3,800	2,621
Total expenditures	-	800	(1,699)

H. Energy Security Programs

Distribution System Expansion Program (DSEP)

The objective of the DSEP is to assist the extension of natural gas distribution systems to areas where gas service is presently not available. DSEP addresses the federal energy programs' objective of reducing the use of oil in residential, commercial and industrial sectors in each province to no more than 10% by 1990.

This is a multi-year contribution program. It is used to directly fund system expansions which are not otherwise financially viable for a utility to undertake by itself but which will yield social and economic benefits from a national perspective. Without DSEP, many areas would not have natural gas service. With this service available, consumers can take advantage of such conversion assistance initiatives as the COSP, and the Industrial Conversion Assistance Program (ICAP).

Expenditures in 1985-86 will be almost $60 million. This money will fund major extension projects and smaller projects in British Columbia, Manitoba, Ontario, Quebec and Saskatchewan.

Super Energy-Efficient Housing Demonstration Program (SEEHD)

Three hundred super energy-efficient housing units have been built with federal funds by the Canadian housebuilding industry. Energy consumption for space heating will be about 25% of that in conventional homes. There is strong industry support, and the technology being developed is positively affecting Canadian housing construction practices.

Natural Gas for Vehicles Assistance Program (NGVAP)

In February 1983, the federal government announced two natural gas contribution programs in the transportation field. The Natural Gas Fuelling Station Contribution Program (NGFSCP) is designed to encourage the development of a vehicle refuelling station network for natural gas. It provides a taxable contribution of up to $50,000 to be extended to some 125 fuelling station operators by March 1987. The Natural Gas Vehicle Program (NGVP) is established to encourage the use of natural gas in vehicles by offsetting the costs of vehicle conversions. It offers taxable contributions to both commercial users and private consumers of up to $500 toward the estimated $1,800 cost of converting a vehicle for natural gas use. A target of 35,000 vehicles powered by compressed natural gas by March 1987 has been set for this program. Approximately $7.2 million will be required for these purposes.

Forest Industry Renewable Energy (FIRE) Program

The FIRE program provides capital assistance in support of energy production from biomass. To date, 126 projects, with a total federal contribution of $58 million, have been approved. When completed, these

projects will have an energy capacity of 1.1 Mm^3 of oil equivalent per annum. Over one-half of the displaced fuel is oil, one-third natural gas and the rest liquified petroleum gas (LPG), electricity and coal. In 1985-86, a further $20 million will be required to meet program demands.

Solar Demonstration Program

The objective of the program is to have cost-effective applications of active solar energy in Canada by 1988. The total approved budget is $45 million, through to March 1988, plus $30 million for R&D. To date, demonstrations include about 1,500 solar domestic hot water systems, 92 commercial/industrial projects and six special projects.

ENERDEMO-Canada

This is a national, federally-delivered program which includes and replaces previously separate programs: ENERDEMO-Quebec, Remote Community Demonstration Program (RCDP) and the expired federal-provincial Conservation and Renewable Energy Demonstration Agreements (CREDA). The program demonstrates energy conservation, oil substitution and alternative energy to enhance market acceptance. This program was approved in 1984 for a five-year period. In 1985-86, $16.3 million will be spent for ENERDEMO net of RCDP below.

Remote Community Demonstration Program (RCDP)

This program is a distinct component of the ENERDEMO program. It provides financial support to remote communities to identify and adopt alternative-to-oil energy supply and energy conservation opportunities in order to reduce the use of and dependence on high cost oil products. To date, 84 studies have been funded. In 1985-86 $2.4 million will be spent on demonstrations and information transfer.

Canadian Home Insulation Program (CHIP)

To September 1984, this program had provided more than two million Canadian households with contributions of up to $500. Approximately 80% of Canadian residences are eligible for these contributions, which cover up to 60% of the costs for insulating materials and labour. Expenditures to September 1984 totalled more than $774 million. As noted previously (see p. 3-23), in the light of new energy policy directions, it has been decided to reduce the rate of the CHIP grants to 33 1/3% commencing January 1985, and to terminate the program effective March 31, 1986. An additional $109.5 million will be required for 1985-86. This program was evaluated under Report No. PE 50/1983, November 1983.

Industrial and Commercial Energy Conservation Programs

These programs are intended to encourage greater efficiency and lower costs in the use of energy by industry, commerce and agriculture, which account for 36% of national energy use.

The Voluntary Industrial Energy Conservation Task Forces represent the core of these programs. Currently, approximately 750 companies, using 80% of industrial energy within their manufacturing facilities, are involved through a network of 16 industry task forces which promote energy conservation through studies of conservation opportunities workshops, seminars and newsletters.

Energy Conservation Task Forces have also been formed in non-manufacturing sectors, including the hospitality industry, office buildings, agriculture, post-secondary education, and, most recently, distribution trades.

Other governmental support measures include: the Canada Energy Audit Program (CEAP), formerly the National Energy Audit Program (NEAP), which assists industrial and commercial establishments in identifying areas of energy waste and in planning and implementing corrective measures; the Atlantic Energy Conservation Investment Program (AECIP) which provides contributions to industrial and commercial establishments and private institutions to finance a portion of their energy efficiency projects; Class 34-Tax Incentive which provides a fast write-off (three years) for a range of energy conservation and renewable energy equipment; and the Industrial Conversion Assistance Program (ICAP) which provides contributions to encourage conversions to substitute pipeline natural gas for heavy fuel oil No. 6. In 1985-86, $28.6 million will be spent for these purposes.

The 1982 report of the Canadian Industry Program for Energy Conservation (CIPEC) indicated an overall improvement in energy efficiency (intensity of energy use) of 15.4%. This has been achieved during the period 1972-82, mainly by means of low capital cost measures. Industry previously exceeded its 1980 goal of 12% and remains committed to its goal of 23% for 1985.

I. List of Acronyms

ADM	Assistant Deputy Minister
AECIP	Atlantic Energy Conservation Investment Program
Assoc.	Associate
AST-5	Allocation Systems Test No.5
CANDU	Canada Deuterium Uranium
CCG	Canadian Coast Guards
CEAP	Canada Energy Audit Program
CEIC	Canadian Employment and Immigration Commission
CHIP	Canadian Home Insulation Program
CIPEC	Canadian Industry Program for Energy Conservation
COCD	Canadian Ownership and Control Determination
Co-Enerco	"An oil and gas company joint venture between the Government of Canada and an association of co-operative financial and marketing institutions"
COGLA	Canada Oil and Gas Lands Administration
COR	Canadian Ownership Rate
COR/CS	Canadian Ownership Rate and Canadian Control Status
COSP	Canada Oil Substitution Program
CREDA	Conservation and Renewable Energy Demonstration Agreements
CS	Control Status
DFO	Department of Fisheries and Oceans
DM	Deputy Minister
DOE	Department of the Environment
DRIE	Department of Regional Industrial Expansion
DSEP	Distribution System Expansion Program
EA	Energy Agreement
ENERDEMO	Renewable Energy Demonstration Program in Quebec
EMR	Energy, Mines and Resources Canada
EPAS	Energy Policy Analysis Sector
ESAB	Energy Supplies Allocation Board
ESRF	Environmental Studies Revolving Funds
FIRE	Forest Industry Renewable Energy
FY	Fiscal year
GMAP	Gas Marketing Assistance Program
ICAP	Industrial Conversion Assistance Program
IEA	International Energy Agency
INAC	Indian and Northern Affairs Canada
IORT	Incremental Oil Revenue Tax
IPL	Interprovincial Pipe Line Limited
LPG	Liquified petroleum gas
LNG	Liquid natural gas
m^3	Cubic metres
m^3/d	Cubic metres per day
M^3/D	Thousand cubic metres per day
MDIP	Market Development Incentives Program
MEP	Maritimes Engineering Program
MESP	Minerals and Earth Sciences Program
NATO	North Atlantic Treaty Organization

I. List of Acronyms (cont'd)

NEAE	National Emergency Agency for Energy
NEAP	National Energy Audit Program
NEB	National Energy Board
NGLP	Natural Gas Laterals Program
NGVAP	Natural Gas Vehicles Assistance Program
NGVP	Natural Gas Vehicle Program
NORP	New Oil Reference Price
OERD	Office of Energy Research and Development
OICP	Oil Import Compensation Program (or Payments)
PCC	Petroleum Compensation Charge
PGRT	Petroleum and Gas Revenue Tax
PIA	Petroleum Incentives Administration
PIP	Petroleum Incentives Program
PMA	Petroleum Monitoring Agency
PVGP	Propane Vehicles Grant Program
P-Y	Person-years
RCDP	Remote Community Demonstration Program
R&D	Research and development
R&T	Research and technology (or Technology)
SEE	Super Energy-Efficient Home Program
SEEHD	Super Energy-Efficient Housing Demonstration
$/bbl	Dollar per barrel
$/GJ	Dollar per giga joule
$/m^3	Dollar per cubic metre
SPC	Senior Policy Committee
TBS	Treasury Board of Canada Secretariat

Minerals and Earth Sciences Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $317,257,800 for the operation of the Minerals and Earth Sciences Program (MESP) during the 1985-86 fiscal year. Of this amount, $271,046,200 is required for operating expenditures, including grants and contributions, and $46,211,600 is for capital expenditures. An estimated $17,122,100 for employee benefits will be met under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Energy, Mines and Resources		
	Minerals and Earth Sciences Program		
35	Operating expenditures	253,711	217,798
40	Capital expenditures	46,212	31,714
45	Grants and contributions	17,335	.....
(S)	Contributions to employee benefit plans	17,122	14,559
	Total Program	334,380	264,071

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Energy, Mines and Resources	
	Minerals and Earth Sciences Program	
35	Minerals and Earth Sciences -- Operating expenditures	**253,711,100**
40	Minerals and Earth Sciences -- Capital expenditures	**46,211,600**
45	Minerals and Earth Sciences -- The grants listed in the Estimates and contributions	**17,335,100**

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Total	
Mineral Industry Development	165	11,525	141	2,196	**13,862**	8,567
Administration of the Canada Explosives Act	44	2,065	50	--	**2,115**	1,962
Mineral and Energy Technology	789	68,162	10,095	55	**78,312**	77,000
Remote Sensing	155	24,857	18,229	13,300	**56,386**	26,212
Geological Surveys	836	80,863	5,346	--	**86,209**	63,863
Earth Physics	169	14,031	2,998	--	**17,029**	13,071
Polar Continental Shelf	30	6,015	52	--	**6,067**	5,980
Surveying and Mapping	907	56,365	8,890	76	**65,331**	55,039
Minerals and Earth Sciences Public Information	--	--	--	--	--	4,038
Program Management and Support	113	6,950	411	1,708	**9,069**	6,539
	3,208	270,833	46,212	17,335	**334,380**	264,071

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Extracts from Volume II of the Public Accounts

Use of Appropriation for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 35 -- Operating expenditures, the grants listed in the Estimates and contributions	190,535,000	199,699,215	**197,253,492**
Vote 40 -- Capital expenditures	30,125,000	33,784,500	**33,623,738**
Statutory -- Contributions to employee benefit plans	13,785,000	15,343,000	**15,343,000**
Statutory -- Refunds of amounts credited to revenue in previous year	--	4,811	**4,811**
Total Program — Budgetary	234,445,000	248,831,526	**246,225,041**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The highlights of the Minerals and Earth Sciences Program (MESP) for 1985-86 are described below. Details are discussed in the Background and Planning Perspective portions of this Section, and in the Analysis by Activity Section, starting on page 4-25.

- In collaboration with the United States Bureau of Mines and the Ontario Ministry of Labour, to demonstrate diesel exhaust toxicity reduction devices in underground mines ($668,000 and 4.5 P-Y).

- To demonstrate improved coal preparation plant effluent treatment and fine coal cleaning through the use of mobile coal preparation pilot plants ($3,030,000 and 0.5 P-Y).

- To participate with Alberta Oil Sands Technology and Research Authority (AOSTRA) and the industry in the establishment of an Oil Sands Extraction Demonstration Centre in the vicinity of Fort McMurray, Alta. ($3,895,000 and 3 P-Y).

- To continue comprehensive pilot plant studies in support of the Petro-Canada's 800 cubic metres per day (m^3/d) commercialization demonstration of the Canada Centre for Mineral and Energy Technology (CANMET) hydrocracking process ($700,000 and 17 P-Y).

- To contribute to mining and mineral processing technologies under federal-provincial agreements.

- To receive and process the first Canadian high resolution data from France's remote sensing satellite (SPOT) ($500,000).

- To continue the geoscience investigations of the Canadian Arctic and off the east and west coasts under the recently implemented Frontier Energy Geoscience Program.

- To complete sea-bottom surveys concerned with offshore bilateral boundaries in the Juan de Fuca Ridge, St. Pierre et Miquelon and Beaufort Sea areas.

- In co-operation with the United States Geodetic Survey agency, to complete the readjustment of the continental framework by employing a redefined horizontal datum for North America.

- The Canadian Lithoprobe Project, an association of university and government researchers, expects to complete (Phase I) the acquisition and/or processing of geological and geophysical data from Vancouver Island transect and the Kapuskasing structure in the Canadian Shield.

- To establish a Canadian scientific station on an ice island in the Arctic Ocean.

- To complete the consultations launched by the Minister in fiscal year (FY) 1984-85 on the appropriate role of the federal government in the minerals and metals sector of the Canadian economy.

- To organize and undertake governmental/industrial missions to the People's Republic of China (nonferrous metals, products, and technology), to the Far East (asbestos, and environmentally sound asbestos products), to Eastern Europe (iron ore), and to several other countries to assess the market potential for Canada's lead and zinc products.

- To negotiate federal-provincial mineral development agreements with British Columbia, Ontario, Prince Edward Island and Quebec.

- To facilitate the formation of an industry financed and operated by international Tungsten Institute.

- To complete the establishment of pilot projects relating to the National Mines Accident Data Bank with possibly three provinces.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Mineral Industry Development	13,862	12,123	1,739	4-25
Administration of the Canada Explosives Act	2,115	2,014	101	4-29
Mineral and Energy Technology	78,312	76,639	1,673	4-31
Remote Sensing	56,386	37,477	18,909	4-36
Geological Surveys	86,209	77,441	8,768	4-39
Earth Physics	17,029	16,939	90	4-44
Polar Continental Shelf	6,067	5,980	87	4-48
Surveying and Mapping	65,331	60,482	4,849	4-51
Program Management and Support	9,069	9,780	(711)	4-55
Totals	334,380	298,875	35,505	—
Authorized person-years	3,208	3,215	(7)	4-59

The resources shown in the Forecast column have been revised to reflect the transfer to the Administration Program of the costs of the public information activities which were previously included in the Minerals and Earth Sciences Program. In addition, the 1984-85 forecast reflects the consolidation of the Minerals Technology and Energy Technology Activities into a new Mineral and Energy Technology Activity.

Explanation of 1985-86 Changes: The 1985-86 estimated expenditures of $334.4 million represent an increase of approximately $35.5 million (or 12%) over the 1984-85 forecast. This change is made up of the following increases and decreases.

	($ millions)
• For all activities' general inflation increases related to personnel costs only	6.5
• Decreased funding for research and development (R&D) activities	(4.4)
• Mineral development agreements	5.6
• Frontier Geoscience Program	4.7
• Sherbrooke Institute of Cartography	1.1
• Contribution to the European Space Agency	9.2

• Increase in capital to modernize preparation of maps and charts	2.4
• Increased funding to develop Canadian radar satellite (RADARSAT)	5.2
• Development of Canadian ground system	7.8
• Discontinuation of 1984-85 Summer Canada Program	(2.8)
• Miscellaneous	0.2
Net Change:	35.5

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $298.9 million or 13% higher than the 1984-85 Main Estimates of $264.1 million (Extracts from Part II of the Estimates, page 4-4). The difference of $34.8 million reflects the following items.

	($ millions)
• A Supplementary Estimate of $41.3 million provided funding for the following program initiatives:	
- Federal-provincial mineral development agreements	8.8
- Technological enhancements of systems and equipment	13.4
- Resources research and development program	8.1
- Sherbrooke Institute of Cartography	5.0
- Additional costs of operational and accommodation requirements	6.0
	41.3
• Realignment of the Communications Activity's costs to the Administration Program due to approved program activity changes	(4.0)
• Miscellaneous lapses	(2.5)
Net Change:	34.8

B. Recent Performance

1. Highlights

Additional highlights of the Program's performance during 1984-85 include the following:

- The vertical surveys required to compute geodetic values for the International Great Lakes Datum Project were completed.

- The two-year $5 million Canada Centre for Mineral and Energy Technology (CANMET) Short-term Assistance in Research and Technology (START) Program, initiated in March 1983, is proceeding successfully. It helps the Canadian Mineral Industry directly in solving specific short-term problems in production and productivity. Specifically, CANMET reduces costs to industry for use of its special facilities and expertise, where these do not compete with commercial services. Furthermore, CANMET provides R&D contracts to industry in specific areas (e.g., biotechnology, hydrometallurgy, and potash mining). Finally, CANMET strengthens existing efforts to transfer CANMET technology to Canadian industry. For instance, by the end of September 1984, a mobile foundry laboratory had visited 34 foundries in the Atlantic Provinces, Ontario, the Prairie Provinces, Quebec and the West Coast.

- The deep seismic profiling of Phase I of the Canadian Lithoprobe Project was conducted successfully across Vancouver Island and the Kapuskasing structure of the Canadian Shield. Over 200 km of refraction profiling were obtained on Vancouver Island and about 1,500 km of refraction profiling together with 20 km of reflection profiling were gathered across the Kapuskasing structure.

- Investigations have indicated unexpectedly large deposits of polymetallic sulphides on the Juan de Fuca Ridge System. These mineral deposits are being formed now, and understanding the processes involved will lead to better mineral exploration strategies on land.

- Seamarc and Seabeam surveys, in connection with offshore bilateral boundary research, have been successfully carried out over parts of the Juan de Fuca Ridge system; reduction, analysis and publication of data are now in progress.

- The Minister of State (Mines) launched a series of public discussions on the role of the federal government in the minerals and metals sector of the economy.

- Federal-provincial mineral development agreements were negotiated with New Brunswick, Newfoundland, Nova Scotia, and Saskatchewan, and workplans implemented as agreed.

- An industrially managed Asbestos Research Institute was established in Montreal, co-funded by the federal government, the Province of Quebec and the industry.

- Governmental or governmental/industrial missions were completed to the Middle East on asbestos; to the two Germanies, France and Jordan on potash; to Sweden on iron ore; to Brazil on a number of commodities; and to several countries on the copper market.

- A study to determine the prospects and options of the copper and nickel smelters in Canada, and of the lead and zinc smelters in Canada was carried out jointly by the federal and provincial resource and environmental departments, the operating companies, and the labour unions involved.

Following are the highlights of the Program during 1983-84:

- Multiparameter surveys were carried out off the Atlantic and Pacific coasts and the data used to assist in the preparation of updated geological models of these areas. Geological field work in central Ellesmere Island provided valuable information for the petroleum evaluation of the Sverdrup Basin and the study of the structure, evolution and resource potential of the Arctic Basin. The release of the comprehensive report, "Oil and Natural Gas Resources of Canada 1983," resulted from a continuing program to update the estimated discovered and potential resources of the mainland and offshore areas of Canada.

- The survey network was strengthened in coastal areas of the Beaufort Sea using satellite technology. The increased accuracy of the network will enable the petroleum industry to better position its drilling activities in the Beaufort Sea.

- Investigations of the structure, evolution and resource potential of the Arctic Basin during the multi-disciplinary field experiment Canadian Expedition to Study the Alpha Ridge (CESAR), resulted in large quantities of information which are beginning to be published in scientific literature and through symposia in November 1983 and May 1984. Of special interest was a core yielding a record going back 75 million years and showing the Arctic ocean at that time to be warm and full of life.

- Studies of the Northern New Brunswick earthquakes of 1981 were undertaken. The Earth Physics Branch (EPB) collaborated with the Geological Surveys of Canada (GSC), the Atomic Energy

Control Board (AECB), and Ontario Hydro, and undertook the New Brunswick's Department of Natural Resources in other programs to determine geophysical anomalies, ground stresses and how the seismicity relates to the geology.

- The scheduled field work in the Nahanni area was completed as planned, and several reports have been prepared on the co-ordinated geological, geochemical and metallogenetic investigations.

- The first federal-provincial mineral development agreement under an Economic and Regional Development Agreement, and pursuant to the federal Regional Mineral Strategy, was signed with Manitoba.

- A governmental-industrial task force on international market potential was established by Energy, Mines and Resources Canada (EMR) and the Mining Association of Canada which produced reports on the world copper market, on market access for Canadian exporters, and on international financial institutions and their role in financing projects in various countries. In addition, EMR experts conducted a mission to several countries to assess the world nickel market.

- Two successful meetings were held by the six initiating countries (Australia, Canada, the Federal Republic of Germany, France, Japan, and the United States) towards the establishment of an Intergovernmental Nickel Discussion Group.

- Implementation of plans continued for establishing the Coal Research Laboratory at Sydney, N.S., with a full R&D program involving initiatives in underground mine strata control, ventilation, methane emissions and fire control. Several projects involved underground measurements by CANMET staff in co-operation with Cape Breton Development Corporation (CBDC).

- New and retrofit furnace designs have been developed and demonstrated a 20% improvement in the seasonal efficiency of residential oil and gas heating systems.

- The failure of the Land Satellite No.4 (LANDSAT-4) in 1983 delayed the dissemination of high resolution thematic mapper data of Canada until 1984. LANDSAT-5 was successfully launched in March 1984.

- Memorandums of Co-operation were signed with the Province of Alberta and the Maritime Provinces to co-ordinate mapping activities.

- The third edition of "Surveying Offshore Canada Lands for Mineral Resources Development" was published.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)*

	1983-84		
	Actual	Main Estimates	Change
Mineral Industry Development	10,098	10,116	18
Administration of the Canada Explosives Act	1,956	2,192	236
Mineral and Energy Technology	64,124	59,726	(4,398)
Remote Sensing	30,429	29,593	(836)
Geological Surveys	55,353	49,252	(6,101)
Earth Physics	15,007	14,401	(606)
Polar Continental Shelf	5,953	5,675	(278)
Surveying and Mapping	54,562	54,660	98
Minerals and Earth Sciences Public Information	2,663	2,799	136
Program Management and Support	6,080	6,031	(49)
	246,225	234,445	(11,780)

* The Review of 1983-84 Financial Performance figures have been restated to conform with the revised break out by Activity adapted for 1985-86. The difference between actual expenditures and the Main Estimates results mainly from items approved by Supplementary Estimates as explained in Section II -- Analysis by Activity, starting at page 4-25.

C. Background

1. Introduction

The MESP is one of two operational Programs within EMR. This Program has the following responsibilities:

- Promoting, developing and co-ordinating national policies and initiatives for the minerals and metals sector of the Canadian economy.
- Implementing strategies for the development, conservation and use of minerals, in co-operation with provincial governments and the private sector.
- Carrying out scientific and technical surveys to provide the necessary geoscience knowledge base.
- Preparing and publishing maps and charts.

- Conducting research into the occurrence, origin, evaluation, development, and use of minerals (including oil, gas and coal), and on the role, processing, transportation, trade, marketing, environmental impact and economic benefits of minerals located in Canada and elsewhere in the world.

- Providing airborne and satellite remote sensing service for resource management and environmental monitoring.

- Conducting research into geological hazards and constraints to economic development (e.g., earthquakes).

- Producing national mineral statistics, and economic and scientific reports as public information.

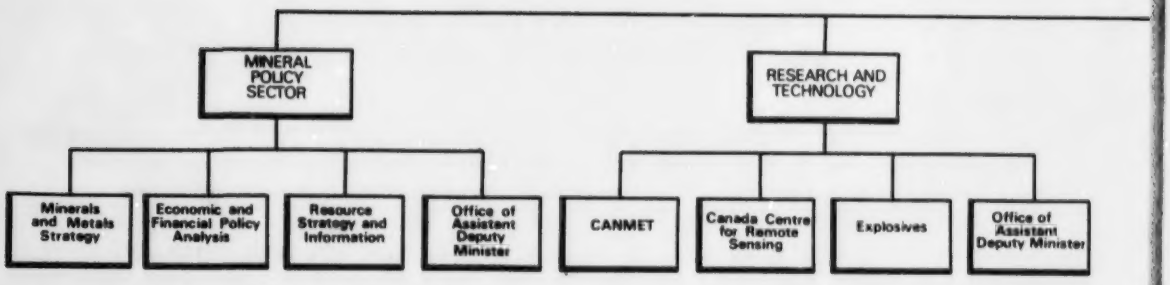
- Contributing actively to public and industrial safety by ensuring compliance with the Canada Explosives Act and Regulations.

Science and technology (S&T) activities, performed in-house and by contract to the private sector, constitute the major portion of the resources allocated to this Program. Systematic surveys provide information on Canada's landmass, its contained energy and mineral resources and its sensitivity to geological and man-made hazards. Mission-oriented R&D (in support of mining, mineral processing, metals and fossil fuel industries) includes data-base generation, policy R&D, and protection and productivity technologies. S&T is, therefore, a principal focus of work carried out within the MESP, accounting for approximately 90% of the resources available to the Program. Further information on the nature of these activities can be found in the related schedules in Section II, starting at page 4-25. The remaining resources support the policy, regulatory and advisory roles and information services activities of the MESP, which are also described in Section II.

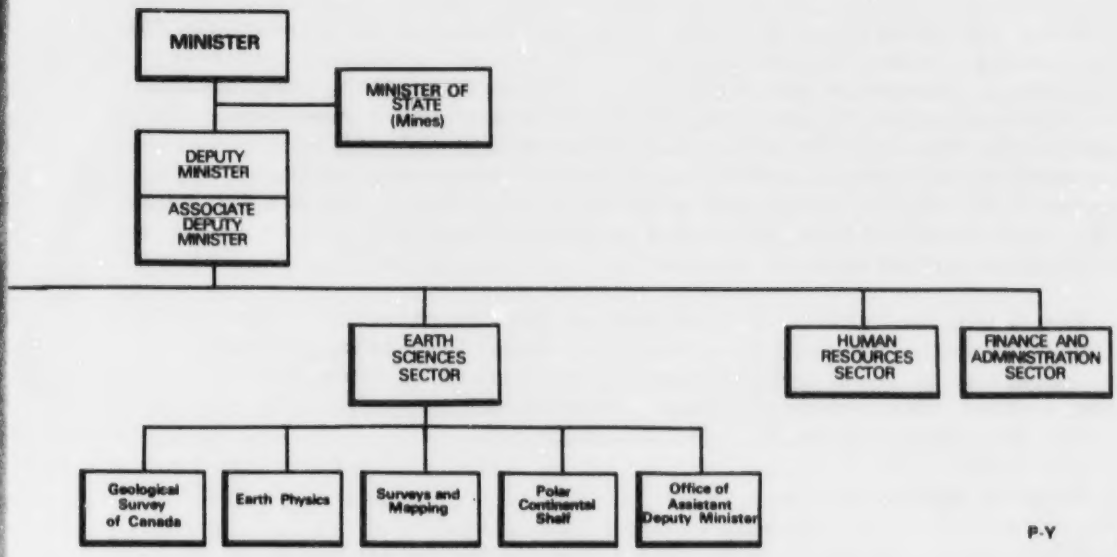
In addition, this Program provides information and support to other governmental departments through the provision of technical survey data (including satellite and aircraft remote sensing), maps, and economic and scientific studies. Research, technical surveys and the development of policies and programs require close liaison with provincial governments, foreign governments and international organizations.

The Department's other operational Program, the Energy Program, makes extensive use of certain geoscience and research outputs of this Program, in analysis, policy development and regulatory decision-making related to the petroleum and non-petroleum resource sectors of the Canadian economy. Certain R&D activities provide direct support to the energy R&D priorities established by the federal energy programs.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



Mineral Industry Development	8,396	3,632	1,654					
Administration of the Canada Explosives Act					684		1,358	
Mineral and Energy Technology					77,982			
Remote Sensing						56,114		
Geological Surveys								
Earth Physics								
Polar Continental Shelf								
Surveying and Mapping								
Program Management and Support				365				646
TOTALS	8,396	3,632	1,654	365	78,666	56,114	1,358	646
PERSON-YEARS	78	59	22	4	794	147	28	11



						P-Y	TOTALS $
						180 (6)	13,862
						73 (2)	2,115
						330 (9)	78,312
						272 (8)	56,386
85,888						321 (7)	86,209
	16,877					152 (4)	17,029
			5,965			102 (3)	6,067
		65,010				321 (8)	65,331
				2,778	1,361	3,919 (45)	9,069
85,888	16,877	65,010	5,965	2,778	1,361	5,670	334,380
829	165	899	27	18	35	92	3,208

2. Legal Mandate

The legislative framework for the majority of the activities of the MESP can be found in the Department of Energy, Mines and Resources Act and the Resources and Technical Surveys Act.

Under the provisions of these Acts, the Minister is responsible for co-ordinating, promoting and recommending national policies concerning energy, mines, minerals and other non-renewable resources, and for the formulation of plans to conserve, develop and use these resources. In addition, the Minister is authorized to establish scientific laboratories, to conduct research and technical surveys related to the assessment of mineral and energy resources, to prepare and publish maps, and to conduct scientific and economic research related to the mining and metallurgical industries of Canada.

The Canada Explosives Act assigns to the Minister the responsibility for regulating the manufacture, testing, inspection, sale, storage, transportation by road, and importation of explosives throughout Canada. Other acts and instruments administered in whole or in part by the MESP are presented in Section III, page 4-65.

3. Program Objective

The objective of the MESP is to ensure the timely availability of mineral policies, strategies and programs designed to maximize the contribution of the minerals and metals sector to the Canadian economy, and to provide timely scientific knowledge, data, technologies and expertise in the earth- and mineral-related sciences, with emphasis on the mineral and energy resources of the Canadian landmass and offshore areas.

4. Program Organization for Delivery

Activity Structure: The activity structure of the MESP is displayed in Figure 3 on pages 4-16 and 4-17. Details of the Program structure below the Activity level are included in Section II, Analysis by Activity, starting on page 4-25. It should be noted that the former Activities of Minerals Technology and Energy Technology have been combined into the Mineral and Energy Technology Activity.

Organizational Structure: The MESP is composed of three major Sectors: Mineral Policy, Research and Technology, and Earth Sciences. The three Sectors report, through their respective Assistant Deputy Ministers (ADMs), to the Deputy Minister. Figure 3 (pages 4-16 and 4-17) sets out the organization and the relationship between the Activities of the Program.

The Mineral Policy Sector proposes policies and strategies to ensure that the minerals and metals sector makes a maximum contribution to the economic well-being of Canada. In support of this objective, it undertakes assessments of Canadian and world supply of, and demand for,

minerals and metals; organizes and undertakes technical and economic market missions of industry and governmental membership in support of market development; liaises with foreign governments on mineral and metal matters; leads the development and negotiation of agreements on mineral development with the provincial governments; and manages the federal-provincial mineral development agreements program of the Department.

The Research and Technology Sector includes the Canada Centre for Mineral and Energy Technology (CANMET), the Canada Centre for Remote Sensing (CCRS) and the Explosives Branch. CANMET leads and co-ordinates federal research efforts in mining, mineral processing, metals and energy from fossil fuels. CCRS develops and demonstrates systems to acquire and disseminate remote sensing data from aircraft and satellites. The Explosives Branch regulates the manufacture, storage and sale of explosives.

The Earth Sciences Sector is composed of the Geological Survey of Canada, Earth Physics Branch, Surveys and Mapping Branch, and Polar Continental Shelf Branch. The Sector is responsible for ensuring the availability of comprehensive geoscientific knowledge related to the mineral and energy resources of Canada, providing fundamental survey networks, preparing and publishing maps, regulating surveys of Canada Lands, providing knowledge and information concerning geological hazards (e.g., earthquakes) and the Earth's dynamic processes, and providing logistical support to scientific investigations in the Arctic.

D. Planning Perspective and Performance Review

1. Environment

Canada has traditionally had a resource-based economy, with one of the largest components being the minerals and metals sector. In 1983, the value of the production of the sector (including the production of non-energy mining, refined metals, and minerals in fabricated form) was $40.4 billion, or 10% of Canada's Gross National Product. According to the latest "Corporations and Labour Unions Returns Act Report (1980)," the sector was composed of 12,863 firms of which 4,814 were engaged in exploration and mining, 355 in the production of primary metals and metal forms, and 7,694 in metallic or non-metallic mineral fabrication. The Canadian minerals and metals sector is responsible for approximately 20% of the value of Canada's annual exports of goods and services. The most export-oriented component of the sector is the mining industry, which exports approximately 80% of its annual production. Some 175 Canadian communities are dependent on mining for their livelihood.

Federal Energy Programs: The federal energy programs have a significant impact on the priorities and activities of the MESP. In particular, the goal of energy self-sufficiency is placing very heavy demands on the Department's scientific organizations. There is a pressing need to acquire an integrated geoscience knowledge base for the frontier areas,

such as Northern Canada and the Eastern Continental Shelf, and the technology to facilitate resource exploitation. Indeed, knowledge of the Canadian landmass, both onshore and offshore, and solutions to technological problems are prerequisites for exploration, extraction, processing, utilization, conservation and management of mineral and fossil fuel resources.

Economic Climate: Excess capacity to produce most minerals is the rule throughout the world with the consequence that while demand has improved considerably since 1982, the price being obtained remains depressed when expressed in U.S. dollars. Since virtually all mineral prices are quoted in U.S. dollars, the prices obtained by Canadian producers in 1984 are below prices obtained in the 1930s when inflation was removed.

At the same time, the value of the U.S. dollar, relative to all other currencies, has continued to rise, rendering the price for Canadian minerals - when expressed in the local currency - the highest they have been in years (e.g., in June 1984 one of the London trade papers carried a banner headline that copper had reached a nine-year high). Currency movements have thus priced some Canadian-produced minerals out of their traditional uses, environmental concerns and energy efficiency arguments have displaced other uses.

In the face of these uncertainties, it is clear that all measures which can be taken to improve market access, to find new applications or markets, or to reduce the costs of producing minerals and metals, are not only desirable, but necessary.

2. Initiatives

Tailings Management: At the request of industry, work on the development of methods for the minimization of environmental impact from non-uranium mine/mill wastes will be undertaken by CANMET. Although some of the results available from CANMET's National Uranium Tailings Research Program will be applicable, major differences exist which will need to be covered separately. CANMET's role will consist of demonstrating and evaluating methods for treating the tailings and the tailings pile surfaces, for monitoring their effectiveness, and identifying and evaluating the reasons for the escape of environmental contaminants. Base metal and other mine/mill tailings are extensive throughout Canada. Those with potential for acid generation are potash tailings (mainly sodium chloride) and gold mine tailings containing residual cyanide and cyanide complexes. They must all be addressed over the long term. In 1985-86, CANMET will fund this research at the level of $841,000 and 14 P-Y.

Federal-Provincial Agreements: Given the economic climate and the reorganization and reorientation of this Program, launched in November 1984, the principal initiative to be undertaken during the fiscal year 1985-86 will be to more fully develop the machinery to obtain consensus with the provincial governments, the corporate leaders and labour leaders

on mineral development strategies and program proposals, and to extend the federal-provincial mineral development agreement program to all provinces where it is desirable and effective.

Through the initiative of federal-provincial mineral development agreements, CANMET has become involved in a series of projects touching the needs of the different provinces. Projects under the Mining and Mineral Technology programs of the agreements include ground control research, research on improved underground safety communication systems, sulphur dioxide reduction in the extraction of metals, application of the ferric chloride leach process to complex sulphide ores and technical evaluation of metallic and industrial minerals deposits. In 1985-86, federal-provincial agreements at CANMET will involve $3.6 million in funding. Over the life of these agreements, total expenditures at CANMET are anticipated to be $12.9 million.

3. Update on Previously Reported Initiatives

Remote Sensing: In 1983-84, Canada's participation in the European Space Agency's remote sensing satellite (the Earth Resources Satellite) (ERS-1) program continued; the economic and technical studies for the Mission Requirement Phase of RADARSAT (Phase A of a research and development project on radar satellite imagery systems) were completed; a $10 million, 31-month contract was awarded to MacDonald Dettwiler and Associates Ltd. of Richmond, B.C., to develop a data processing system to improve the precision of remotely sensed imagery. In 1983-84, $10.3 million (out of $10.1 million budgeted in Main and in Supplementary Estimates) and all person-years were spent for these purposes.

Uranium Tailings Research: The first full year of operation for this 5-year program began in 1983-84. Resources used were $1.1 million (of $1.6 million budgeted) and 7 person-years (7 budgeted). The underexpenditure was due to the need to carefully assimilate earlier research so that the long-term program could be designed efficiently, and to get the extensive contracted out research under way. As a result, a detailed 5-year plan of research in measurement of field data, modelling for long-term prediction and review of disposal technologies was commenced. A Technical Advisory Committee of industry, provinces and regulatory agencies was established. The 5-year program was placed on a sound footing.

Cape Breton Laboratory: Following approval on July 15, 1982, staffing of the Laboratory commenced. Resources used in 1983-84 were $1.2 million (out of $1.1 million budgeted) and 11 person-years (12 budgeted). An old building, partly refurbished, was occupied, and scientists initiated joint underground health and safety projects with Cape Breton Development Corporation (CBDC) related to gassy atmospheres, methane control and prevention of machinery ignition. The foundations of a new research laboratory were established, and the essential linkages and co-operation with Labour Canada and CBDC in its coal mines to achieve practical research were begun.

Digital Printing: The Surveys and Mapping Branch acquired equipment capable of converting existing maps to digital form and incorporating this data in the national data base. During the fiscal year 1984-85, engineering and installation were completed and the system was put into operation. The cost of conversion equipment was $2.5 million, as forecast.

4. Program Effectiveness

The R&D activities of the MESP do not easily lend themselves to the traditional methods of performance measurement, due to the uncertainty in the amount and complexity of the work required to meet the established objectives. As an alternative to quantified performance indicators, the effectiveness of R&D efforts is established by formal internal and external reviews.

In the last 36 months, the Earth Sciences Sector has been subjected to an A-Base review by the Treasury Board (TB), an audit by the Office of the Comptroller General (OCG), an internal audit and several external reviews conducted by consultants and review committees of the Canadian Geoscience Council. The majority of these audits and reviews focused on management and operational procedures, and recommendations have all been implemented. The A-Base review recommended a review of a broad range of policy questions. These questions were dealt with by Ministers as part of the decision to relocate the Surveys and Mapping Branch to Sherbrooke, Que., and in the approval by Cabinet, in spring 1984, of the mission, priorities and program of the Earth Sciences Sector.

In addition to the above-noted general indicators of effectiveness, and to ongoing performance measurement carried out by departmental managers, EMR is currently implementing a full-scale Program Evaluation Plan covering separate components of the MESP. This evaluation, which is administered through the Program Evaluation Branch, permits a deeper, albeit periodic, examination of the relevance, effectiveness and impact of individual departmental programs.

Internal Reviews: Peer reviews by highly qualified scientists and management reviews by science managers at the branch and sector levels are carried out under the direction of the appropriate ADM on an established schedule.

Formal departmental evaluations of all components of the Department's Programs, including the MESP, are carried out for the Associate Deputy Minister by the Program Evaluation Branch and conform to the Department's Long-Term Plan for Program Evaluation. Two recently completed evaluations in the MESP are for the Mineral Industry Development and the Remote Sensing Activities, and the recommendations made in the evaluations are in the process of being implemented.

In the Mineral Industry Development Activity steps are being taken to improve communication with the various users and potential users of

the mineral publications, to review the contents of the publications and to improve the accuracy of statistics. The recommendations of the program evaluation study on federal-provincial agreements are being implemented in the new economic and regional development agreements, with particular attention being paid to clarifying objectives; identifying indicators of objective achievements; establishing responsibility for the evaluation of such agreements; ensuring the evaluations comply with accepted federal practices; and developing effective communication plans.

In the Remote Sensing activity, resources allocated to applications development have been significantly increased; negotiations with the National Aeronautics and Space Administration (NASA) for the inclusion of visual and infrared sensors are proceeding; and plans to establish technology transfer programs are well advanced in Saskatchewan and are progressing well in Newfoundland.

It is anticipated that the evaluation of the Earth Physics Activity will be completed in 1984-85, thus completing the first cycle of departmental evaluations in the MESP.

External Reviews: External evaluations on the effectiveness of mineral policies and R&D are provided through a variety of advisory committees for the various policy and research areas. Reviews of current efforts and recommendations on future directions and priorities are made by these committees, which include the following:

- The National Advisory Committee on the Mining Industry meets, at the Minister's request, to discuss all federal policy or program issues of mutual concern. Members are chief executive officers or senior operating executives, representing all components of the industrial sector and all regions of the country.

- The National Advisory Committee on Mining and Metallurgical Research is composed of senior personnel from industry, universities and provincial governments who, annually, review the research program associated with mineral and energy development activities and advise the Minister on the economy, efficiency and effectiveness of the R&D program.

- The Canadian Advisory Committee on Remote Sensing is an extensive body of working groups representing industry and universities, as well as provincial and territorial governments. It provides external evaluations of the Department's remote sensing research activities to the Inter-Agency Committee on Remote Sensing.

- Two review committees of the Canadian Geoscience Council have completed their examination of the Mineral Deposits Research and the projects within the Quaternary and Engineering Geology Division of the Geological Survey of Canada. These committees

are composed of members from industry, universities and provincial agencies. Review of their reports prior to publication will be completed during 1985-86.

- The Independent Industrial Advisory Committee on Earth Sciences advises the Deputy Minister on major issues which relate to the responsibilities of the Earth Sciences Sector and to the needs of the petroleum and mineral exploration industries and other resource development industries. Members of the Committee are senior officials in these industries.

- Since 1978, seven ad hoc visiting committees composed of university, industrial and scientific peers have examined, thoroughly and critically, areas covering nearly all of the financial and human resources of the Earth Physics Activity. This procedure has been formalized with the appointment of a permanent visiting committee under the auspices of the Canadian Geoscience Council (CGC).

- The National Advisory Committee on Control Surveys and Mapping is composed of senior personnel from federal and provincial governments, educational institutions, and industry who advise the Minister on the co-ordination of federal surveying and mapping programs and on the promotion and co-ordination of related research and educational measures.

Section II
Analysis by Activity

A. Mineral Industry Development

Objective

To establish policies and strategies to ensure that the minerals and metals sector makes a maximum contribution to the economic well-being in Canada, and that the effective use of these resources is encouraged; to advise on the implications of international mineral development; and to assess the economic, social, fiscal, corporate, regional and environmental impacts of alternative policies and strategies.

Resource Summary

This Activity accounts for approximately 4% of the total Program expenditures and approximately 5% of the total person-years. A more detailed breakdown of resources is given in Figure 4.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy and Program Development	1,826	34	1,782	36	2,867	7
Minerals and Metals Strategy	6,839	54	5,646	43	3,471	41
Resource Strategy and Information	2,465	41	2,364	44	2,073	54
Economic and Financial Policy Analysis	1,236	16	1,148	16	916	17
Activity Management and Support	1,496	20	1,183	15	771	16
	13,862	165	12,123	154	10,098	135

Of the total expenditures, 58% is for personnel costs and 42% for all other operating expenditure items.

Past Financial Performance

Figure 5 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 5: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Policy and Program Development	2,867	2,877	10
Minerals and Metals Strategy	3,471	3,487	16
Resource Strategy and Information	2,073	2,040	(33)
Economic and Financial Policy Analysis	916	928	12
Activity Management and Support	771	784	13
	10,098	10,116	18

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The lapses were used to fund other minor requirements within the Program.

Description

The Constitution Act 1982 confirms provincial ownership of mineral resources. There is a co-ordinating role in the mining and minerals sectors that has been assigned to the federal government and EMR, which is explained in the Resources and Technical Surveys (RTS) Act and the Government Organization Act of 1983. The Department exercises a policy and advisory role with other governmental departments and the industry in domestic and international mineral supply and demand matters.

The Department develops perspectives on international markets for minerals and metals and their products and technologies, develops, and where appropriate, leads governmental or governmental/industrial missions (generally including labour representation) to potential (or actual) client nations or to competitive nations, for market development or educative purposes. The Department develops, negotiates, manages and provides technical advice on federal-provincial mineral development agreements, and it plays a general advisory role with the mining and minerals industries through its counsel and publications. EMR is the source of "Canada's National Mineral Statistics," used and published by Statistics Canada, and is the principal advisor to Revenue Canada — Taxation and to Revenue Canada -- Customs and Excise on mineral matters.

Performance Information/Resource Justification

The resources allocated to this Activity are organized to produce policy and strategy proposals on various aspects of the Canadian minerals and metals sector, to provide economic, fiscal, strategic preparedness, human affairs, and other policy advice as required, and to co-ordinate (and

where appropriate, lead) the activities of Canadian public and private sector participants in the world minerals and metals markets.

The resource justification of this Activity is described below in terms of the principal expected outputs of the organization for fiscal year 1985-86.

As a result of preliminary discussions with industry and External Affairs Canada, a major governmental/industrial mission to the People's Republic of China will be completed during the fiscal year. The objective of the mission will be market development and will cover improved government-to-government relations on nonferrous metal issues, the use of Canadian technology in mining and processing, and Canada as a source of nonferrous metals and metal products for China.

Before the end of fiscal year 1985-86, EMR will lead a market development mission of Canadian asbestos and asbestos product producers to the world's most rapidly growing market for asbestos and its products, the Far East. Malaysia and Japan represent large and growing markets, but India is by far the market with the greatest potential as a consumer of Canadian asbestos. This potential can be realized only if governmental officials and the general public understand the environmentally-sound uses for asbestos, and if Canada can clearly demonstrate that technology exists to ensure the elimination of any health hazard.

Pursuing a strategy of carrying out a major study of the world market (involving producers and consumers) for one of Canada's principal minerals each year, lead and zinc will be undertaken during 1985-86. The purpose of these studies (i.e., copper in 1984-85, nickel in 1983-84) is to clarify, by on-site visits, the conditions of production facilities, production technology and problems, and market problems as seen from the perspective of Canada's clients and competitors; to share these findings, to the extent possible, with Canadian producers; and to render more realistic the assessment of Canada's policy options.

A multi-year analysis of the Canadian and foreign tax systems with respect to mineral production and processing was launched during 1983-84 to assess the economic impact of governmental fiscal policies on the competitiveness of the Canadian minerals and metals sector. Before the end of fiscal year 1985-86, the first of the analytical reports stemming from this study should be published and conclusions on the appropriateness of mineral tax systems in Canada should be produced.

Before the end of 1985-86, it is expected that the group of 31 countries (representing 95% of production and 92% of consumption of nickel) will be able to come to terms on the principles of a charter and terms of reference for the establishment of an International Nickel Discussion Group to help improve information on the nickel market and reduce the cyclical nature which has plagued the world industry in the past several years.

Given the degree of acceptance of the concept of an international discussion group for stabilizing the world nickel market, efforts to launch similar discussion groups to address the problems of the world copper and asbestos markets will be accelerated and preliminary meetings of interested countries will be held prior to the end of the fiscal year.

After several years of research and consultation with industry, provincial governments, and labour representatives, a set of options for Canadians for the future development and use of Canada's abundant (although not necessarily economic) iron ore will be produced for consideration and for consensus building during 1985-86.

During fiscal year 1985-86, the development of, and negotiations with respect to the establishment of mineral development agreements with the Provinces of British Columbia, Ontario, Prince Edward Island, and Quebec will be completed. Programs included in the existing agreements with Manitoba, New Brunswick, Newfoundland, Nova Scotia, and Saskatchewan will be carried out as planned.

Before the end of the fiscal year, the terms and parameters required to launch pilot projects leading to the establishment of a National Mines Accident Data Bank will be completed, and projects will be launched in Alberta, and Ontario, and possibly in British Columbia or Quebec.

While a number of details (including funding) remain to be clarified at the start of 1985-86, it is expected that two major projects to improve productivity and service to the public will be undertaken. The first initiative is the development of a proposal for the installation of a computer system for processing and accessing Canada's National Mineral Statistics for use by Canadians, the United Nations, the Organization for Economic Co-operation and Development, and other international institutions. The second project, designed specifically to address the productivity of individuals in the Activity is the installation of office automation equipment and procedures in areas and on topics where these procedures have been proven effective elsewhere.

To build consensus with all the parties interested in the development of the minerals and metals sector of the Canadian economy, the Department will conduct consultations through the Interdepartmental Committee on Minerals (ICOM) with a number of federal agencies, and through the Intergovernmental Working Group (IGWG) on the Mineral Industry with the provinces and territories. In addition, departmental officials will continue to work with private sector representatives through the Mining Association of Canada--EMR Task Force and its various sub-committees to identify and clarify policy issues and needs, in the Canadian context. Such consultations are carried out with business and labour groups, as well as with academics and independent researchers.

B. Administration of the Canada Explosives Act

Objective

To contribute actively to public and industrial safety, by ensuring compliance with the Canada Explosives Act and Regulations.

Resource Summary

This Activity accounts for approximately 1% of the total Program expenditures and approximately 1% of the total person-years. A more detailed breakdown of resources is given in Figure 6.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Licensing, Inspection and Authorization	855	14	851	14	426	13
Explosives Testing and Research	685	14	644	14	553	12
Activity Management and Support	575	16	519	16	977	16
	2,115	44	2,014	44	1,956	41

Of the total expenditures, 84% is for personnel costs and 16% for all other operating expenditure items.

Past Financial Performance

Figure 7 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 7: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Licensing, Inspection and Authorization	426	660	234
Explosives Testing and Research	553	554	1
Activity Management and Support	977	978	1
	1,956	2,192	236

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The lapses were used to fund other minor requirements within the Program.

Description

The Administration of the Canada Explosives Act Activity entails regulating, throughout Canada, the manufacture, importation, storage, sale and transportation by road of explosives by inspecting and licensing factories, magazines and road vehicles, by testing and authorizing explosives, by providing technical advice to other governmental agencies (international, federal and provincial), and by providing training courses on explosives safety.

The licensing and inspection tasks are carried out by the Ottawa Headquarters and five regional offices located in: Halifax, N.S.; Sillery, Que.; Ottawa, Ont.; Calgary, Alta.; and Vancouver, B.C. The testing, authorization, research and development are performed by the Canadian Explosives Research Laboratory of the Canada Centre for Mineral and Energy Technology (CANMET), which is located at the Bells Corners complex in the National Capital Region.

The inspection program is reinforced by the Royal Canadian Mounted Police in their role as Deputy Inspectors of Explosives.

Performance Information/Resource Justification

Figure 8 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 8: Administration of the Canada Explosives Act

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Licensing, Inspection and Authorization	855	14	To process all applications for licensing factories, magazines, trucks, and importations; to carry out inspections; and to assess all requests for the authorization of explosives.	- Monitoring the effectiveness of the licensing procedures by inspecting 100% of licensed factories, 40% of magazines and 10% of road vehicles. - Inspecting a varying number of trucks without permits and unlicensed storage facilities. - Conducting training courses for fireworks supervisors, military and police agencies, construction safety organizations, colleges and other governmental departments. - Conducting an on-going review of all regulations and ensuring they reflect current technology and legislation.
2. Explosives Testing and Research	685	14	To test designated explosives manufactured in or imported into Canada for authorization under the Act; and to carry out related research	- Confirming the safety characteristics of explosives samples submitted for authorization or for continued authorization. - Characterizing the safety properties of new emulsion explosives.

C. Mineral and Energy Technology

Objective

To ensure the availability to Canada of optimum technology for the extraction, processing and utilization of mineral and energy resources.

Resource Summary

This Activity accounts for approximately 23% of the total Program expenditures and approximately 25% of the total person-years. A more detailed breakdown of resources is given in Figure 9.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Mining	**7,553**	**69**	8,502	70	5,066	73
Coal Mining and Preparation	**6,168**	**58**	6,931	58	5,250	55
Mineral Processing	**18,153**	**192**	16,383	189	13,189	189
Fuels Technology	**27,199**	**178**	25,365	178	21,058	176
Metals and Materials	**10,097**	**142**	10,603	142	10,618	139
Technology Information Services	**2,458**	**36**	2,388	36	2,292	36
Technical Services	**2,893**	**61**	2,789	61	2,973	63
Activity Management and Support	**3,791**	**53**	3,678	51	3,678	51
	78,312	**789**	76,639	785	64,124	782

Of the total expenditures, 43% is for personnel costs, 13% for capital and 44% for all other operating expenditure items.

Past Financial Performance

Figure 10 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Mining	5,066	4,656	**(410)**
Coal Mining and Preparation	5,250	5,025	**(225)**
Mineral Processing	13,189	12,427	**(762)**
Fuels Technology	21,058	20,163	**(895)**
Metals and Materials	10,618	10,082	**(536)**
Technology Information Services	2,292	1,801	**(491)**
Technical Services	2,973	2,740	**(233)**
Activity Management and Support	3,678	2,832	**(846)**
	64,124	59,726	**(4,398)**

Explanation of Change: The net change is due to the following major program additions approved in 1983-84 Supplementary Estimates: additional Energy R&D ($2.3 million), and Research and Technology assistance to the mining, minerals and metals industry ($2.7 million) and minor program lapses.

Description

The Mineral and Energy Technology Activity is responsible for conducting research and engineering development in mineral and energy technology, including mining, mineral extraction and processing, metallurgy, utilization of metals and materials and the supply, conversion and utilization of heavy oil, oil sands, coal, uranium and other fuels together with selected areas of energy conservation and energy fuels transportation; promoting, co-ordinating and supporting R&D in industry, universities and research institutes in the mineral and energy fields; identifying technological opportunities in mining, metallurgy, and in energy, and transferring technology to the private sector.

These tasks are performed by the Canada Centre for Mineral and Energy Technology (CANMET) through in-house resources and contracts with the private sector. The goals of CANMET are to ensure that advanced technology is available for Canadian industry to meet the national requirements for extraction, processing and utilization of mineral and energy resources; to provide the technical knowledge necessary to formulate mineral policy; and to facilitate the efficient exploitation of Canada's mineral resources. In the National Capital Region, CANMET laboratories respond to R&D objectives in mining technology; resource assessment; mineral processing; environmental technology; materials development; metals processing; standards and specifications; bitumen, heavy oil and synthetic crude oil upgrading; coal preparation, combustion, gasification and liquefaction; improvements to domestic gas heating

furnaces; processing of radioactive ores; and developing steels for petro-chemical processing, oil and gas pipelines and offshore structures. Intimately associated with the quest for technological efficiency are the commitments to enhance the occupational health and safety aspects of industrial workers and to improve the environment in areas of the country adversely affected by uncontrolled industrial emission and ineffective waste management.

CANMET has established regional research laboratories. A Mining Research Laboratory, located at Elliot Lake, Ont., focuses on rock stability and health and safety issues in underground hard rock mining. Coal Research Laboratories in Calgary, Alta., and Sydney, N.S., perform R&D on mine productivity and health and safety in surface and underground coal mining. A fourth laboratory in Devon, Alta., concentrates on coal preparation, waste clean-up and cokemaking as well as colloid and surface chemistry of heavy oil recovery processes.

Performance Information/Resource Justification

The effectiveness of the Activity is reviewed by the National Advisory Committee on Mining and Metallurgical Research. See Section I, Program Effectiveness, page 4-23.

Figure 11 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 11: Mineral and Energy Technology

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Mining	7,553	69	To develop technology to assist the Canadian mining industry to improve mining methods; to measure and control health and safety hazards associated with mines; and to provide policy support.	- Developing a summary of mining productivity indices for various mining methods. - Providing guidelines for rock bolting in hard rock. - Demonstrating diesel exhaust toxicity reduction devices in underground mines, in collaboration with the U.S. Bureau of Mines and the Ontario Ministry of Labour. - Contributing, through federal-provincial agreements, to mining technology, specifically ground control research and underground safety communications.
2. Coal Mining and Preparation	6,168	58	To develop technology to assist the Canadian coal industry to improve coal mining and preparation methods; to measure and control health and safety hazards associated with coal mines; and to provide policy support.	- Investigating and comparing the rock/support interactions in machine bored and in drill-and-blast tunnels in the Sydney coal field. - Evaluating the performance of a comprehensive mine atmosphere monitoring system being demonstrated underground in Western Canada. - Demonstrating improved coal preparation effluent treatment and fine coal cleaning through the use of mobile coal preparation pilot plants. - Completing an investigation of coal preparation R&D needs for Eastern Canadian coals.

Figure 11: Mineral and Energy Technology (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
3. Mineral Processing	18,153	192	To develop technology to assist Canadian industry in the assessment, and more efficient extraction and refining, of mineral resources; to minimize energy consumption and environmental impact in mineral processing; and to provide policy support.	- Producing and disseminating mineralogical reports on the characteristics of selected zinc/lead/copper deposits in the Bathurst area of New Brunswick. - Transferring to industry an easily usable computer software package that will permit the modelling and simulation of ore and coal processing. - Developing a hydrogen-conducting ceramic electrolyte for energy conversion devices. - Contributing to the management of mine/mill wastes. - Contributing, through federal-provincial agreements, to mineral processing technology, specifically, studies to reduce the amount of sulphur dioxide produced during the extraction of metals and the application of the ferric chloride leach process to complex sulphide ores. - Initiating underground bacterially-assisted leaching trials of a base metal ore in a Canadian mine.
4. Fuels Technology	27,199	178	To develop technology to optimize the utilization of Canadian fossil fuels in an environmentally-acceptable manner; to produce synthetic fuels from non-conventional sources; to integrate synthetic fuels into the end-use system; and to provide policy support.	- Continuing comprehensive pilot-plant studies in support of the Petro-Canada 800m^3/d commercialization demonstration of the CANMET hydrocracking process. - Participating with Alberta Oil Sands Technology and Research Authority (AOSTRA) and industry in the establishment of an Oil Sands Extraction Demonstration Centre in the vicinity of Fort McMurray, Alta. - Demonstrating and evaluating commercial atmospheric fluidized-bed combustion boiler technology for burning high-sulphur coal, with respect to both technical performance and economics, in a typical heating plant application at CFB Summerside, P.E.I. - Conducting and reporting on an industrial-scale demonstration of acid rain abatement technology at the heating plant at CFB Gagetown, N.B. - Continuing bench scale and pilot plant studies to evaluate Canadian coals for co-processing with bitumens, heavy oils and residuals to provide technical criteria necessary for scale-up and demonstration operations.

Figure 11: Mineral and Energy Technology (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
5. Metals and Materials	10,097	142	To develop technology to enhance Canadian capability and efficiency in the production, fabrication and utilization of metals and materials; to increase the competitiveness and reliability of products; and to provide policy support.	- Contributing to welding and inspection technology to assist Canadian fabricators of pressure vessels and offshore structures to upgrade their capabilities. - Evaluating alloys in a fluidized-bed coal combustor. - Using a mobile laboratory to carry out on-site foundry tests, to enable upgrading of the technology of Canadian foundries. - Defining metallurgical parameters that will assist Canadian steelmakers to develop a high-strength low-alloy steel competitive with the X-80 grade steels available from foreign sources. - Participating with COGLA and other Canadian organizations in the preparation of standards for materials (steels and concretes) used in construction of Canadian offshore structures.
6. Technology Information Services	2,458	36	To acquire, process and disseminate scientific and technical information in support of the Mineral and Energy Technology Activity and to maintain a comprehensive national collection of pertinent mineral and energy technology literature to assist government, industry and university personnel and interested members of the general public with technical information.	- Processing, printing and distributing about 450 current CANMET publications. - Preparing 5,000 abstracts for addition to the four in-house data bases. - Acquiring and processing 4,000 new items for the library's collection. - Responding to requests for information and reference.
7. Technical Services	2,893	61	To provide effective engineering, technical and operational services and associated facilities to support departmental activities.	- Designing and developing prototype R&D apparatus and equipment. - Installing laboratory and pilot-scale equipment for either new and/or expanded R&D facilities. - Maintaining and repairing installed R&D equipment and the associated facilities.

D. Remote Sensing

Objective

To improve remote sensing technology; to facilitate the acquisition and dissemination of remotely sensed data and derived information needed for the management of Canadian natural resources and for the monitoring of human activity; and to assist the development of the Canadian remote sensing industry.

Resource Summary

This Activity accounts for approximately 17% of the total Program expenditures and approximately 5% of the total person-years. A more detailed breakdown of resources is given in Figure 12.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Satellite Data	42,521	51	24,568	50	17,357	40
Airborne Program	5,388	22	5,361	24	4,952	26
Data Applications	2,859	15	2,582	15	2,977	15
Application Services and Technology Transfer	1,076	9	935	9	1,076	12
Activity Management and Support	4,542	58	4,031	57	4,067	31
	56,386	155	37,477	155	30,429	124

Of the total expenditures, 13% is for personnel costs, 32% for capital and 55% for all other operating expenditure items.

Past Financial Performance

Figure 13 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 13: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Satellite Data	17,357	17,855	498
Airborne Program	4,952	5,187	235
Data Applications	2,977	2,634	(343)
Application Services and Technology Transfer	1,076	978	(98)
Activity Management and Support	4,067	2,939	(1,128)
	30,429	29,593	(836)

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The minor differences were funded through reallocations.

Description

The Remote Sensing Activity includes the reception, processing, archiving and dissemination of data from remote sensing satellites; the provision of airborne remote sensing data for research and demonstration projects; the development of the full range of satellite and airborne remote sensing technology from sensor to image analysis systems; the transfer of resulting technology to Canadian industry; the support of technology and applications of R&D by industry, universities and other governmental agencies; and the provision of technical and professional assistance to operational users of remote sensing for resource management and environmental monitoring.

These tasks are performed by the Canada Centre for Remote Sensing (CCRS) which operates: a receiving station at Prince Albert, Sask., to receive data from the land satellite (LANDSAT) and National Oceanic and Atmospheric Administration (NOAA) remote sensing satellite; a Falcon jet aircraft to simulate data from future satellite sensors, a Convair-580 that carries an imaging radar system for all-weather operations and a DC-3 for low-level applications and sensor development; and computer facilities and image analysis laboratories in Ottawa to support technological and applications development. CCRS scientists and engineers provide consulting services to, and participate in, joint projects with resource management agencies and private sector users of remote sensing data. Most of the technology is developed through close co-operation with Canadian industry, leading to world level competence in ground station, image analysis and radar processing technologies.

EMR, in conjunction with Environment Canada and Communications Canada, has undertaken an extensive R&D program to define mission

requirements for an imaging radar satellite (RADARSAT) system and to establish technological competence in Canadian industry for the space and ground components of this system, primarily aimed at sea-ice and sea-state applications.

Performance Information/Resource Justification

The effectiveness of the Activity is reviewed by the Canadian Advisory Committee on Remote Sensing. (See Section I, Program Effectiveness, page 4-23.)

Figure 14 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 14: Remote Sensing

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Satellite Data	42,521	51	To ensure the timely availability of remotely sensed data from satellites for resource management and environmental monitoring.	- Installing facilities to receive and process data from France's remote sensing satellite (SPOT). - Completing economic and engineering studies for the system definition phase of the RADARSAT program.
2. Airborne Program	5,388	22	To establish and demonstrate improved airborne remote sensing technologies for resource management and environmental monitoring.	- Commissioning a C-Band Synthetic Aperture Radar (SAR) in the Convair-580 aircraft for RADARSAT program studies. - Maintaining the capability to provide three aircraft for remote sensing applications/technology development projects, as well as for commercial use through leasing.
3. Data Applications	2,859	15	To establish and demonstrate improved remote sensing information extraction techniques and systems, as well as to develop and demonstrate practical applications of remotely sensed data to resource management and environmental monitoring problems.	- Developing National Oceanic and Atmospheric Administration (NOAA) satellite imagery enhancements for crop vigour assessment. - Developing enhanced Thematic Mapper imagery for forestry applications.
4. Application Services and Technology Transfer	1,076	9	To provide analysis facilities as well as information and advisory services to assist users in applying remote sensing technology to resource management problems; to increase the operational use of remote sensing data through technology transfer to resource management agencies; and to provide Canadian industry with technical assistance to facilitate the development of remote sensing products and services for domestic export markets.	- Providing image analysis facilities and consulting services for remote sensing applications development projects. - Implementing technology transfer projects with resource management agencies of the Maritime Provinces, and introducing a new technology transfer program in one more province. - Providing the Canadian remote sensing industry with assistance in the form of training programs, appropriate airborne campaigns and technical liaison to facilitate domestic and export market development.

E. Geological Surveys

Objective

To ensure the availability of comprehensive knowledge, technology and expertise pertaining to the geology of the Canadian landmass and offshore areas, including mineral and energy resources and conditions affecting land and seabed use, as required for effective exploitation of mineral and energy resources, effective use of land, estimation of the resource base of Canada, and formulation of policies.

Resource Summary

This Activity accounts for approximately 26% of the total Program expenditures and approximately 26% of the total person-years. A more detailed breakdown of resources is given in Figure 15.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Cordilleran Geology	4,756	49	4,155	54	3,405	49
Sedimentary and Petroleum Geology	16,594	161	16,595	155	11,579	146
Precambrian Geology	6,711	79	6,282	93	4,562	74
Atlantic Geoscience	19,929	121	17,127	116	9,444	110
Terrain Sciences	5,182	72	4,538	77	3,877	68
Economic Geology and Mineralogy	6,545	98	6,124	101	5,478	102
Resource Geophysics and Geochemistry	14,677	106	12,524	102	8,128	96
Geological Information	4,598	95	4,635	95	4,588	98
Activity Management and Support	7,217	55	5,461	52	4,292	58
	86,209	836	77,441	845	55,353	801

Of the total expenditures, 45% is for personnel costs, 49% for operations and maintenance and 6% for capital costs. R&D accounts for 70% of total expenditures, and technical and administrative support for 30%.

Past Financial Performance

Figure 16 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 16: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Cordilleran Geology	3,405	3,150	**(255)**
Sedimentary and Petroleum Geology	11,579	10,109	**(1,470)**
Precambrian Geology	4,562	4,859	**297**
Atlantic Geoscience	9,444	7,694	**(1,750)**
Terrain Sciences	3,877	3,418	**(459)**
Economic Geology and Mineralogy	5,478	5,424	**(54)**
Resource Geophysics and Geochemistry	8,128	8,037	**(91)**
Geological Information	4,588	4,478	**(110)**
Activity Management and Support	4,292	2,083	**(2,209)**
	55,353	49,252	**(6,101)**

Explanation of Change: The change is due to the following major program additions approved in 1983-84 Supplementary Estimates: Energy Research Development ($3,931,000), Boundary Dispute ($945,000), and Sudbury, Timmins, Algoma Mineral Program (STAMP) ($700,000), and other minor initiatives.

Description

The Geological Surveys Activity is responsible for geological, geophysical and geochemical research and surveys; estimation of mineral and non-renewable energy resources; investigation of phenomena affecting engineering works and the environment; development of geophysical and other technologies; development of national geoscience standards; fostering Canadian geoscience and Canadian international geoscience activities; co-operation with the provinces; provision of advice to government; and production and dissemination of maps and reports.

Performance Information/Resource Justification

The outputs of the Geological Surveys Activity serve three main functions:

- Ensuring the availability of comprehensive basic knowledge of the geology of the Canadian landmass, including offshore areas, to meet national needs.

- Acquiring geological information on the nature, distribution and magnitude of Canadian mineral and energy resources, and developing related exploration technology as required for effective exploration for minerals and energy, estimation of the resource base of Canada, and formulation of policies.

- Identifying and assessing natural geological hazards, features, and processes that affect the environmental and ecological balance that may constrain the use of the land, particularly in association with resource exploration, development and utilization.

Without a comprehensive geoscience knowledge base, neither resource assessment nor land use evaluation can be made. As a result, it has been found best to treat these tasks as interlocking. In practice, this means enhancing the comprehensive knowledge base while, at the same time, meeting current needs for information on the geology of resources, and on land-use and hazards questions that are important to the socio-environmental aspects of resource development.

The work of this Activity is covered by some 450 projects directed by 275 project leaders. These projects vary in magnitude from under $10,000 and 0.2 P-Y to about $350,000 and 4 P-Y per year and have an average life of five years. All projects are carefully defined, with planned outputs for each year of their life. The number of projects undertaken in co-operation with other federal agencies, provincial departments, universities, industry and foreign governments has increased. Co-operative activities are continuing under Mineral Development Agreements with Manitoba, New Brunswick, Newfoundland, Nova Scotia and Saskatchewan, and negotiations are continuing with the other provinces.

Figure 17 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 17: Geological Surveys

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Cordilleran Geology	4,576	49	To ensure the availability of comprehensive knowledge, technology and expertise on the bedrock geology and mineral resources of the Western Cordillera and on the marine geology of the Pacific Continental Margin.	- Investigating bedrock geology in British Columbia and the Yukon, with reference to mineral deposits, and producing modern-standard geological maps. - Assessing volcanic geothermal energy sources. - Investigating the coastal and marine geology of the Pacific Margin, especially for hydrocarbon resources. - Studying deep-sea mineral deposits near the Juan de Fuca Ridge, and carrying out surveys in the area of the offshore boundary with the U.S.A.
2. Sedimentary and Petroleum Geology	16,594	161	To ensure the availability of comprehensive knowledge, technology and expertise on the geology and resource potential of the sedimentary basins of Western and Northern mainland Canada, the Arctic Islands and the Arctic offshore regions.	- Investigating bedrock geology with particular reference to oil, gas and coal in the area of responsibility, and producing modern-standard geological maps. - Researching the geological occurrence of oil, gas and coal. - Co-ordinating the assessment of Canadian resources of oil, gas and coal, the former two for the Interdepartmental Petroleum Resource Appraisal Panel.
3. Precambrian Geology	6,711	79	To ensure the availability of comprehensive knowledge, technology and expertise on the bedrock geology and mineral resources of the Canadian Precambrian Shield; and to provide isotopic age and paleomagnetic determinations and petrological information for all regions of Canada.	- Investigating bedrock geology in the Canadian Precambrian Shield, including the modern-standard geological maps for Canada Lands production of and complementing the research of provincial agencies. - Studying the tectonic framework and deep-earth structure of the Shield. - Determining isotopic ages and paleomagnetic and petrological information for all of Canada.
4. Atlantic Geoscience	19,929	121	To ensure the availability of comprehensive knowledge, technology, and expertise on the geology (including resources) of the Atlantic and Arctic offshore regions of Canada and the sedimentary basins of the Appalachian region.	- Studying seabed and coastal geology and processes, with particular reference to constraints affecting offshore oil and gas development. - Investigating the marine geology and geophysics in the Atlantic and Arctic offshore, with attention to sedimentary basins and Canada's maritime boundaries. - Assessing petroleum resources of the Atlantic offshore, and coal resources in Atlantic Canada.
5. Terrain Sciences	5,182	72	To ensure the availability of comprehensive knowledge, technology and expertise on the surficial geology, geomorphic processes, and natural terrain hazards of the Canadian landmass and on the capability of the terrain to support human activities.	- Investigating surficial geology throughout Canada, particularly in Canada Lands, and producing modern-standard terrain inventory maps. - Documenting geological conditions, constraints and hazards affecting land use, particularly in Northern Canada and relating to environmental and resource-development issues. - Researching geological aspects of acid rain, nuclear fuel waste disposal, slope stability, and permafrost.

Figure 17: Geological Surveys (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
6. Economic Geology and Mineralogy	6,545	98	To ensure the availability of comprehensive geological knowledge, technology and expertise concerning metallic and other mineral deposits; to determine the geological distribution, origin and potential abundance of Canadian mineral resources to facilitate exploration, land-use planning and formulation of policy; and to provide compositional analyses of rocks, minerals, ores and other geological materials.	- Determining the geological distribution and potential abundance of mineral deposits in Canada. - Producing mineral resource appraisals for specific areas, and assessing uranium and thorium resources on a biennial basis. - Researching the formation of mineral deposits, to aid the discovery of new deposits. - Providing information on mineral commodities throughout Canada and world-wide. - Analysing more than 5,000 samples by a wide range of chemicals, instrumental and mineralogical techniques. - Developing new and improved analytical techniques.
7. Resource Geophysics and Geochemistry	14,677	106	To provide geophysical and geochemical information on a nationally consistent basis.	- Developing new geophysical and geochemical methods and instruments to aid the Canadian mineral industry, and transferring technology to industry. - Producing systematic aeromagnetic, radiometric and geochemical maps and compilations, to aid the mineral industry. - Maintaining national geophysical and geochemical standards. - Carrying out experimental surveys to assist in solving specific geological problems.
8. Geological Information	4,598	95	To ensure that the results of the Activity's scientific program are made available to users in a timely and effective manner; and to maintain the library of the Geological Survey as the principal earth sciences library in Canada.	- Co-ordinating the publishing of approximately 250 maps and 75 reports, and the release of 80 open file reports. - Responding to more than 11,000 requests for geological information directed to the library of the Geological Survey.

F. Earth Physics

Objective

To ensure the availability of geophysical information and expertise concerning the solid earth, its physical processes and geophysical hazards, as required for public safety and security, and for the management of the Canadian landmass and offshore areas.

Resource Summary

This Activity accounts for approximately 5% of the total Program expenditures and approximately 5% of the total person-years. A more detailed breakdown of resources is given in Figure 18.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Seismology	**6,275**	**56**	5,461	58	5,189	57
Geothermics	**1,787**	**9**	2,865	9	2,613	10
Geomagnetism	**2,620**	**34**	2,754	35	2,179	34
Gravity	**2,414**	**29**	2,441	29	2,231	29
Geodynamics	**2,332**	**17**	1,633	17	1,495	17
Activity Management and Support	**1,601**	**24**	1,785	24	1,300	22
	17,029	**169**	16,939	172	15,007	169

Of the total expenditures, 48% is for personnel costs, 18% for capital and 34% for all other operating expenditure items.

Past Financial Performance

Figure 19 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 19: 1983-84 Past Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Seismology	5,189	4,639	**(550)**
Geothermics	2,613	2,400	**(213)**
Geomagnetism	2,179	2,401	**222**
Gravity	2,231	2,239	**8**
Geodynamics	1,495	1,489	**(6)**
Activity Management and Support	1,300	1,233	**(67)**
	15,007	14,401	**(606)**

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The minor differences were funded through reallocations within the Program.

Description

In fulfilling its objective, the Earth Physics Activity operates the Canadian networks of seismological, geomagnetic and geodynamic observatories, and it maintains gravity and magnetic standards throughout the country.

Each year, the Earth Physics Activity carries out a number of field surveys and experiments for the purpose of determining: the structure and physical characteristics of the interior of the earth (seismological, gravity and geomagnetic); the strength, direction and secular variation of the earth's magnetic field (geomagnetic); measurements of the earth's movements in earthquake-prone areas (geodynamics); and the distribution and characteristics of potential geothermal energy sources, permafrost and frozen gas hydrates (geothermics). Other specialized field studies are carried out as occasion warrants. An example is the Canadian Expedition to Study the Alpha Ridge in 1983 (CESAR 83), a multidisciplinary study effort.

The Earth Physics Activity produces a wide variety of solid earth geophysical data in the form of paper records, analogs, digital records and field notes. These data are reduced, corrected and analyzed in-house and by contract to provide information on: seismicity and seismic risk and hazard; the processes, hazards and distribution of permafrost; the location and size of sources of geothermal energy; the geomagnetic field

of the earth and its variations and regional anomalies; the gravity field of the earth and its regional anomalies; polar motion; time and latitude variations; and the structure, dynamics and geophysical history of the earth. This information and some raw data are used by mineral and petroleum exploration companies and consultants; universities; insurance and construction industries; other governmental departments and agencies (e.g., National Research Council Canada, External Affairs Canada, National Defence, and Atomic Energy of Canada Limited (AECL)); and international scientific agencies.

The Activity carries out R&D at its Ottawa Headquarters (132 P-Y) and at the Pacific Geoscience Centre, Sidney, B.C. (26 P-Y). There are 10 P-Y at observatories where contracting out is impractical at this time. While maintaining a useful base of scientific research, the Branch has become more and more involved in applied geophysics, e.g., federal energy programs; nuclear fuel waste management; preparation for monitoring of a comprehensive treaty banning nuclear-bomb tests; and delineation of sources of renewable energy.

Performance Information/Resource Justification

Figure 20 provides a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 20: Earth Physics

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Seismology	6,275	56	To monitor seismic ground motion in Canada; and to conduct seismological research into the structure and dynamics of the earth.	- Operating to accepted standards the Canadian seismological networks and arrays, and managing, disseminating and archiving the data. - Determining and publishing (with emphasis on areas of economic development) the parameters of current Canadian earthquakes. - Providing partial funding to a consortium of universities to undertake one major reflection survey, in Phase II of the Canadian Lithoprobe Project. - Continuing to develop the capability and to participate actively in international data exchange and undertaking research on seismic verification of a Comprehensive Test Ban Treaty.

Figure 20: Earth Physics (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
2. Geothermics	1,787	9	To conduct research into the thermal regime of the Canadian landmass (onshore and offshore), the potential for geothermal energy in Canada and the significance of permafrost and gas hydrates to northern development.	- Measuring terrestrial heat flow and studying permafrost and gas hydrates in the laboratory and field. - Developing plans and specifications for controlled test facilities for permafrost research. - Analyzing the role of water in sub-surface heat transfer. - Issuing progress reports on the geothermal energy assessment and demonstration programs.
3. Geomagnetism	2,620	34	To monitor the geomagnetic field over the Canadian landmass and offshore areas, and to conduct research on the structure of the geomagnetic field and its variations.	- Operating the Canadian Magnetic Observatory network to accepted standards, and managing, disseminating and archiving the data. - Carrying out paleomagnetic studies and electro-magnetic field studies in key areas. - Re-occupying 14 magnetic secular variation stations.
4. Gravity	2,614	29	To carry out gravity surveys of the Canadian landmass and offshore areas; to provide national gravity standards and gravity data; to complete regional and national gravity maps; and to conduct research into the gravity field and structure of the earth.	- Gathering approximately 2,000 static measurements and 10,000 line kilometers of data for regional gravity mapping and enhancement of the National Gravity Data Base. - Participating in multi-disciplinary surveys on the Ice Island Project or in other Arctic geoscience studies. - Co-ordinating the geophysical component of the Nuclear Fuel Waste Management Program of AECL and providing quaterly reports to it.
5. Geodynamics	2,332	17	To monitor polar motion, earth rotation and the crustal stability of the Canadian landmass, and to conduct research into the dynamics of the earth.	- Monitoring polar motion at two Canadian observatories. - Developing space-oriented techniques. - Monitoring short- and long-term crustal deformations in seismically active Canadian areas.

G. Polar Continental Shelf

Objective

To contribute to the orderly scientific investigation of Canada's polar continental shelf, the contiguous Arctic Ocean and mainland regions; and to maintain and improve the logistics required for scientific investigations in an Arctic environment.

Resource Summary

This Activity accounts for approximately 2% of the total Program expenditures and approximately 1% of the person-years. A more detailed breakdown of resources is given in Figure 21.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Arctic Science	**279**	**9**	275	9	275	9
Logistics	**5,345**	**12**	5,268	12	5,245	12
Activity Management and Support	**443**	**9**	437	9	433	9
	6,067	**30**	5,980	30	5,953	30

Of the total expenditures, 22% is for personnel costs and 78% for all other operating expenditure items.

Past Financial Performance

Figure 22 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 22: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Arctic Science	275	625	**350**
Logistics	5,245	4,480	**(765)**
Activity Management and Support	433	570	**137**
	5,953	5,675	**(278)**

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The minor differences were funded through reallocations within the Program.

Description

The Polar Continental Shelf Activity provides co-ordinated logistic support to public and private sector groups conducting scientific studies in the Arctic; it provides information about scientific operations in the Arctic to the scientific community and to the local inhabitants; and it undertakes studies of scientific phenomena unique to the Arctic.

In co-operation with the Canadian Committee on Oceanography and the Advisory Committee on Northern Development, the Activity assists in developing and maintaining effective measures for co-ordination of scientific research in the Arctic.

Performance Information/Resource Justification

Operational and future planning of this Activity is done in consultation with scientists and science administrators of federal departments, universities and the private sector. Consultations include major conferences on broad policy direction (held every 3-5 years), an interdepartmental advisory committee and annual planning conference with client groups.

The level of scientific research in the Arctic has increased substantially during the past ten years. In 1984-85, 215 field parties were supported. Of these, 138 (64%) were governmental parties, 55 (25%) were from universities and 22 (11%) from all others. In terms of expenditures, governmental parties received 80% of the support with universities receiving 18% and all others 2%.

It is expected that the number of field parties will increase by at least 10% over the 1984-85 levels as major economic development in the North brings about an increase in the demand for services provided by this activity.

At present, no other private or public sector organization is involved in the provision of co-ordinated logistic support to scientific expeditions operating in the Arctic.

Significant goals/outputs for 1985-86 include the following:

• Establishment and maintenance of ongoing scientific station on an ice island from March of 1985	April 1985
• Visits to Arctic settlements to describe local scientific activity (ongoing)	April 1985

• Planning meeting for 1986 season	November 1985
• Completion of logistics support plan for 1986	January 1986
• Report on 1985 field activities	March 1986

H. Surveying and Mapping

Objective

To ensure the acquisition, maintenance and availability of geodetic, topographical, and geographical information throughout Canada, and the development and maintenance of cadastral frameworks for Canada Lands, as required for effective resource management, engineering works, urban development, transportation, defence, public safety, land use and demarcation and the allocation of legal interests in land.

Resource Summary

This Activity accounts for approximately 19% of the total Program expenditures and approximately 28% of the total person-years. A more detailed breakdown of resources is given in Figure 23.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Geodesy	11,269	141	11,585	144	10,060	146
Topographic Mapping	19,122	263	16,556	263	18,301	269
Canada Lands Surveying	6,673	140	6,615	140	6,431	142
International Boundary	781	12	659	12	709	13
Geographical Mapping	7,403	127	6,889	127	5,534	126
Map Publishing	11,394	168	10,400	174	10,803	180
Sherbrooke Institute of Cartography	6,044	13	4,991	13	--	--
Activity Management and Support	2,645	43	2,787	43	2,724	47
	65,331	907	60,482	916	54,562	923

Of the total expenditures, 55% is for personnel costs, 4% for materials and supplies, 14% for capital costs and 27% for all other operating expenditure items. An amount estimated at $4,550,000 (or 6% of total costs) is expected to be credited to the Consolidated Revenue Fund in 1985-86, as receipts from the sale of maps, charts, and aerial photographs.

Past Financial Performance

Figure 24 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 24: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Geodesy	10,060	10,887	827
Topographic Mapping	18,301	17,259	(1,042)
Canada Lands Surveying	6,431	6,771	340
International Boundary	709	751	42
Geographical Mapping	5,534	6,243	709
Map Publishing	10,803	9,740	(1,063)
Activity Management and Support	2,724	3,009	285
	54,562	54,660	(98)

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The lapses were used to fund other minor requirements within the Program.

Description

The Surveying and Mapping Activity represents the principal presence of the federal government in matters relating to national surveying and mapping.

The Activity is responsible for: the establishment and maintenance of a national network of accurately located horizontal and vertical positional reference monuments; the acquisition and maintenance of topographical and geographical information on the Canadian landmass; the preparation, publication and distribution of topographical and electoral maps, aeronautical charts and publications, aerial photographs, gazetteers and National Atlas of Canada; the regulation and management of property surveys and the maintenance of cadastral frameworks for Canada Lands, including those in the offshore; and the maintenance of international boundaries.

The outputs of this Activity provide the essential underpinning for national and regional economic development. The maps, charts and surveys produced are used in support of natural resource development, hydro-electric and transportation development, national defence, emergency planning and the maintenance of Canadian sovereignty; to

protect property rights in Canada Lands; to promote safe aerial navigation in Canada; and to provide a measure of support to virtually all the terrain or geographically-based planning, administration and research done in Canada.

In the interest of improved productivity, the Surveys and Mapping Branch keeps abreast of new technology and its application by sponsoring and supporting research in-house, at universities and in industry.

Performance Information/Resource Justification

Figure 25 is a summary by sub-activity of specific goals and significantly planned outputs and results for 1985-86.

Figure 25: Surveying and Mapping

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
1. Geodesy	11,269	141	To ensure the availability of geodetic information concerning the Canadian landmass, based on international standards and national criteria for geodetic reference systems.	- In co-operation with the U.S. Geodetic Survey agency, completing the readjustment of the continental geodetic framework employing a redefined horizontal datum for North America. - Completing the geodetic component of the International Great Lakes Datum Project, which will provide more reliable information to Canadian and American agencies responsible for the monitoring and control of water levels. - Raising the level of completion of the basic geodetic positional system to approximately 75% from 73%, and the elevation system to approximately 88% from 87%.
2. Topographic Mapping	19,122	263	To ensure the availability of topographic information concerning the Canadian landmass, to the standards of the National Topographic System.	- Revising or updating approximately 290 out-of-date topographic maps in accordance with user needs and in preparation for inclusion in the National Digital Topographic Data Base (NDTDB). - Raising the level of completion of the 1:50,000 topographic map coverage of Canada to approximately 79% from 77%. - Raising the level of completion of the NDTDB coverage of Canada to approximately 30% from 14%.
3. Canada Lands Surveying	6,673	140	To provide, under the Canada Lands Surveys Act and other statutory authorities, an effective framework of land parcels for the identification, documentation, registration, and protection of interests in Canada Lands and for the integration of the detailed information essential to the orderly development and management of the lands.	- Investigating approximately 900 requests for surveys of Canada Lands and managing and regulating the resultant surveys. - Managing a property mapping program for 2,300 Indian Reserves for Indian and Northern Affairs Canada. - Responding to approximately 12,000 requests for information from the Canada Lands Information System.

Figure 25: Surveying and Mapping (cont'd)

Sub-Activity	Resources $000	Resources P-Y	Goals	Significantly Planned Outputs and Results for FY 1985-86
4. International Boundary	781	12	To ensure the integrity of the boundary between Canada and the U.S.A.	- Maintaining 125 km of boundary under the joint Canada-U.S.A. program.
5. Geographical Mapping	7,403	127	To ensure the availability of timely geographical and aeronautical information required for national planning, administration, education, research and safety of aviation.	- Preparing and updating approximately 1,300 aeronautical charts. - Raising the level of completion of the fifth edition National Atlas map series from 19% to approximately 23%. - Producing the third edition Gazetteer of Canada-Saskatchewan.
6. Map Publishing	11,394	168	To ensure the publication of maps, aeronautical charts, air photographs and related publications, and the maintenance of stocks for national emergencies and for sale to governments, industry and the public, through a national network of dealers in the private sector.	- Printing approximately seven million aeronautical charts, topographic and geographic maps, hydrographic charts, geological, electoral and other maps. - Distributing approximately 3.5 million maps and charts and 500,000 aerial photographic products.
7. Sherbrooke Institute of Cartography	6,044	13	To establish the Institute of Cartography, Sherbrooke, Que.	- Completing detailed cost estimates for the Sherbrooke Institute of Cartography.

I. Program Management and Support

Objective

To provide managerial direction to the Minerals and Earth Sciences Program; and to maintain central services.

Resource Summary

This Activity accounts for approximately 3% of the total Program expenditures and approximately 4% of the total person-years. A more detailed breakdown of resources is given in Figure 26.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Management	3,703	33	3,777	34	3,435	31
Financial Management	225	2	222	2	106	2
Human Resources Management	1,361	35	1,022	35	764	35
Common Technical Services	3,780	43	4,759	43	2,539	43
	9,069	113	9,780	114	6,844	111

* The figures provided in this table reflect the results of changes made since 1983-84 in the organizational components of the Activity, and therefore will not correspond to information shown in Figure 27.

Of the total expenditures, 48% is for personnel costs, 17% for grants and 35% for all other operating expenditure items.

Past Financial Performance

Figure 27 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 27: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Program Management	3,435	3,490	55
Financial Management	106	112	6
Common Technical Services	2,539	2,429	(110)
	6,080	6,031	(49)

Explanation of Change: There were no significant changes between the actual and planned financial requirements. The minor differences were funded through reallocations within the Program.

Description

The Program Management and Support Activity provides central management and direction to the other activities of the MESP. Organizationally, it encompasses the Offices of the ADMs of the Mineral Policy Sector, Earth Sciences Sector, and the Research and Technology Sector. A description of the organizations and activities controlled by each Sector can be obtained from the Program Overview starting on page 4-7.

Grants in aid of energy, minerals, and earth sciences research, totalling $1,398,000 in 1985-86, are administered by the Office of the ADM, Earth Sciences. Applications for support are evaluated on the basis of their potential contribution to the achievement of departmental objectives. All of the funds are awarded to Canadian organizations.

Also included in this Activity is the Technical Field Support Service, which reports to the ADM, Finance and Administration. This organization provides support to field parties sponsored by other departmental organizations, through assistance and advice on identification of requirements, procurement, shipping, re-packing, storage and repair of field equipment.

Finally this Activity comprises the administration of the Unsolicited Proposal Program for the whole Department. Located in the Office of the ADM, Research and Technology, it involves co-ordinating departmental responses to Supply and Service Canada and ensuring that all relevant correspondence is provided. Historically, more than 250 proposals per year from Canadian firms are processed.

Performance Information/Resource Justification

Program Management: The level of support provided to the Program by this Activity has remained relatively constant over the past three years.

Figure 28: Program Management

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Totals of Program P-Y	3,208	3,215	3,116
Program management P-Y	113	114	111
Percentages of support to totals	3.5	3.6	3.6

The research grants administered by the Earth Sciences Sector have been at the following levels of activity in the last three years.

Figure 29: Research Grants Program ($000) and No. of Applicants Supported

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Area of Research	$	No.	$	No.	$	No.
Energy	473	30	449	31	479	33
Minerals	270	30	262	29	263	27
Earth Sciences	655	90	687	98	656	91
Totals	1,398	150	1,398	158	1,398	151

Technical Field Support: This organization maintains an inventory of approximately 3,300 items and will provide support to approximately 320 field parties during the 1985-86 field season.

Section III
Supplementary Information

The Forecast and Actual columns on the various schedules of this section have been revised to reflect the transfer to the Administration Program of the resources associated with the public information activities which were previously included in the MESP.

A. Analysis by Object

1. Expenditures by Object

Figure 30: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	122,295	115,323	106,053
Contributions to employee benefit plans	17,122	14,605	15,171
Other personnel costs	318	297	667
Personnel sub-totals	139,735	130,225	121,891
Goods and Services			
Transportation and communications	12,857	12,252	10,522
Information	2,142	2,101	1,329
Scientific and engineering service contracts	56,279	48,560	26,051
Other professional and special services	28,310	25,624	21,553
Aircraft and ship rentals	1,933	1,516	5,678
Other rentals	7,980	6,884	1,993
Purchased repair and upkeep	5,572	6,249	3,744
Utilities, materials and supplies	15,793	13,470	13,708
All other expenditures	232	325	151
Goods and services sub-totals	131,098	116,981	84,729
Total Operating totals	270,833	247,206	206,620
Capital	46,212	43,197	33,645
Transfer Payments	17,335	8,472	4,061
Totals of expenditures	334,380	298,875	244,326

2. Personnel Expenditures

Figure 31: Person-Years by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Mineral Industry Development	165	154	135
Administration of the Canada Explosives Act	44	44	41
Mineral and Energy Technology	789	785	782
Remote Sensing	155	155	124
Geological Surveys	836	845	801
Earth Physics	169	172	169
Polar Continental Shelf	30	30	30
Surveying and Mapping	907	916	923
Program Management and Support	113	114	111
	3,208	3,215	3,116

The net decrease of seven person-years in the 1985-86 requirements from the 1984-85 forecast is made of the following items:

• Incremental person-years to manage and carryout projects under the mineral development agreements	34
• Frontier geoscience programs	14
• Canadian Ground System	3
• Increased resources to develop Canadian radar Satellite (RADARSAT)	4
• Decrease in person-years associated with 1984-85 Summer Canada projects	(57)
• Miscellaneous	(5)
	(7)

Figure 32: Authorized Person-Years and Salary Provision

Category and Group	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management	83	79	66	50,350-96,300	65,538
Scientific and Professional					
Chemistry	33	34	33	15,724-68,070	38,921
Economics, Sociology and Statistics	86	75	64	14,570-65,080	49,782
Engineering and Land Survey	203	194	185	23,306-76,130	45,200
Library Science	20	18	22	19,782-50,712	31,878
Physical Sciences	338	302	288	15,304-68,070	42,772
Scientific Regulation	13	13	12	14,786-68,070	45,057
Scientific Research	520	514	489	28,176-67,720	52,788
Administrative and Foreign Service					
Administrative Services	71	68	61	13,912-57,987	35,191
Commerce	10	10	--	15,635-60,465	55,255
Computer System Administration	32	30	27	18,766-61,433	35,848
Financial Administration	20	20	20	13,853-57,980	35,805
Information Services	8	8	9	13,579-57,980	40,594
Personnel Administration	19	18	17	13,330-63,870	35,355
Programme Administration	6	6	5	13,912-57,987	32,050
Purchasing and Supply	8	8	7	12,766-57,980	36,133
Technical					
Drafting and Illustration	342	351	355	15,557-40,310	31,610
Electronics	66	67	69	16,619-51,950	36,594
Engineering and Scientific Support	479	475	462	14,041-50,866	30,229
General Technical	15	13	13	12,635-55,682	36,385
Photography	42	41	42	17,285-30,844	26,961
Social Science Support	28	31	30	12,635-57,764	31,586
Administrative Support					
Clerical and Regulatory	308	314	327	12,932-31,743	21,596
Data Processing	16	15	13	13,352-37,130	25,882
Office Equipment Operation	7	8	6	12,665-25,271	18,035
Secretarial, Stenographic, Typing	150	152	151	12,636-31,946	21,526
Operational					
General Labour and Trades	109	109	115	14,776-40,676	24,245
General Services	62	71	64	13,253-39,988	22,836
Printing Operations (S)	18	12	12	15,340-39,895	36,374
Printing Operations (NS)	61	72	80	15,340-39,895	39,278
Others	35	87	72	--	--

Note: The Person-Years columns display the forecast distribution by authorized person-years for the Program by occupational group. The Current Salary Range column shows the salary ranges by occupational group at October 31, 1984. The Average Salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 33: Details of Major Capital Projects ($000)

PROJECTS BY ACTIVITIES AND BY PROVINCE	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MARCH 31, 1985	ESTIMATES 1985-86	FUTURE YEARS' REQUIREMENTS
		(THOUSANDS OF DOLLARS)			
REMOTE SENSING					
ONTARIO					
DIGITAL IMAGE ANALYSIS SYSTEM	3,029	4,319	3,784	159	376
RADARSAT PHASE A	10,157	10,057	10,057	–	–
LASAR FLUOROSENSOR	450	600	150	190	260
GEOMETRIC CORRECTION UP SUPPORT	610	610	440	170	–
DIGITAL ARCHIVE	847	622	22	200	400
SPOT QUICKLOOK DEVELOPMENT	390	390	390	–	–
C-SHARP	335	481	181	100	200
MICROWAVE SENSOR (UPGRADES AND FUTURE)	358	450	225	55	170
SAR X-BAND OPTION	2,500	2,100	500	200	1,400
CIR REPLACEMENT	–	637	637	–	–
MEIS IR UPGRADE	–	700	–	–	700
CANADIAN GROUND SYSTEM	–	18,710	300	8,980	9,430
SECOND STATION (LANDSAT)	–	980	100	880	–
SASKATCHEWAN					
LANDSAT-D STATIONS UPGRADE	9,798	9,029	8,852	53	124
QUEBEC					
RADARSAT PHASE B	–	7,520	1,560	4,370	1,590
BRITISH COLUMBIA					
MOSAICS PHASE A	8,250	8,250	8,250	–	–
MOSAICS PHASE B	–	3,553	–	3,508	45

PROJECTS BY ACTIVITIES AND BY PROVINCE	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MARCH 31, 1985	ESTIMATES 1985-86	FUTURE YEARS' REQUIREMENTS
SURVEYING AND MAPPING		(THOUSANDS OF DOLLARS)			
ONTARIO					
ANALYTICAL STEREO PLOTTER	300	300	–	–	300
PRINTING PRESS	1,800	1,800	–	1,300	300
DIGITAL SYSTEM FOR AERONAUTICAL CHARTS	2,158	2,158	820	886	452
QUEBEC					
STEREO COMPILATION SYSTEM	1,300	2,569	1,300	1,269	–
PRINTING PRESS	2,000	2,000	–	–	2,000
INSTITUTE OF CARTOGRAPHY	40,113	42,758	500	1,641	40,617
ONTARIO / QUEBEC					
REMOTE SENSING DIGITAL IMAGE PROCESSING SYSTEM	700	700	–	700	–
CARTOGRAPHIC WORKSTATIONS	2,600	2,600	–	600	2,000
VARIOUS LOCATIONS					
GLOBAL POSITIONING SYSTEM	1,225	1,225	425	400	400
LBI MOBILE TERMINAL	1,500	1,500	–	–	1,500
GEOLOGICAL SURVEYS					
INSTITUTE OF SEDIMENTARY AND PETROLEUM GEOLOGY	–	2,329	1,695	634	–
MINERALS AND ENERGY TECHNOLOGY					
ONTARIO					
ELLIOT LAKE RESEARCH LABRATORY	6,338.5	6,338.5	3,694.5	2,644	–

4. Transfer Payments

Figure 34: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Mineral Industry Development			
Queen's University — Centre for Resource Studies	—	—	50
Surveying and Mapping			
Canadian Institute of Surveying	76	76	—
Program Management and Support			
In aid of earth sciences, energy and minerals research	1,398	1,398	1,398
Grants to support organizations associated with the research, development, management and promotion of earth sciences technology and mineral resource - related issues	159	172.5	73
Totals of grants	1,633	1,646.5	1,521
Contributions			
Mineral Industry Development			
Queen's University — Centre for Resource Studies	196	187	75
Contribution to the Asbestos Strategy	1,250	1,250	—
Contribution to the Province of Newfoundland — Geoscience Program	750	620	—
Native Conferences on Mineral Development	—	—	16
Mineral and Energy Technology			
I.E.A. Services Ltd. of Great Britain in support of Canada's share of the cost of research to be conducted, pursuant to the Coal Research Implementing Agreement of the International Energy Agency (IEA)	—	188	119
Alberta Oil Sands Technology and Research Authority (AOSTRA)	55	50	9
Remote Sensing			
Contribution to the European Space Agency	13,300	4,100	1,399
Geological Surveys			
Sudbury, Timmins, Algoma Mineral Program (STAMP)	-	100	687
National Science Foundation (U.S.A.)	-	-	123
Program Management and Support			
Contributions to support organizations associated with the research, development, management and promotion of earth sciences, technology and mineral resource-related issues	151	205.7	112
Contribution to the National Science Foundation (U.S.A.)	—	125	—
Totals of contributions	15,702	6,825.7	2,540
Totals of grants and contributions	17,335	8,472.2	4,061

B. Cost Analysis

Figure 35 shows the total cost of each Activity in the MESP. Other costs ($23,050,000) shown consist of the charges for accommodation provided by Public Works Canada ($20,503,000), surgical-medical insurance ($2,156,000), and other miscellaneous services ($391,000) provided free by other governmental departments. Costs shown do not include depreciation or accommodation provided by this Department without charge. The non-tax revenues shown consist of revenues from sales of maps, photos, charts, licences, privileges and permits, services, and service fees which are credited to the Consolidated Revenue Fund (see page 4-66), but which are not available as revenue to the Program.

Figure 35: Program Costs ($000)

Activity	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Total 1984-85
Mineral Industry Development	13,862	1,186	15,048	10	**15,038**	9,298
Administration of the Canada Explosives Act	2,115	316	2,431	22	**2,409**	2,098
Mineral and Energy Technology	78,312	5,669	83,981	887	**83,094**	82,250
Remote Sensing	56,386	1,114	57,500	711	**56,789**	27,915
Geological Surveys	86,209	6,007	92,216	167	**92,049**	69,064
Earth Physics	17,029	1,214	18,243	180	**18,063**	16,358
Polar Continental Shelf	6,067	215	6,282	50	**6,232**	6,461
Surveying and Mapping	65,331	6,517	71,848	4,550	**67,298**	55,214
Program Management and Support	9,069	812	9,881	--	**9,881**	7,115
	334,380	23,050	357,430	6,577	**350,853**	275,773

C. Other Acts and Instruments Administered in Whole or in Part by the Minerals and Earth Sciences Program

Alberta-British Columbia Boundary Act, 1974
British Columbia Act
Canada Lands Surveys Act
Canadian Income Tax Act -- Section 248
Electoral Boundaries Readjustment Act
Export and Imports Permits Act
Government Organization Act, 1983
International Boundary Commission Act
Manitoba Act
Northern Pipeline Act
Official Languages Act -- Section 18
Prince Edward Island Act
Representation Commissioners Act
Treaty of Washington — 1925
Union of Newfoundland Act
Yukon Placer Mining Act
Yukon Quartz Mining Act

D. Revenue Summary

The revenues received by the MESP are deposited to the Consolidated Revenue Fund and are not available to finance activity expenditures.

Figure 36: Revenue by Type ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Privileges, licences and permits	160	152	144
Proceeds from sales	4,820	4,376	3,962
Services and service fees	1,381	1,284	1,198
Miscellaneous	216	256	911
Total Program	6,577	6,068	6,215

The amounts of the actual principal sources of revenue for 1985-86 are as follows:

Privileges, Licences and Permits

• Certification of mining equipment	15
• Licences to factories for the manufacture of explosives	10
• Licences to companies for the importation, transportation and storage of explosives	12
• Certification of non-destructive testing technicians and inspectors	123
Sub-Total:	160

Proceeds from Sales

• Sale of maps, charts, air photographs, prints, tables and survey data	4,642
• Sale of rock and mineral samples	178
Sub-Total:	4,820

Services and Service Fees

• Provision of scientific services such as mineral assays, mineral and metal analyses, and R&D projects on behalf of industry	520
• Other services and service fees	258

- Interpretation and sale of LANDSAT data 603

Sub-Total: 1,381

Miscellaneous

- Monies received as adjustments to prior years' expenditures 216

Total: 6,577

E. List of Acronyms

ADM	Assistant Deputy Minister
AECB	Atomic Energy Control Board
AECL	Atomic Energy of Canada Limited
AOSTRA	Alberta Oil Sands Technology and Research Authority
CANMET	Canada Centre for Mineral and Energy Technology
CBDC	Cape Breton Development Corporation
CCRS	Canada Centre for Remote Sensing
CESAR	Canadian Expedition to Study the Alpha Ridge
CFB	Canadian Forces Base
CGC	Canadian Geoscience Council
CIR	Collar Image Recorder
COGLA	Canadian Oil and Gas Lands Administration
EMR	Energy, Mines and Resources Canada
EPB	Earth Physics Branch
ERS	Earth Resource Satellite
FY	Fiscal year
GSC	Geological Surveys of Canada
ICOM	Interdepartmental Committee on Minerals
IEA	International Energy Agency
IGWG	Intergovernmental Working Group
IR	Infra-red
LANDSAT	Land satellite
LBI	Long Baseline Interferometry
m^3/d	Cubic metres per day
MEIS	Mulitband Electro-optical Imaging System
MESP	Minerals and Earth Sciences Program
MOSAICS	Multi-observation Satellite Image Correction System
NASA	National Aeronautics and Space Administration
NOAA	National Oceanic and Atmospheric Administration
NDTDB	National Digital Topographic Data Base
OCG	Office of the Comptroller General
P-Y	Person-years
RADARSAT	Imaging radar satellite
R&D	Research and development
RTS	Resources and Technical Surveys
SAR	Synthetic Aperture Radar
SPOT	"Système probatoire d'observation de la Terre," the French remote sensing satellite

E. List of Acronyms (cont'd)

STAMP	Sudbury, Timmins, Algoma Mineral Program
START	Short-term Assistance in Research and Technology
S&T	Science and technology (or Technology)
TB	Treasury Board
UP	Unsolicited proposal

Environment Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Environment Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are four chapters in this document. The first provides an introduction to the Department. The other three present the Program Expenditure Plans for each of the Department's programs.

Chapters 2 to 4 begin with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with other Estimates documents. Also included are extracts from Volume II of the Public Accounts (Parks Canada only). These are provided as an aid in assessing the Parks Canada program's financial performance over the past year.

Each Program Expenditure Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each Program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

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Roles and Responsibilities

The Department of Environment came into being in June, 1971 following proclamation of the Government Organization Act, 1970. Known now as Environment Canada, the Department was created from components within the federal structure that relate to the natural environment. Subsequent organizational adjustments were effected through the Government Organization Act, 1979 which separated the fisheries and marine component, by Order-in-Council PC-1979-1617 which added Parks Canada to the Department's structure and by Order-in-Council PC. 1984-3200 which transferred the Canadian Forestry Service to Agriculture Canada.

The Government Organization Act (GOA), 1979 and the subsequent Miscellaneous Statutes Law Amendment Act (June 1984) and Order-in-Council PC. 1984-3200 which modified the effect of the Act, state that: the duties, powers and functions of the Minister of the Environment extend to and include:

- all matters over which Parliament has jurisdiction not otherwise assigned to other federal departments, boards and agencies relating to:
  - the preservation and enhancement of the quality of the natural environment, including water, air and soil quality;
  - renewable resources including migratory birds and other non-domestic flora and fauna;
  - water;
  - meteorology;
  - the enforcement of rules and regulations made by the International Joint Commission relating to boundary waters, and questions arising between the United States and Canada insofar as they relate to the preservation and enhancement of the quality of the natural environment; and
  - the coordination of the policies and programs of the Government of Canada respecting the preservation and enhancement of the quality of the natural environment
- such other matters over which the Parliament of Canada has jurisdiction relating to the environment as are by law assigned to the Minister.

Orders-in-Council PC-1979-1617 and PC-1979-1841 added responsibilities for national parks, national battlefields, historic sites and monuments and certain canals to the Minister of the Environment.

Recognizing that the preservation and enhancement of environmental quality in Canada is a responsibility of each federal department, and of provincial governments and the public, the Act (GOA) also gives to the Minister of the Environment broad responsibilities to promote and encourage practices and conduct leading to the better preservation and enhancement of environmental quality, and to cooperate with provincial governments or agencies thereof, or any bodies, agencies or persons in any programs having similar objectives. It also empowers the Minister to establish guidelines and advise heads of departments, boards and agencies of the federal government in all matters pertaining to the preservation and enhancement of the quality of the natural environment. Finally, it allows the Minister to enter into agreements with other governments or agencies for the purpose of carrying out programs for which the Minister is responsible.

The above-noted responsibilities are carried out through programs designed to: promote the establishment or adoption of objectives or standards relating to environmental quality or to control pollution; ensure the wise management and use of renewable resources; provide to Canadians environmental information in the public interest; ensure that new federal projects, programs and activities are assessed early in the planning process for potentially adverse effects on the environment; and ensure the preservation of Canada's natural and cultural heritage.

The Department obtains policy and expenditure approval through the Cabinet Committee for Social Development.

Expenditures for some activities, such as ice reconnaissance, aviation and defence meteorological services, water quality assessments, analytical and hydrometric work, are cost-recovered from other departments. These departments include Transport, National Defence, Indian and Northern Affairs, Fisheries and Oceans, and Energy, Mines and Resources.

Departmental Organization and Programs

Environment Canada has grouped its activities into three programs:

- Administration, which provides policy direction, management, coordination and common support services, including senior regional representation, to the other two programs also administers the Environmental Assessment and Review Process;

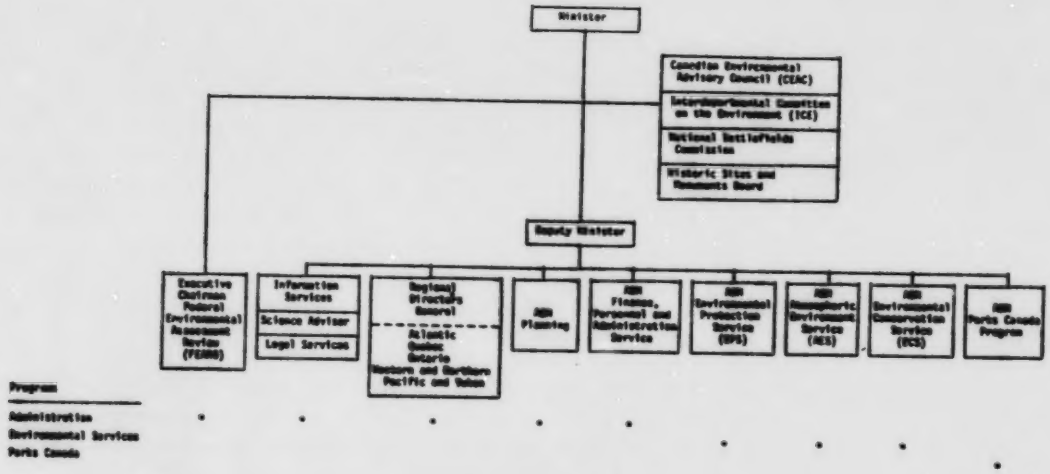
- Environmental Services, which provides information on weather, climate, ice and sea state and air quality; promotes conservation and protection of inland waters, lands and wildlife; and develops preventative or corrective measures for maintaining and enhancing environmental quality; and

- Parks Canada, which establishes, develops and manages national parks, national historic parks and sites, heritage canals and cooperative heritage areas.

Note: The Canadian Forestry Service was transferred to Agriculture Canada on September 17, 1984.

The organization structure of the Department is aligned with its programs as shown in Figure 1. The orga.ization is highly decentralized with approximately 75% of the employees located in field and regional offices. This high degree of decentralization is required to respond to the varying needs of clientele in, and the environmental issues affecting, specific geographical areas.

Figure 1: Relationship of Organization to the Program Structure



Departmental Spending Plan

The Department estimates total expenditures of $726,964,000 in 1985-86. A summary of the spending plan by program is presented in Figure 2.

Figure 2: Department Spending Plan by Program, 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change	%
Budgetary				
Administration Program	**39,160**	50,063	(10,903)	(21.8)
Environmental Services Program	**417,910**	434,265	(16,355)	(3.8)
Parks Canada Program	**303,080**	322,245	(19,165)	(5.9)
Gross budgetary	**760,150**	806,573	(46,423)	(5.8)
Less: Revenue*	**33,186**	30,837	(2,349)	(7.6)
Net budgetary	**726,964**	775,736	(48,772)	(6.3)

Note: The Canadian Forestry Service (CFS) was transferred to Agriculture Canada on September 17, 1984. This document excludes all reference to the CFS both in terms of narrative explanation and numerical information.

* Full amount credited to the Environmental Services Program (see page 3-7 and 3-47).

Departmental Priorities

The Department's principal areas of emphasis over the next few years are:

- to reduce acid deposition in sensitive areas of eastern Canada by reduction in acid causing emissions through federal-provincial and Canada-U.S.A. agreements;
- to prevent entry to the environment of toxic substances, through partnerships with industries and provinces to manage chemicals prudently and safely throughout their life-cycle;
- to ensure adoption of federal obligations arising from the national water enquiry now underway and due to report in summer 1985;
- during the 1985 centennial year of the National Parks system, to develop through public consultation a new set of strategies and policies for future conservation of Canada's natural heritage;

- to build new partnerships with the provinces and the private sector for wildlife conservation, with special emphasis federally on migratory birds and endangered species;

- to develop cost-effective means of modernizing the national weather service to ensure continued high quality services to the public and continued productivity improvements;

- to review the environmental mandate of the federal government to develop more cost effective and less complex delivery mechanisms; and

- to establish more effective means of ensuring that environmental considerations influence economic decision making of the government, and that economic factors influence environmental decisions.

Administration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $35,981,600 in support of the 1985-86 Administration Program. The remaining expenditures, estimated at $3,178,400 for pensions and other employee benefits and the Minister's salary and motor car allowance will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Administration Program		
1 Program expenditures	35,982	42,862
(S) Minister of the Environment - Salary and motor allowance	42	40
(S) Contributions to Employee Benefit Plans	3,136	3,990
Total Program	39,160	46,892

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Administration Program	
1	Administration - Program expenditures, the grants listed in the Estimates and contributions	35,981,600

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	Total	
Federal Environmental Assessment Review Office	29	3,732	6	-	3,738	2,370
Administration	564	35,089	178	155	35,422	44,522
	593	38,821	184	155	39,160	46,892

Section I
Program Overview

A. Highlights

In 1985-86 the Administration Program will concentrate its efforts on the following:

- Implementation of a three year action plan to improve human resource management and productivity throughout the Department. The major thrust in 1985-86 will be the decentralization of responsibility and accountability for personnel management requiring the transfer of 221 person-years and $7,723,600 from the personnel function (Administration Program) to the Operating Services (see page 2-9); and

- implementation of the improvements to the Environmental Assessment and Review Process (EARP). The resources devoted to this major effort amount to $960,000 and 4 person-years (see page 2-16).

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Administration	35,422	46,773	(11,351)	2-11
Federal Environmental Assessment Review Office	3,738	3,290	448	2-14
	39,160	50,063	(10,903)	
Person-Years	593	947	(354)	

Explanation of Change: The major items contributing to the change in resources are the transfers of the personnel function to the Parks Canada Program and the Environmental Service Program ($7,723,600 and 221 person-years), the transfer of the Canadian Forestry Service to Agriculture Canada ($3,528,000 and 69 person-years) and the improvements to the Environmental Assessment and Review Process (see pages 2-11 and 2-14).

Explanation of 1984-85 Forecast: The 1984-85 forecast (which includes items in Supplementary Estimates B) is $3.1 million higher than the 1984-85 Main Estimates of $46.9 million due mainly to

• Environment 2000	$ 2,505,000
• Improvements to the Environmental Assessment and Review Process	$ 920,000
• Transfer to Agriculture Canada - Administration Program resources related to the Canadian Forestry Service	$(1,764,000)

C. Background

1. Introduction

The Administration Program provides management, policy direction, advice and a full range of management support services to the two operating programs - Environmental Services and Parks Canada. In addition, liaison with governments and organizations of other countries, other federal departments and agencies, other levels of government in Canada, industry, special interest groups concerned with environmental issues and priorities, and the general public is maintained through this Program.

2. Legal Mandate

The mandate for the Administration Program is based on the legislative authority granted to the Minister of the Environment under the Government Organization Act, 1979, and Orders-in-Council PC-1979-1617 and PC-1979-1841, which effected the transfer of Parks Canada from the Department of Indian and Northern Affairs to the Department of the Environment, and PC. 1984-3200 which effected the transfer of the Canadian Forestry Service to Agriculture Canada.

The departmental mandate includes responsibility for the administration of 14 federal acts specifically assigned to the Department, as well as specific responsibilities relative to sections and provisions of acts assigned to other departments or agencies (see page 2-22).

3. Program Objective

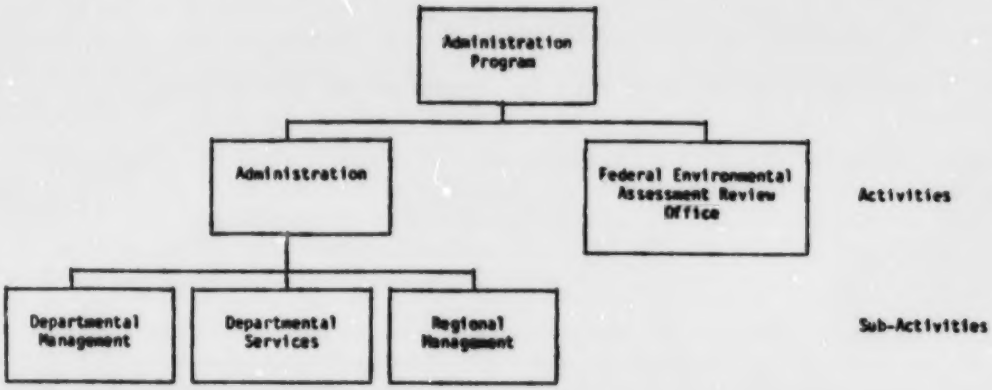
To provide policy direction, management and services to the Department and to provide for environmental assessment review.

4. Program Organization for Delivery

Activity Structure: The Administration Program consists of two activities and three sub-activities as shown in Figure 2. Departmental Management provides executive direction and coordination for all activities of the Department; Departmental Services provides information,

finance, personnel, EDP and administrative support services including functional advice to the Deputy Minister and the Senior Management Committee; and Regional Management ensures the effective delivery of national programs in the regions. The Federal Environmental Assessment Review Office administers the Environmental Assessment and Review Process (EARP).

Figure 2: Activity Structure



Organization Structure: The Administration Activity is carried out by the following components: Corporate Offices comprised of the Minister's and Deputy Minister's Offices, the Corporate Planning Group and Science Advisor which constitute the Departmental Management Sub-Activity; the Finance, Personnel and Administration Service and the Information Directorate which constitute the Departmental Services Sub-Activity; and five Regional Directors General which form the Regional Management Sub-Activity. The Canadian Environmental Advisory Council (CEAC), an independent advisory group reporting to the Minister, is also included in this Activity.

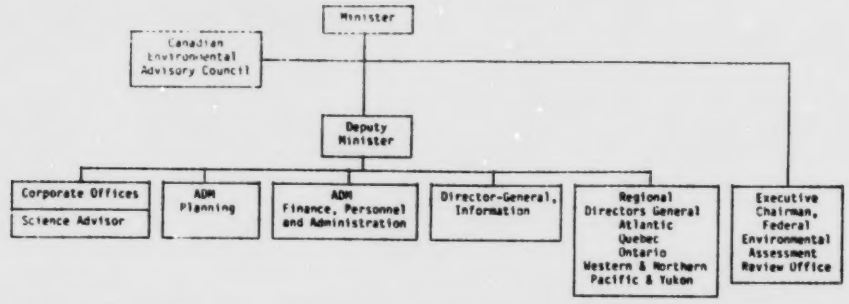
The Federal Environmental Assessment Review Office constitutes the second activity of the Program and the manager accountable is the Executive Chairman, Federal Environmental Assessment Review Office.

In addition to the departmental headquarters in Hull, Quebec, there are five regional offices located as follows: Atlantic Region - Dartmouth, Nova Scotia; Quebec Region - Quebec, Quebec; Ontario Region - Toronto, Ontario; Western and Northern Region - Edmonton, Alberta; and Pacific and Yukon Region - Vancouver, British Columbia. As well, there is a small FEARO office in Vancouver, British Columbia.

Each regional office, headed by a Regional Director General, provides regional management and support services, particularly public information services, for departmental operations in their region.

Figure 3 displays reporting relationships and sets out activity resources by organizational component.

Figure 3: 1985-86 Resources by Organization and Activity



	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y
Administration	2,096	33	4,546	63	18,692	286	2,711	38	7,377	144		
Federal Environmental Assessment Review Office											3,738	29

D. Planning Perspective

1. Environmental Setting

Key factors influencing the Administration Program include the following:

Intergovernmental Relations: Environmental matters, water resources, wildlife and the atmosphere do not respect man-made political boundaries, between provinces, or between countries. Many of the major issues of the day, acid rain, airborne and water borne transport of toxic chemicals, water use and allocation, climate change due to pollution of the atmosphere and protection of the health-saving stratospheric ozone layer, are interprovincial, international or even global in nature.

To deal with such issues for the citizens of Canada we must forge more effective, and new partnerships with provinces, with the United States of America and with other governments. The coordination of the many federal-provincial and international relations of the Department is managed within the Administration Program.

Economic Climate: The government is committed to economic renewal to foster sustained economic growth and high employment by working in partnership with all concerned. The Department will contribute to these objectives by helping to ensure management of basic natural resources of water, wildlife and lands in a sustainable manner. At the same time, improvements in departmental efficiency and effectiveness will be introduced to contribute to restoring governmental fiscal responsibility. Expenses are being strictly restrained (see page 2-12).

New Government Policy Affecting the Program: On September 17, 1984 the Canadian Forestry Service was transferred to Agriculture Canada. The Administration Program in Environment Canada is affected by a reduction in the allocation of $3,528,000 and 69 person-years relating to the delivery of this service for 1985-86 and subsequent years.

2. Initiatives

In 1985-86, the Administration Program will continue a number of productivity, management and organizational improvement initiatives commenced in previous years and which are part of the overall productivity improvement and fiscal restraint goals the Department is pursuing.

A new initiative by the Administration Program as a contribution to this effort for 1985-86 and as a first step towards improving human resource management, is that responsibility and accountability for this aspect of management will be assigned to managers in the operating programs. This action requires the transfer of 221 person-years and $7,723,600 from the Administration Program to the other programs of Environment Canada.

3. Program Effectiveness

Through its two operating programs, Environmental Services and Parks Canada, the Department endeavours to foster harmony between society and the environment for the economic, social and cultural benefit of present and future generations.

By providing policy direction, management support, program evaluation, audit, coordination and common support services to the Department and administering the Environmental Assessment and Review Process, the Administration Program facilitates and contributes directly to the effectiveness of the Operating Programs.

Section II
Analysis by Activity

A. Administration

Objective

To provide policy direction, management, coordination and common support services to the Department.

Resource Summary

The Administration Activity accounts for 90% of the total 1985-86 Administration Program expenditures and 95% of the total person-years.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Departmental Management	6,657	99	7,389	95	6,701	87
Departmental Services	23,693	382	35,655	730	33,130	742
Regional Management	5,072	83	3,729	94	2,929	57
	35,422	564	46,773	919	42,760	886

Personnel costs account for 69% of the total activity expenditures. Other significant expenditure areas are: transportation and communication, 11%; professional and special services, 12%.

The major item contributing to this decrease is the transfer of the personnel function from the Administration Program to the Operating Programs, Environmental Services and Parks Canada (see page 2-5).

Description

Departmental Management: This consists of the provision of executive direction and coordination for all departmental activities by establishing departmental policies, strategies, plans and priorities and the monitoring of effectiveness and efficiency, the management and coordination of intergovernmental and interdepartmental affairs; the provision of special advice on the state of the environment and on scientific and technical issues affecting the Department.

Departmental Services: This consists of the provision of support and advice on financial matters, including functional direction to the Department: the provision of personnel policy and human resource management systems; the operation of central departmental EDP services, and the development of departmental policy and plans in EDP and information technology; the provision of administrative policy and support; and the provision of departmental public information services and public relations advice, including research, planning and communications matters.

It also includes the provision of regional information and some finance and administrative services and support to departmental operations in the regions.

Regional Management: This consists of five Regional Directors General (RDG), each heading a regional office. The RDG is the senior executive officer in each region whose role it is to ensure the effective delivery of national programs and specifically to ensure programs are sensitive to regional environmental concerns and responsive to economic development needs and to liaise with provincial governments and agencies and regional officials of other federal departments.

Performance Information/Resource Justification

Performance information relates principally to the efficiency and effectiveness of program systems and delivery.

The adequacy of guidance and control over administrative functions and the provision of required administrative services needed in the most cost effective manner are indications of the performance of the Administration Services Sub-Activity. In some areas of Administrative Services, extensive workload information is available, although these have not yet been incorporated into an overall framework of management information. The management information framework is targeted for completion in 1985-86.

Over the past four years, the Improvement of Management Practices and Control (IMPAC) project has been instrumental in improving the administration of the entire Department as well as the Administration Activity.

A major effort is now being undertaken on productivity improvement. This will have a direct impact on the performance of the Department and the Administration Activity. A productivity coordinator has been appointed who will promote ways and means of improving productivity. The goals of this productivity program are as follows:

- to create the conditions within which the improvements of effectiveness and efficiency become an integral part of the effort of all employees; and

- to remove obstacles to productivity improvement both within the Department and to the extent possible within the environment in which it operates.

In order to develop a meaningful program, many discussions were held with leading private sector companies, and recently created productivity centres, known for their progressive work in the field of productivity. This research along with consultations within the public sector, both at the federal and provincial levels, has provided a reliable base from which to develop Environment Canada's productivity strategy. This work has resulted in building productivity into the day-to-day activities through the identification of specific productivity initiatives in the departments' operational plans. During the coming years improved measurement techniques will be developed and used to track the effects of these efforts in order to identify and reinforce the most successful initiatives.

B. Federal Environmental Assessment Review Office

Objective

To promote environmentally sensitive and publicly responsive resource and project planning and decision-making across government.

Resource Summary

The Federal Environmental Assessment Review Office (FEARO) Activity accounts for 10% of the total 1985-86 Administration Program expenditures and 5% of the total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Federal Environmental Assessment Review Office	3,738	29	3,290	28	3,626	25

Personnel expenditures account for 37% of the total activity expenditures with an additional 48% being used for contracted services. The balance is required for other operating expenses.

The major item contributing to this increase is improvements to the Environmental Assessment and Review Process (EARP).

Description

The FEARO Activity consists of the administration of the Environmental Assessment and Review Process which is directed at ensuring that for federal programs, projects and activities, potentially adverse environmental consequences are considered at the planning stage.

FEARO develops and implements procedures, guidelines and administrative references for the environmental assessment process; ensures competent reviews of all projects; evaluates the performance of the environmental impact assessment process and recommends appropriate changes to improve its effectiveness.

FEARO appoints separate environmental assessment panels to review each project referred. Each panel develops guidelines for the preparation of an Environmental Impact Statement (EIS) by the federal department or agency initiating the particular project; studies the EIS; holds public meetings; and reports to the Minister of the Environment.

FEARO also administers the budget of the Canadian Environmental Assessment Research Council (CEARC) which was established in 1984 with responsibility to advise government, industry and academic research organizations on how to improve the scientific, technical and procedural basis for environmental impact assessment. CEARC's objective is to contribute to the quality of the natural and social environment by reviewing and commenting on the use of scientific information and the place of environmental assessment in planning development.

Performance Information/Resource Justification

The efficiency and effectiveness of the Environmental Assessment and Review Process will improve with the number of corrective and streamlining measures FEARO is undertaking. One of the key objectives is to reduce the regulatory burden and cost of development while maintaining the sensitivity of governmental institutions to environmental and directly related social concerns and ensuring government receives credit for this sensitivity.

Resources are primarily expended to establish and operate independent public review panels, administer review procedures, provide policy guidelines and advice to participating agencies, and to develop recommendations for appropriate policy improvements. The number, size and complexity of projects referred to FEARO for review are the main determinants of resource requirements.

In addition to maintaining ongoing operations, FEARO could be carrying out approximately nine major project proposals in 1985-86. These projects and the currently estimated costs are shown in Figure 6.

Figure 6: Major Project Proposals Anticipated to Require Public Review in 1985-86

Project Proposal	Estimated Cost 1985-86
	$
Vancouver International Airport	50,000
Grand Banks Hydrocarbon	440,000
West Coast Offshore	150,000
Slave River Hydro	40,000
Polar Gas Pipeline	100,000
Eldorado Low-Level Radioactive Waste Disposal	100,000
High-Level Radioactive Waste Disposal	20,000
Fraser River Training Works	100,000
CN Twin Tracking	15,000

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In 1985-86, major effort will be directed to improving the environmental assessment and review process. The overall cost related to the EARP improvement and the establishment of the Canadian Environmental Assessment Research Council is approximately $960,000 and 4 person-years. More specifically:

- the main focus will be on working with other government departments to bring improvements to the front end of the EARP process; and

- the development of procedures for ensuring follow-up of panel recommendations into project design and to monitor the resulting environmental effects.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Administration Program expenditures by object are presented in Figure 7.

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	22,442	31,338	28,575
Contributions to employee benefit plans	3,136	3,837	4,216
Other personnel costs	97	97	165
	25,675	35,272	32,956
Goods and Services			
Transportation and communications	4,152	4,432	3,946
Information	848	905	916
Professional and special services	5,911	6,569	5,671
Rentals	815	825	772
Purchased repair and upkeep	407	251	400
Utilities, materials and supplies	987	1,517	963
All other expenditures	26	7	24
	13,146	14,506	12,692
Total operating expenditures	38,821	49,778	45,648
Capital	184	127	516
Transfer payments	155	158	222
Total expenditures	39,160	50,063	46,386

2. Personnel Expenditures

The Administration Program's personnel costs of $25,675,000 account for 66% of the total operating expenditures and 66% of the total expenditures of the Program. Information on person-years is provided in Figures 8 and 9.

Figure 8: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Administration	564	919	886
Federal Environmental Assessment Review Office	29	28	25
	593	947	911

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	53	40	39	50,350-96,300	64,507
Scientific and Professional					
Economics, Sociology and Statistics	7	10	10	14,570-65,080	52,362
Engineering and Land Survey	3	16	16	23,306-76,130	50,529
Library Science	12	15	15	19,782-50,712	33,070
Physical Sciences	25	19	16	15,304-68,070	47,215
Other	10	11	10		
Administrative and Foreign Service					
Administrative Services	92	118	114	13,912-57,987	38,247
Computer System Administration	42	39	40	18,766-61,433	37,942
Financial Administration	30	31	32	13,853-57,980	40,469
Information Services	42	53	44	13,579-57,980	40,461
Organization and Methods	8	10	12	13,520-57,980	44,922
Personnel Administration	24	119	125	13,330-63,870	37,746
Program Administration	10	37	12	13,912-57,987	41,445
Other	18	12	13		
Technical	7	7	11	10,719-63,173	29,745
Administrative Support					
Clerical and Regulatory	111	280	272	12,932-31,743	22,500
Data Processing	7	9	8	13,352-37,130	22,272
Secretarial, Stenographic, Typing	76	85	84	12,636-31,946	21,812
Other	3	4	4		
Operational					
Summer Canada	-	12	9		
IMPAC	-	4	9		
Other	13	16	16		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

The capital expenditures for the Administration Program amount to $184,000 for 1985-86 and are required for procurement of minor equipment.

4. Transfer Payments

Details of transfer payments are shown in Figure 10.

Figure 10: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Canadian Association of Geographers	**7**	7	7
Membership in the International Geographical Union	**2**	2	2
	9	9	9
Contributions			
Canadian Council of Resource and Environment Ministers	**146**	146	86
New Employment Expansion and Development Program	**-**	3	93
Summer Youth Employment Program	**-**	-	34
	146	149	213
	155	158	222

B. Cost Analysis

Net Program Costs

The 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must also be included when considering the actual costs to operate the Administration Program. In 1985-86, these items are accommodations provided without charge by Public Works, $4,247,000, and other services provided without charge by other departments, $513,000. These are allocated by activity according to the person-year allocations percentage.

Figure 11: Net Cost of Program by Activity, 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Deduct Revenue	**Total Net Cost**	Forecast 1984-85
Administration	35,422	4,527	39,949	-	**39,949**	51,555
Federal Environmental Assessment Review Office	3,738	233	3,971	-	**3,971**	3,436
	39,160	4,760	43,920	-	**43,920**	54,991

C. Additional Information

1. Acts Administered in Whole or in Part

Environment Canada is responsible for administering the 14 acts shown in Figure 12. In addition, it is responsible for administering parts of acts, or providing specific advice and information under certain sections and provisions of the Acts shown in Figure 13.

Figure 12: Acts Administered by Environment Canada

The Canada Water Act
The Canada Wildlife Act
The Clean Air Act
The Department of the Environment Act
The Eastern Rocky Mountain Conservation Act
The Environmental Contaminants Act
The Game Export Act
The Historic Sites and Monuments Act
The International River Improvements Acts
The Migratory Birds Convention Act
The National Battlefields Act
The National Parks Act
The Ocean Dumping Control Act
The Weather Modification Information Act

Figure 13: Other Acts Impacting on DOE or Partly Administered by DOE

The Agricultural and Rural Development Act
The Animal Contagious Diseases Act
The Arctic Waters Pollution Prevention Act
The Canada Shipping Act
The Department of Indian Affairs Act
The Fisheries Act
The International Boundary Waters Treaty Act
The Motor Vehicle Safety Act
The Navigable Waters Protection Act
The Northern Inland Waters Act
The Pest Control Products Act
The Territorial Lands Act
The Transportation Act
The Transportation of Dangerous Goods Act

Environmental Services Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $358,862,000 in support of the 1985-86 Environmental Services Program. The remaining expenditures, estimated at $25,862,000 for pensions and other employee benefits will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Environmental Services Program		
5	Operating expenditures	298,275	279,446
10	Capital expenditures	44,396	39,093
15	Grants and contributions	16,191	37,488
(S)	Contributions to employee benefit plans	25,862	22,570
	Total Program	384,724	378,597

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Environmental Services Program	
5	Environmental Services - Operating expenditures including recoverable expenditures incurred in respect of the Prairie Provinces Water Board, the Qu'Appelle Basin Study Board, the St. John River Basin Board, and authority for the Minister to engage such consultants as may be required by the above Boards at such remuneration as the Boards may determine; recoverable expenditures incurred in respect of Regional Water Resources Planning Investigations and Water Resources Inventories, authority to make recoverable advances not exceeding the aggregate of the amount of the shares of the Provinces of Manitoba and Ontario of the cost of regulating the levels of Lake of the Woods and Lac Seul and the amount of the shares of provincial and outside agencies of the cost of hydrometric surveys, and authority to spend revenue received during the year	298,275,000
10	Environmental Services - Capital expenditures and authority to make payments to provinces or municipalities as contributions towards construction done by those bodies and authority to make recoverable advances not exceeding the amount of the shares of provincial and outside agencies of the cost of joint projects including expenditures on other than federal property	44,396,000
15	Environmental Services - The grants listed in the Estimates and contributions	16,191,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							
	Authorized person-years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	Budgetary Sub-Total	Less: Revenues Credited to the vote	Total	1984-85 Main Estimates
Environmental Protection	770	54,110	2,557	5	56,672	-	**56,672**	63,119
Atmospheric Environment	2,442	198,531	23,550	1,406	223,487	31,760	**191,727**	174,105
Environmental Conservation	1,587	104,682	18,289	14,780	137,751	1,426	**136,325**	141,373
	4,799	357,323	44,396	16,191	417,910	33,186	**384,724**	378,597

Section I
Program Overview

A. Highlights

For 1985-86, the Environmental Services Program has established the following goals:

- to promote and stimulate a reduction in the long range transport of atmospheric pollutants, particularly acid rain (see pages 3-13, 3-17, 3-18 and 3-24);
- to reduce dioxin in the environment by 1990, as one of the priorities of the Toxic Chemical Management Program, by controlling emissions from specific industries and incineration sources (see pages 3-13, 3-17, 3-18 and 3-24);
- to streamline the weather services and to implement cost-recovery for certain specific services (see pages 3-16 and 3-27);
- to investigate causes of climate variability and change and their impacts on Canadian socio-economic activities (see pages 3-14, 3-16 and 3-28);
- to complete construction of the new National Hydrology Research Centre in Saskatoon, at an estimated capital cost of $16.1 million, of which $8.4 million will be expended in 1985-86 (see page 3-15);
- to negotiate water quality agreements for one or more transboundary rivers and increase the number of federal-provincial water quality monitoring agreements from one to five (see page 3-32);
- to implement a federal habitat protection program through the Wildlife Habitat Canada Foundation ($2 million) (see page 3-34);
- to provide leadership for the federal efforts associated with humane trapping ($1 million and 2 person-years) (see page 3-34); and
- to contribute to the St. Lawrence River Restoration program by development of plans on five federal port facilities and joint federal-provincial environmental emergency program (see page 3-23).

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Main Estimates 1985-86			Forecast 1984-85	Change	
	Expen-ditures	Revenue Credited to Vote	**Net Expen-ditures**	Net Expen-ditures	Net Expen-ditures	For Details See Page
Environmental Protection	56,672	-	**56,672**	74,178	(17,506)	3-20
Atmospheric Environment	223,487	31,760	**191,727**	180,343	11,384	3-25
Environmental Conservation	137,751	1,426	**136,325**	148,907	(12,582)	3-30
	417,910	33,186	**384,724**	403,428	(18,704)	
Person-years			**4,799**	5,139	(340)	3-37

In addition to the estimated $33.2 million in revenue to be credited to the Vote in 1985-86, the Program will generate approximately $15.4 million in revenue that will be credited directly to the Consolidated Revenue Fund. Figure 16 on page 3-47 provides additional detail on the revenue of the Program.

Explanation of Change: The following are the major items contributing to the estimated decrease of $18.7 million:

- expiration of the Environment 2000 program $(17.7) million
- reductions in the activities of the Canadian Wildlife Service not related to migratory birds and endangered species $(3.8) million
- reductions in contributions under the Canada Water Act $(2.0) million
- reductions achieved through the streamlining of weather services $(1.7) million
- reductions in the recycling and waste management activities $(1.2) million
- reductions in contribution payments related to the construction of sewage treatment facilities. $(10.0) million

- operating and capital expenditures for developing expanded ice and iceberg analysis and forecast capabilities $ 8.0 million

- decentralization of the personnel function from the Administration Program $ 4.0 million

- allowances for the impact of inflation on salaries and contributions to the Employee Benefit Plan $ 10.0 million

Explanation of the 1984-85 Forecast: The 1984-85 forecast (which includes items in Supplementary Estimates A and B) is $24.8 million higher than the 1984-85 Main Estimates of $378.6 million mainly due to the Environment 2000 Program ($17.7 million).

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

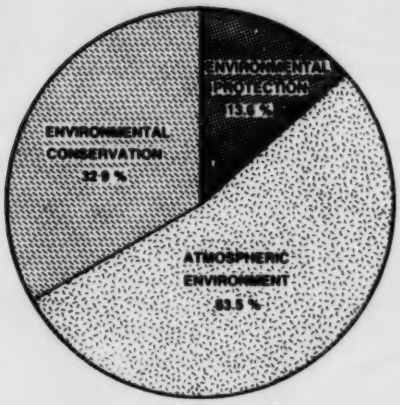
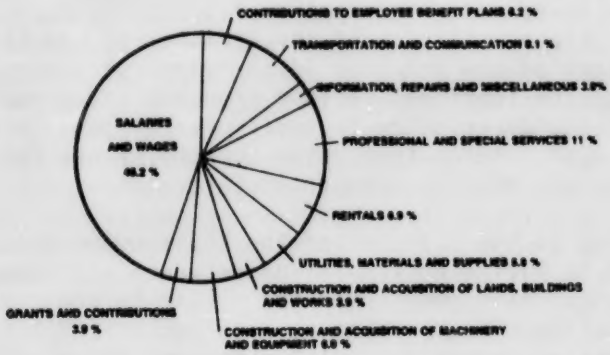


Figure 3: 1985-86 Distribution of Gross Expenditures by Object



C. Background

1. Introduction

The Environmental Services Program is one of three programs in the Department of the Environment. This Program has the primary responsibility for matters relating to the environment and its constituent resources, as well as for promoting and sustaining the economic utilization of wildlife, land and inland water resources of the nation.

Some of these responsibilities are shared between the federal and provincial governments. The provinces have direct management responsibility for most environmental and resource matters within their borders. The federal government has responsibility for those matters which are clearly within its jurisdiction (e.g., the Territories, National Parks, some resources such as fisheries, and the impact of its own activities) and for matters which the provinces cannot readily or cost-effectively undertake separately (e.g., climate services, information collection, and research). Because environmental processes transcend political boundaries and human activity can impinge on matters under both federal and provincial jurisdictions, DOE and its provincial counterparts co-operate closely in the formulation and execution of their respective environmental policies.

In addition, through cooperation and/or negotiation with foreign governments, the Department participates in and endeavours to stimulate the resolution of international environmental and renewable resource problems such as world-wide contaminants, climate change, the long-range transport of atmospheric pollutants and the management of migratory birds.

2. Legal Mandate

The statutory mandate for the Department of the Environment (DOE) is derived from the Government Organization Act (1979). This Act establishes the responsibilities of the Minister of the Environment, and specifies functions of the Minister in carrying out these responsibilities. The functions include programs to: promote adoption of objectives or standards relating to environmental quality and pollution control; mitigate adverse environmental impacts of new federal projects; and provide Canadians with environmental information.

The Act gives to the Minister of the Environment broad responsibilities to influence federal departments and agencies and to work with provincial governments and the public to preserve and enhance environmental quality. The Minister is also authorized to develop guidelines for activities of federal bodies, and enter into agreements with provincial governments or agencies.

Other Acts defining more specific powers and duties of the Minister of the Environment and responsibilities of the Department are listed on page 3-50 in the Supplementary Information - Section III.

3. Program Objective

To promote and undertake programs to protect and enhance the quality of the environment, and programs designed to improve the management and sustained economic utilization of wildlife and inland water resources of the nation.

In pursuing this objective, the Program undertakes to:

- influence human activities in a way that will achieve and maintain a state of the environment necessary for the health and well-being of man, and allow for the health and diversity of species and of ecosystems, and the sustained use of natural resources;

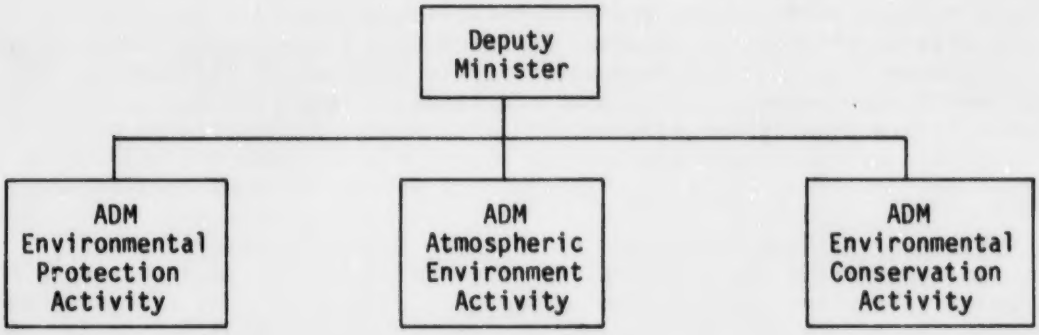
- ensure that Canada has adequate information on the atmosphere, ice and sea state for the safety of life, the security of property, the greater effeciency of economic activities, and for the maintenance and enhancement of environmental quality; and

- conserve and enhance Canada's renewable resources of water, land and wildlife and their related ecosystems and promote their wise use in a sustainable manner.

4. Program Organization for Delivery

Activity structure: The Environmental Services Program is divided into three activities and 12 sub-activities. The Environmental Protection Activity leads the development and maintenance of a knowledge base sufficient to assess the significance of environmental threats arising from human activities, and balanced strategies which incorporate economic measures, public consultation, and advocacy and regulatory approaches for use in preventing or correcting environmental problems. The Atmospheric Environment Activity is responsible for providing weather, climate, sea state, ice and air quality information and for undertaking related research. The Environmental Conservation Activity promotes improvements in: the quality, management and wise use of inland water resources; the protection, conservation and management of wildlife resources specifically, migratory birds and threatened or endangered species; and the wise management and use of land resources.

Figure 4: Activity Structure



Organization Structure: The organization structure parallels the Program's activity structure with a separate organizational unit (Service) for each of the three activities. Each Service is directed by an Assistant Deputy Minister, who is accountable to the Deputy Minister.

In general, each Service is organized through two levels of management: national and regional. The national headquarters are located in Hull, Quebec for the Environmental Protection and Environmental Conservation activities and in Downsview, Ontario for the Atmospheric Environment activity. In addition to providing management and direction for their respective Service, each national headquarters is responsible for policy development, national planning, and the monitoring and review of programs and policy implementation.

Regional headquarters are located in Dartmouth, Bedford and Halifax - Nova Scotia, Sackville - New Brunswick, Quebec and Montreal - Quebec, Toronto, Burlington and Ottawa - Ontario, Winnipeg - Manitoba, Regina - Saskatchewan, Calgary and Edmonton - Alberta, and Vancouver -British Columbia. These regional headquarters manage and coordinate activity efforts within their jurisdiction, and direct the development and implementation of programs to address local and regional environmental and renewable resource issues.

At the operational level, the Environmental Services Program is highly decentralized. In addition to operating units at each of the national and regional headquarters, each Service operates a number of field offices and stations. Of the Program's 4,799 authorized person-years, approximately 4,400 are operational and support staff. Approximately 3,100 of these are located in regional and field offices.

The organization structure provides a clear chain of command and line of accountability from the line manager to the respective Assistant Deputy Minister. However, there are a number of issues, such as the Long Range Transport of Airborne Pollutants and Environmental Assessment, that require professional and scientific input from more than one organizational unit and Service. For each such issue, normally called an Integrated Program, lead responsibility is assigned to the Service primarily concerned and cross-Service lines of reporting and accountability are clearly established.

D. Planning Perspective

1. Environmental Setting

A number of external factors influence the Environmental Services Program.

Public and Political Priorities: The government's priorities are strongly influenced by clear scientific and other evidence of problems and by public concern and support for solutions. Five such issues are currently being addressed by the Environmental Services Program:

Acid Rain: Emissions of sulphur dioxide (SO_2) and nitrogen oxides (NO_x) from Canadian and U.S. sources are causing economic and environmental damage in a 2.5 million hectare area in eastern Canada. The natural resource base at risk due to acid rain sustains 8 per cent of Canada's GNP. Reduction of wet sulphate deposition in central and eastern Canada to no more than 20 kilograms per hectare per year is required to protect moderately sensitive aquatic systems. Achievement of this objective requires that total SO_2 emissions from Manitoba east be reduced to 2.3 million tonnes (about one half of the 1980 level) along with compatible action in the United States. Public opinion polls in 1984 showed that 86 per cent of Canadians see acid rain as a serious problem - an increase of 7 per cent over previous years. The new improved relationships between the Federal government and the provinces and between the Canadian and Unites States governments offers new opportunities to move towards a solution.

Toxic Substances: Chemicals provide important benefits to society. At the same time many chemicals pose threats to human health and the environment. The aim is for Canadians to manage their responsibilities for chemicals in a way that maximizes the benefits and minimizes the damages. This inevitably involves conscious decisions between risks and benefits (e.g. for pesticides); it involves a willingness to take prudent action even in the face of incomplete scientific knowledge on the effects of certain chemicals; it involves clean up steps; and it involves preventive measures which gain from the lessons of past mistakes to avoid chemical damages in the future. To attain this aim it is crucial to have an improved partnership with the chemical industry and the provinces, informed public opinion, a general consensus among these groups on the trade-offs they are prepared to accept between risks and benefits, and the use of this general consensus as the basis for intervention by government.

Water Management: Fresh water could be the issue of the 1990s that energy was in the 1970s. Elements of this issue include:growing imbalance between water supply and demand, particularly on the prairies; unsatisfactory water quality in the Great Lakes-St. Lawrence River System and various other parts of the country; multiple use management in the Fraser Estuary; water demands from the United States; potential major diversions between river basins and ecological zones; and water allocation conflicts amongst various users and political jurisdictions.

The Inquiry on Federal Water Policy will identify and describe by summer 1985 emerging water issues in Canada, including their "interjurisdictional dimensions" and should provide a basis for future action. The government will respond promptly to improve federal actions in this field in cooperation with the provinces.

Climate Change: The past decade and a half has demonstrated increasing worldwide climate variability. Drought in the Prairies during the early 1970s, recent mild winters in eastern Canada and tragic droughts in Ethiopia, the Sahel, India and Mexico are examples of climatic fluctuation. Increasing levels of carbon dioxide (CO_2) and other atmospheric pollutants will likely have a significant effect on climate. Because Canada is at high latitudes, it is expected to be affected profoundly by any changes that occur. To adequately prepare Canadians and their economy from the adverse effects of climatic variation, a better understanding is needed of the cause of climatic variation and the effects of increasing CO_2 and other radiatively active gases on our climate. The Canadian study program involves provinces, universities, the private sector and the federal government and is part of the World Climate Program.

The North: The Environmental uniqueness and sensitivity of the area north of 60°, its harsh climate and geography for economic development and the federal government's broad responsibilities in the territories all make the North a departmental priority. Of particular concern to the Department is conserving wildlife and park areas in the North, weather services for safety of transportation, interjurisdictional water management and active participation and contribution to the Northern Land-Use Planning Process.

The Economy: Structural readjustment linked with economic recovery is likely to produce private companies which are more competitive, innovative and less wasteful. The new technology industries may be more environmentally benign and the progressive modernization of our resource based industries will likely yield environmental benefits. New developments in science and technology in fields such as biotechnology and space will influence the issues to which the Department must respond.

The slowdown of some mega-projects provides an opportunity to develop the knowledge base necessary for their safe, economically efficient and environmentally appropriate design and operation. There may also be opportunities to encourage industry to pursue smaller scale development projects which may be more environmentally benign and more labour intensive. Departmental purchasing power and policies will be modified to increase opportunities for Canada high technology instrument industry and the developing pollution control industry.

As a part of the government's goal of deficit reduction, the department is streamlining its programs to be in a better position to carry out its mandate through clearly focused direction and more efficient organization.

Resources: The world demand for Canada's non-renewable and renewable resources including agricultural, fish and forest products will grow towards the end of the decade, provided there is purchasing power abroad and Canadian exports remain internationally competitive. The Department's water, land, weather and water information and environmental quality activities are important factors in ensuring competitiveness of Canada's resource based industries. Preservation and enhancement of soil fertility, the sustainability of yields, multiple resource use, and the loss of agricultural lands and wetlands and other wildlife are major renewable resource issues.

Intergovernmental Relations: The department will be seeking renewed partnerships with the provinces and the private sector in the management of environmental matters. Resolution of offshore jurisdictional questions will have a bearing on the protection of coastal zones and the marine environment.

Canada-U.S. relations are of particular importance because of geographic proximity and economic and ecological interdependence. Current U.S. policies have the potential to adversely affect this country's environment and basic resources.

Need for Environmental Information: The general public as well as the agriculture, fisheries, forestry, transportation, construction and energy industries require accurate, timely and accessible information on the environment in order to make sound decisions that affect the social and economic health of the nation. Information is required on weather and climate conditions, the quality and quantity of Canada's freshwater resources, the physical potential, carrying capacity and changing conditions of Canada's prime lands, and the status of migratory bird populations and threatened or endangered species, and their habitats. To help reduce the loss of life, destruction of property, damage to crops and forests, etc. improvements are required in documenting changes in the state of resources (water, land and wildlife), in forecasting atmospheric conditions (wind, sea state, rain, snow, fog, blizzards, freezing rain, hail, tornadoes, frosts, heat and cold waves, droughts, floods, ice formation and movements) and in disseminating warnings and information.

2. New Initiatives

In response to the influences noted above, the following major initiatives will commence in 1985-86.

Water Management: To improve the quality and efficiency of hydrologic research in support of better management of water supplies, a number of separate research units are being consolidated in a new National Hydrology Research Centre (NHRC) in Saskatoon. Construction of the NHRC will be completed and personnel will start to move into the new building at the end of fiscal year 1985-86. Total capital costs are estimated at $16.1 million, of which $8.4 million will be expended in 1985-86. In support of fiscal restraint, capital works under the Canada Water Act

will be carried out over a longer period of time to reduce annual expenditures by $2 million for certain flood damage control projects (see page 3-32).

Streamlining and Integrating Weather Services: AES has undertaken measures to achieve expenditure reductions and generate increased revenue. Operations will be streamlined by integrating weather services at Goose Bay, Sept Îles, Port Hardy, Prince George and Fort Nelson. This integration, as well as other measures will result in a savings of $400,000. Further reduction will be achieved through the renegotiation of a federal-provincial agreement with Quebec for climatological observations and the closure of the Eddy Point, Nova Scotia and Bissett, Manitoba weather observing stations. Moreover, the cost of providing specialized scientific services will be reduced by $200,000. In terms of revenue generation, AES will increase the charges to industry for specialized scientific services. For those people wishing weather information additional to that provided by the media, a fee will be charged for this service (see pages 3-26 and 3-27).

Wildlife Conservation: In keeping with the government framework for deficit reduction and economic renewal, reductions have been made in the Wildlife Conservation Sub-Activity. These reductions have been made to limit the federal government activities to those that fall directly under its jurisdiction. Federal government activities will be focussed on migratory birds and threatened or endangered species. Eighty-four person-years and $3.8 million have been reduced from this Sub-Activity. New arrangements are being developed with private sector groups and the provinces to operate the five wildlife interpretation centres. Both government and private contributions are being made to the Wildlife Habitat Canada Foundation, a new private sector agency which will replace the Department's habitat acquisition fund. A national conference to improve the private sector and governmental partnership in wildlife conservation is being sponsored by the Department and provincial governments. The government is working with the provinces and the private sector to improve the overall effectiveness of wildlife research in Canada. Toward this end the department will contract out wildlife and toxicology research to the universities and the private sector.

Update on Previously Reported Initiatives

The following major initiatives will continue in 1985-86.

Productivity Improvements in the Weather Service: The Atmospheric Environment Service will continue to develop and implement its long-term strategic plan to improve weather services through the continued automation and utilization of technological advances. Combined with the best use of human resources, this will permit AES to steamline its services and better serve broader interests such as fisheries, agriculture, forestry, offshore oil and gas exploration, municipalities and the general public (see page 3-27).

Acid Rain: The approach is to develop agreements with provinces and industries for reducing Canadian SO_2 emissions. Financial assistance from federal and provincial governments may be required. Continued monitoring and research will verify the efficacy of abatement measures and guide further measures. Sustained public interest in the problem and support for abatement measures is essential in both Canada and the United States. Communication of Canada's concerns about the impact of acid rain to the U.S. government continues but the U.S. Administration is not committed to acid rain control action. Negotiations of a transboundary air pollution agreement between Canada and the United States will be renewed (see pages 3-22 and 3-23).

Toxic Substances: Emphasis is being shifted from remedial to preventive action on the current priorities of pesticide management, dioxins, hazardous wastes and lead in the environment. Prevention procedures and emergency preparedness in case of chemical accidents (e.g. Bhopal, India) are being reviewed and improved in a joint government-industry effort. Regionally the focus is on the major contaminated waterways including the St. Lawrence River, the Niagara River, the Saskatchewan River and the Fraser Estuary. In addition the Interdepartmental Committee on Toxic Chemicals, chaired by Environment Canada, is developing plans of action on indoor air quality, drinking water safety and contaminants in fish (see pages 3-22 and 3-23).

The North: In support of the Northern Land Use Planning Process of DIAND, the Department will implement a program to meet DOE requirements and fulfil the DOE role. This will consist of research, information and advice, involving all departmental services. Efforts will focus on influencing the directions and priorities set for the land-use planning commissions, and the content and form of land-use plans as well as water use in the MacKenzie River Basin. In addition, the Department will examine the needs of establishing Migratory Bird Sanctuaries and National Wildlife Areas.

3. Program Effectiveness

Program effectiveness would be best demonstrated by a measure of change in the overall quality of the natural environment, continued value of the basic resources and by evaluating the contribution to the economy and to safety, of the services provided.

Specific achievements with respect to six issues which require the involvement of more than one Activity in the Environmental Services Program are as follows:

Acid Rain: Federal and provincial governments agreed to reduce total SO_2 emissions east of the Saskatchewan/Manitoba border to 2.3 million tonnes (about one half the 1980 level) by 1994. A federal/provincial working group of ministers is directing where and how emission reductions will take place and how the costs of these measures will be met. The Royal Society of Canada assessed the scientific aspects of the acid rain program and concluded that much of the work being done was of world class. The Royal Society recommended expanding the work in some areas and centralizing the management of the program.

Toxic Substances: Environment Canada's efforts have already contributed to controlling toxic chemicals. For example, regulations have been established to ban the use of polychlorinated biphenyls (PCBs) and polybrominated biphenyls (PBBs) which were used in some electrical equipment. Regulations have been established for the handling, carrying and labelling of environmentally dangerous substances and wastes, under the Transportation of Dangerous Goods Act. Techniques have been developed for the destruction of chemical wastes. Under Canadian leadership, international initiatives on standardized evaluations of chemicals prior to their introduction into trade and commerce are being put into effect. The federal government's position on dioxins was published, and a Code of Good Practice for the wood protection industry was established in British Columbia. A new regulation for lead in gasoline was formulated, and a decision was made to establish an Advisory Council on Lead in the Environment. The United States is starting to reduce toxic chemical discharges into the Niagara River, which is an indication of successful cross-boundary negotiations.

Great Lakes Clean Up: By the late 1960s the water quality of the Great Lakes had become a major public concern in North America and the world. The "death" of Lake Erie was considered imminent by many. Negotiated agreements for programs of remedial action to clean up the Lakes were signed with the United States and with Ontario in 1971 and 1972 and renewed in 1978.

Since then, pollution has been greatly reduced through the construction of sewage treatment facilities, involving more than $700 million in federal support. As a result of banning the use of mercury, fishing has been reinstated in Lake St. Clair. Some harmful substances, such as DDT, have been greatly reduced in the Great Lakes. Over the past decade, not only has the deterioration of the Lakes been drastically reduced, but many areas are showing marked improvements in drinking water quality, recreational suitability and in their ability to sustain aquatic life.

The Great Lakes cleanup is generally recognized throughout the world as a remarkable environmental success story. While toxic chemicals continue to pose serious problems, actions to address them are underway, but need strong support and continued vigilance.

Pollution Reduction: The National Air Pollution Surveillance network, covering 55 cities across Canada, indicates significant decreases in concentrations of all contaminants measured. Annual mean concentrations of sulphur dioxide decreased by 30% from 1974 to 1982, nitrogen dioxide by 25% from 1977 to 1982, and particulate lead by 60% from 1974 to 1982.

As well, Canada has remained in the international forefront of air quality research, especially in the monitoring of the stratospheric ozone layer which protects human health. These efforts led to the 1980 restrictions in the use of chlorofluorocarbons.

Environmental Emergencies: Sudden releases of hazardous materials (including oil) to water, land or air number about 3,500 annually in Canada. The Department's Environmental Emergency Program has, since 1973, been providing a coordinative focus for the national and regional efforts by many agencies, governments and industries to address these problems through response preparedness, technology development and training, and through spill prevention measures. In addition, direct support, including weather and sea state forecasts, is provided to prevent personal injury and to minimize property damage resulting from the release of hazardous materials. The frequency and magnitude of these release incidents has been held in check over the last 10 years despite significant increase in the types and volumes handled, stored and transported. The nation's industrial and government capability for spill response has increased by at least fifteen-fold since 1973. The Department's research and development efforts, especially for oil spills in cold regions, have received international recognition. Largely as a result of stimulation and support by this Department, Canadian companies now supply a substantial proportion of the world's demands for specialized spill equipment, products and services.

Flood Damage Reduction: The Flood Damage Reduction Program attempts to minimize the damages caused by floods through such means as designation of flood risk areas, flood forecast warnings and floodproofing. Flood forecasting and flood warnings are produced using data from special ice observations over rivers, rainfall statistics and on-site meteorological support to temporary flood control offices. All flood damage reduction projects are justified by means of a cost/benefit analysis. One example of the benefits of the program is the building of the floodway around Winnipeg at a cost of $65 million. It has been estimated that without this floodway, damages in 1979 could have been as high as $284 million.

Section II
Analysis by Activity

A. Environmental Protection

Objective

To influence human activities in a way that will achieve and maintain a state of the environment necessary for the health and well-being of man, the health and diversity of species and ecosystems, and the sustained use of natural resources.

Resource Summary

The Environmental Protection Activity accounts for approximately 14% of the total 1985-86 Environmental Services Program expenditures and 16% of the total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Assessment and Response to Environmental Threats	**46,816**	**643**	62,875	693	43,928	667
Guidance and Support	**9,856**	**127**	11,303	118	12,872	122
	56,672	**770**	74,178	811	56,800	789

Approximately 61% of the 1985-86 resources will be expended on personnel costs. Expenditures on engineering research and advisory services and related professional and special services will account for a further 20%. The remaining 19% of the resources are required for normal operating expenditures such as materials, supplies, telephones and travel.

Description

The Environmental Protection Activity ensures that the federal government's responsibilities for the protection of the environment are carried out in a manner consistent with national policy. Where necessary, environmental protection measures are enforced under appropriate legislation. The Environmental Protection Activity is the focal point for contact and liaison on environmental matters with the public, industry, corresponding agencies of the provincial governments, and departments and agencies of the federal government. Specific responsibilities include site inspection, sample analysis, control measures

development, technology development and transfer, environmental emergency coordination, socio-economic impact assessment, and interpretation of the relative significance of different environmental threats. There are two Sub-Activities, Assessment and Response to Environmental Threats and Corporate Guidance and Support.

Assessment and Response to Environmental Threats: This Sub-activity develops and maintains an adequate information base for determining the status of environmental quality in Canada. It also ensures that appropriate environmental protection mechanisms are developed and implemented by those responsible in government and industry across Canada. This involves cleaning up problems, adopting better techniques, and preventing problems by incorporating environmental considerations into policies and initiatives.

Corporate Guidance and Support: This Sub-Activity develops policies, principles and management techniques for ensuring the preservation and enhancement of environmental quality, and ensures that programs are implemented in an effective and economical manner. In addition, this Sub-Activity develops strategies, management techniques and coordinates efforts across the Service and in some cases Department-wide to deal with particular environmental issues of very high priority (e.g., the toxic chemicals and long range transport of air pollutants).

Performance Information/Resource Justification

Assessment and Response to Environmental Threats: In 1985-86, this Sub-Activity will expend approximately $46.8 million and 643 person-years. Figure 6 provides additional details on the use of resources in 1985-86.

Figure 6: Application of 1985-86 Resources ($ million)

Areas of Expenditures	$	P-Y	Purpose of Expenditure	Area of Focus (ongoing concerns)
Assessment co-ordination	5.4	86	Integration of operational programs, interpretation of environmental data, and management of data inventory systems.	- identification of threats to environmental quality and their relative significance - public information reports - co-ordination of Environmental Impact Assessment (EIA) statements from DOE for EARP and Regional Screening and Coordinating Committee
Commercial chemicals	5.6	78	Assessment of chemicals, evaluation of pesticides, development of guidelines, regulations, and management of compliance and enforcement activities.	- advice to Agriculture Canada on pesticide regulation and management - Organization for Economic Cooperation and Development recommendations on new chemicals - phosphates in detergents and lead in gasoline - Environmental Contaminants Act regulations
Control of threats from specific human activities	12.3	195	Provision of technical advice, development of guidelines, codes of good practices and regulations, and enforcement of pollution control measures in various sectors of human activity such as industry, transportation and municipalities.	- offshsore oil and gas exploration and development - vehicle emissions abatement - siting of facilities - prevention and abatement of water pollution in waters of federal interest - natural resource sustained productivity
Waste management	5.1	72	Reduction of environmental and health problems from wastes in Canada; co-ordination of contingency planning and response to environmental emergencies.	- ocean dumping and safe international and interprovincial transport of dangerous wastes - hazardous federal abandoned wastes sites
Technical services	18.4	212	Provision of various technological services, such as development and demonstration of processes, management of financial incentive programs, operation of six laboratory facilities.	- transfer of environmental protection technologies to other agencies - quality assurance/quality control of analyses - vehicle emission testing and ambient urban air monitoring

Work described in Figure 6 on Assessment and Response to Environmental Threats contributes to several major issues. Plans for such major issues over 1985-86 include:

Long Range Transport of Airborne Pollutants (LRTAP): to implement a federal approach to reduce environmental and health problems from pollutants including oxidants, and to complete a study on problems in urban corridors across Canada;

The Automobile and The Environment: to provide to the general public, industry and other agencies information on environmental impacts from auto emissions and guides on automobile maintenance to reduce contamination from oxidants, lead and nitrogen oxides;

Hazardous Waste: to provide guidelines and codes of practice to responsible agencies on the management, including waste reduction and recycling, of hazardous wastes, such as for PCBs, chemical laboratories, and secure landfills;

Dioxins: to reduce dioxin in the environment by controlling wastes from specific industries and incineration sources;

Energy: to provide advice through Environmental Impact Assessments and advocacy, on offshore hydrocarbon developments on the east and west coasts and in the Beaufort Sea;

St. Lawrence River Restoration: to contribute to the Quebec program including development by 1986 of plans on five federal port facilities and a joint federal-provincial environmental emergency program;

Compliance/Enforcement: to provide guidelines and codes of practice on specific processes; to inspect and audit facilities to promote prevention or reduction of pollution; and enforce legislation where necessary;

North: to reduce environmental impacts from uranium and metal mining sites, spills and dumping in the Beaufort Sea; and

Great Lakes Quality: to complete studies for a federal-provincial-state steering committee to establish controls required to clean up waters of the Detroit, St. Clair and St. Mary's Rivers; and to review actions to reduce toxic chemicals from U.S. Niagara River disposal sites.

Guidance and Support: In addition to $6.6 million and 96 person-years for the ongoing management and common support services, this sub-activity requires $3,300,000 and 31 person-years for the Department's programs on Toxic Chemical Management, the Long Range Transport of Airborne Pollutants and Environmental Impact Assessment.

The development of a framework to improve effectiveness in compliance is also a focus of concern. Plans in 1985-86 for this Sub-Activity include:

- Long Range Transport of Airborne Pollutants

  - negotiate with provinces, "modernization agreements" for five smelters in eastern Canada;
  - assess public values and economic implications of acid rain, including estimates of damage and of control options;

- Toxic Chemical Management

  - coordinate completion of action plans on the priority issues of the Interdepartmental Committee on Toxic Chemicals (ICTC), namely dioxins, contaminants in fish, drinking water, pesticides, and indoor air quality as well as the other departmental priorities of lead, hazardous wastes and regional problems;

- Environmental Impact Assessment

  - using the EIA Studies Fund, conduct two international symposia on improving the efficiency of EIA as an early planning tool for federal projects, including improved understanding of impacts of coastal zone developments on ecosystem components; and

- compliance with environmental approaches - development of a range of methods to promote compliance with environmental quality measures. These approaches will include strengthening environmental legislation, development of methods for conflict resolution, and federal/provincial negotiation of environmental quality agreements.

B. Atmospheric Environment

Objective

To ensure that Canada has adequate information on the atmosphere, ice and sea state for the safety of life, the security of property, the greater efficiency of economic activities, and for the maintenance and enhancement of environmental quality.

Resource Summary

The Atmospheric Environment Activity accounts for approximately 53% of the total 1985-86 Environmental Services Program expenditures and 51% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Weather Services	156,613	1,880	151,294	1,911	135,194	1,913
Climate Services	16,343	235	15,667	240	14,461	233
Ice Services	29,142	67	24,988	66	17,289	56
Air Quality Services and Atmospheric Research	15,153	117	12,727	191	11,641	126
Management and Common Support Services	6,236	143	4,819	93	4,090	88
Total	223,487	2,442	209,495	2,501	182,675	2,416
Less: Revenue credited to Vote	31,760	-	29,152	-	25,572	
	191,727	2,442	180,343	2,501	157,103	2,416

The revenue credited to the Vote applies to the Weather and Ice Services. With estimated 1985-86 revenues of $16,110,000 and $15,650,000, respectively, the net expenditures are $140,503,000 and $13,492,000.

In 1985-86 this Activity will also generate approximately $3,848,000 in revenue that will be credited directly to the Consolidated Revenue Fund. This total includes an additional $1,300,000 in revenue from charges to industry and the public for specialized weather and climate services. Figure 16 on page 3-47 provides additional detail on both types of revenue.

Approximately 50% of the 1985-86 AES financial resource requirement is for personnel expenditures; 10% for capital expenditures for the replacement of, and major repair to, buildings, equipment and other facilities; 9% for transportation and telecommunications expenditures; 10% for equipment rentals; and 11% for contracted services.

Description

The federal government's national weather service responds to the needs of Canadians through programs aimed at reducing the adverse impacts of weather, maximizing the economic benefits accruing from accurate prediction of weather elements, providing information on ice in navigable waters and reducing the harmful effects of human activities on the atmosphere. This Activity is delivered by the following Sub-Activities:

Weather Services: This is the major operational Sub-Activity which furnishes weather warnings, forecasts and observations to meet national and international requirements. It involves the acquisition and analysis of data; the international exchange of weather data under the World Meteorological Organization of the United Nations; the prediction of meteorological conditions; and the provision of public, marine, aviation and other weather warnings and forecasts in a timely manner to users. Also included are the development and operation of supporting systems and related research.

Climate Services: This Sub-Activity includes the acquisition, quality control, archiving, analysis and provision of climate data to users; application of climate data to socio-economic activities; the assessment of the impacts of climate change; and development of a monthly and seasonal climate prediction capability.

Ice Services: This Sub-Activity involves the observation and prediction of sea ice formation and movement in Canadian waters and the development of Canada's first iceberg service for the East Coast; archiving, analysis and publication of historical data; and consultation and advice.

Air Quality Services and Atmospheric Research (including Departmental Integrated Programs): Responsibilities include theoretical and applied atmospheric research; direction of the national scientific acid rain program; development of air quality criteria and national ambient air quality standards; acid rain, toxics and stratospheric ozone research; and participation in developing global conventions on atmospheric quality issues.

Management and Common Support Services: This involves executive direction of the Service, including management of resources, policies, planning and programs. Administrative support is also provided to other Sub-Activities.

Performance Information/Resource Justification

AES has answered an increased number of public service requests for information, from seven million in 1975-76 to approximately 16 million in 1984-85. In response, AES has provided weather services for a greater area, extended the forecast time period, improved the quality of severe weather warnings and forecasts and extended bilingual weather services. Productivity gains, through automation, computerization, other technical applications, and the astute use of human resources, have made such improvements possible. Such productivity gains have permitted AES to maintain operations with significantly lower person-year allocations and no increase in real dollar resources over the past ten years.

Changes in resourcing levels directly affect the following:

- quality and timeliness of warnings and advice;
- accessibility of weather, climate, ice or air quality information when it is needed;
- extent to which information can be tailored to clients' needs;
- accuracy of the outputs; and
- soundness of the Canadian position on national and global environmental issues.

Weather Services: In 1985-86, the Atmospheric Environment Activity will produce approximately 760,000 public, marine and aviation forecasts, as well as many specialized forecasts for economic and Department of National Defence requirements. Approximately 2,200 weather warnings for life and/or property threatening events will be issued as required. Forecasts and warnings will be disseminated without charge, primarily through mass media outlets. In addition, AES will respond to several million direct information requests for which a minimum service charge will be levied. The overall value of weather services to the Canadian economy is estimated to be $2 billion annually. Statistics indicate that over 80% of Canadians make regular use of the federal weather services.

In order to produce these outputs, the Activity operates and maintains the following:

- a data collection network (450 person-years; $36 million);
- weather forecasting centres and weather information offices (714 person-years; $30.4 million), including approximately 110 meteorologists and $8 million in support of the Canadian Forces Weather Service; and

- various support systems, including national and regional computing facilities, a major communications network, training, and related research (255 person-years; $20.3 million).

AES will continue to develop its strategic plan to improve the productivity of weather services through automation, as well as other high technology and productivity improvements. The resulting savings should enable AES to meet some of the demands for improved weather service.

New resources will also be expended in weather services to the Department of National Defence (8 person-years and $0.5 million vote-netted) and the Department of Transport (9 person-years and $0.4 million vote-netted) in support of safe aviation and marine transportation.

Climate Services: Resource expenditures will serve to acquire climatological data from approximately 2,300 voluntary climatological observing stations; maintain national climate archives of approximately 90 million records of weather and other atmospheric observations (increasing by about four million records per year); analyze, interpret and publish climate information; provide climate application and consultation services on a regional and national basis; and undertake applied studies and development work. New research efforts will be focussed on developing a monthly and seasonal forecast system and research on monitoring and determining the effects of increasing carbon dioxide on climate. Development of the hydrometeorological applications program for the new National Hydrology Research Centre will be initiated.

Ice Services: Planned expenditures will be spent on acquiring ice data from aircraft (2,600 hours), ship and shore stations; analysing and forecasting ice state and movement (approximately 1,500 forecasts); providing ice climate services for Arctic marine transportation, offshore energy development and St-Lawrence - Great Lakes shipping; and conducting applied research and development. The implementation of year-round Arctic ice and east coast iceberg analysis and forecast services will be achieved in 1987 at an additional cost of 16 person-years and $12.2 million annually. About 700 hours of new iceberg reconnaissance is planned for 1985-86.

Air Quality Services and Atmospheric Research: The Activity participates in cooperative national and international research programs; leads and coordinates the national research program on Acid Rain (LRTAP); participates in scientific activities related to toxic chemicals; examines the atmospheric transport of hazardous substances; and conducts research to monitor the stratospheric ozone layer. These programs will provide the scientific information needed for reaching national and international agreements on controls to protect the environment and information required for subsequent compliance monitoring.

Management and Common Support Services: The common management functions are related to the development and maintenance of sound management practices. Planning, policies, personnel services, program development/evaluation, control and efficiency of operations are stressed.

C. Environmental Conservation

Objective

To conserve and enhance Canada's renewable resources of water, land and wildlife and their related ecosystems, and promote their wise use in a sustainable manner.

Resource Summary

The Environmental Conservation Activity accounts for approximately 33% of the 1985-86 total Environmental Services Program expenditures and 33% of the total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Inland Waters Conservation	**99,385**	**1,098**	107,264	1,180	91,872	1,083
Lands Conservation	**6,135**	**76**	6,327	82	7,626	109
Wildlife Conservation	**24,386**	**303**	28,792	492	28,041	428
Management and Common Support Services	**7,845**	**110**	8,209	73	5,536	70
Total	**137,751**	**1,587**	150,592	1,827	133,075	1,690
Less: Revenue credited to Vote	**1,426**	**-**	1,685	-	1,334	-
	136,325	**1,587**	148,907	1,827	131,741	1,690

Of the 1985-86 financial resource requirements, 50% is for personnel expenditures; 11% is for grants and contributions, primarily under federal-provincial agreements; 13% is for capital expenditures for replacement of, or major repairs to building and equipment; 9% is for contracted services, and 5% for utilities and supplies. The remaining 12% is for transportation, communications, rental and other operating expenditures.

The revenue credited to the Vote applies to the Inland Waters Conservation ($1,026,000) and Lands Conservation ($400,000) sub-activities. In 1985-86 the Activity will also generate approximately $11,617,000 in revenue that will be credited directly to the Consolidated Revenue Fund. Figure 16 on page 3-47 provides additional detail on both types of revenue.

Description

Through the Environmental Conservation Service, the Environmental Conservation Activity endeavours to:

- ensure the conservation and wise allocation and use of international and interprovincial waters and wildlife;
- plan and manage the use of interjurisdictional renewable resources in cooperation with provinces and territories in ways that are environmentally sound, and encourage the application of environmental conservation principles for the economic and social benefit of Canadians;
- support and facilitate the best use of land and of water resources for sustained productivity and net social benefit;
- ensure that federal lands and facilities are managed in an environmentally responsible manner;
- provide, on a timely basis, data and advice related to water, land and wildlife in support of Canadian social, economic and environmental objectives;
- reduce the adverse impacts of, and the susceptibility of society and its property to environmental phenomena such as droughts, flood and damages from fauna; and
- safeguard those ecosystems and species of Canadian fauna in danger of extinction.

The Activity is carried out through the following sub-activities: Inland Waters Conservation, Lands Conservation, Wildlife Conservation and Management and Common Support Services.

Performance Information/Resource Justification

Inland Waters Conservation: This sub-activity accounts for 72% of the Activity's net expenditures and 69% of the total person-years in 1985-86. Resource requirements are largely dictated by 37 major federal-provincial and international agreements dealing with water quality, quantity and conservation.

Under the Canada Water Act and authorized by Parliamentary Committee, a public "Inquiry on Federal Water Policy" is currently underway and will report by August, 1985. The Inquiry report may well serve as the basis for the development of a federal freshwater strategy which will guide federal efforts in water management during the coming decade. The Canada Water Act (1970) provides a framework for comprehensive planning and management of the nation's water resources. With the cooperation of the provinces, water management plans have now been prepared for 30 major river basins in Canada and 19 programs to

implement these plans have been initiated. Achievements include the re-establishment of natural water levels in the Peace-Athabaska Delta and the more effective use of the limited water resources of the Okanagan Basin. In addition, a floodway has been built around Winnipeg at a cost of $65 million. Estimates indicated that without this floodway, damages in 1979 alone could have been as high as $284 million. Flood control projects have also been carried out in the Lower Fraser Valley, Montreal, and Saint John, New Brunswick.

By major area of expenditure, plans for 1985-86 include:

International and Interjurisdictional Waters: Approximately 159 person-years and $17 million are required to provide staff and technical support for over 30 Control Boards and Reference Study Committees under the International Joint Commission and 19 under federal-provincial agreements which resolve interjurisdictional water issues and supervise the management of transboundary waters. Negotiating water quality objectives (at least one per annum) for transboundary waters is a major objective.

Water Research: Approximately 379 person-years and $38 million are required to provide the scientific basis for water resource management decisions through research into quantitative and qualitative aspects of water and to address short- and long-term problems and opportunities. This research is carried out at two Institutes, the National Water Research Institute at Burlington, Ontario, and the National Hydrology Research Institute, the latter to be transferred from Ottawa to Saskatoon in 1986. Research will be carried out on the measurement, dynamics, forecasting and modelling of surface waters, hydraulics, ground waters, river ice and aquatic ecosystems. The current workload includes 157 projects relating to water and biological monitoring, development of analytical techniques, etc., and a further 48 research projects that are concerned with toxic chemicals and acid rain. Research connected with the problems of toxic chemicals and acid rain will require estimated expenditures of 164 person-years and $10 million.

Water Data: Approximately 520 person-years and $36 million are required to collect, analyse and distribute data on water levels, river discharge, sediment and water quality. Water quantity data is collected at nearly 3,500 locations across Canada and the provinces contribute approximately $4.5 million to the operating costs of about 1,700 of these stations under federal-provincial cost-sharing agreements. The hydrometric survey has installed 90 Canadian made automated data collection platforms to transmit water data from remote sites via satellite communication. Under a water quality program the Department collects, analyses and distributes water quality data (500,000 tests annually) from samples taken at 645 locations across Canada. A water quality monitoring agreement has been signed with the province of Quebec. Agreements with four more provinces are expected during 1985-86.

Flood Damage Reduction: Approximately 40 person-years and $9 million are required to undertake flood control projects and continue nonstructural methods of reducing flood damages and subsequent payments. To reduce disaster payments, flood damage reduction agreements are negotiated with the provinces and territories, under which communities are mapped to identify flood risk areas. The designation of flood risk areas and subsequent agreements relieves the federal government of any additional liability for these areas in the future. To date, some 41 designations of flood plain areas, covering approximately 300 municipalities and 7 million people, have been made. This will be further increased during the Estimates year under eight major flood damage reduction agreements.

Wildlife Conservation: This Sub-Activity accounts for 18% of the Activity's net expenditures and 19% of the total person-years in 1985-86. These resources are required to administer three federal acts on wildlife and 14 major international and federal-provincial agreements.

Forty-two National Wildlife Areas have been established to protect critical wetlands required for the maintenance of migratory bird populations. In addition, 77 sanctuaries embracing 115,000 km^2 have been established. Most are open to the public. Many are managed by advisory committees made up of representatives of federal, provincial and local governments as well as local naturalists, hunter organizations and other citizens. Under the international Ramsar Convention, 17 wetland sites so far have been designated to be of international importance; six of these are National Wildlife Areas, four are Migratory Birds Sanctuaries, two are on national parks lands and the remainder are on provincial or territorial lands.

ECS has also made substantial progress in protecting and reestablishing endangered species. Achievements include: an increase in the whooping crane population from 48 in 1967 to 144 in 1983; the successful rearing of peregrine falcons in captivity and subsequent reintroduction in areas where they had previously died out; in cooperation with Parks Canada, the successful establishment of wood bison herds in the MacKenzie Bison Sanctuary and Elk Island National Park, and at the international level, trade protection for over 160 Canadian species has been ensured under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Planned expenditures for 1985-86 in the Wildlife Conservation Sub-Activity are:

Migratory Birds: Approximately 236 person-years and $17 million are required to discharge responsibilities under the Migratory Birds Convention Act. These responsibilities include research on some 225 migratory birds species and their habitat; regulation for, and of, approximately 440,000 hunters; and the shared management and operation of the 42 National Wildlife Areas and 77 Migratory Bird Sanctuaries. In addition, the development, in cooperation with the provinces and territories, of Waterfowl Management Plans will be continued, as will negotiations for a North American Waterfowl Management Plan; the third

year of the five-year Crop Damage Prevention Agreement with the prairie provinces will be implemented; continued support will be given to the Wildlife Habitat Canada Foundation established in 1984; joint research and management programs to protect species shared by Latin American countries will be established; and a wide range of research reports on migratory birds and their habitat will be published.

Wildlife: Approximately 67 person-years and $7 million are required for the protection and conservation of wildlife under the Canada Wildlife Act and Game Export Act. Efforts to reestablish seven endangered species, to submit a new Import/Export Act to Parliament, to establish a federal policy on wildlife and to provide leadership in the humane treatment of wildlife will continue in 1985-86. Emphasis will be placed on researching the effects of acid rain and toxic substances on migratory birds and threatened or endangered species. Expenditures for research on the impact of acid rain and toxic substances on migratory birds and threatened or endangered species are estimated at 22 person-years and $1.6 million.

Lands Conservation: This sub-activity accounts for approximately 4.2% of the Activity's net expenditures and 4.8% of the total person-years in 1985-86. Resources required, are determined by research, data and advisory needs associated with the Department's role in implementing the Federal Policy on Land Use, the Federal Land Management Principle and the DOE Renewable Resources Conservation Policy as well as land resource planning and management matters.

Planned expenditures for 1985-86 in the area of Lands Conservation Sub-Activity are:

Land Management Information: Approximately 54 person-years and $4.6 million are required to produce some 50 maps and 29 reports on various aspects of land characteristics, resource potentials, current land use and land use change under the Canada Land Inventory, Northern Land Use Information, Canada Land Use Monitoring, Ecological Land Evaluation and Canada Land Data programs; to support DIAND, the NWT and Yukon in introducing land use planning; to service approximately 13,000 requests for maps and technical reports; to undertake 20 major land data processing projects to service federal, provincial and non-governmental clients; and to define the areal extent and degree of sensitivity of Canadian terrestrial and adjunct aquatic ecosystems that are sensitive to acid precipitation. In addition, the Canada Land Data System computer operations will endeavour to increase its efficiency by 7%, as has been the annual average for the past five years, and augment its data bank by 650 maps.

Land Conservation: Approximately 22 person-years and $1.5 million are required to continue efforts to determine the causes and consequences of nationally significant land use changes and soil degradation, particularly in terms of sustainable renewable resource development, assess federal program impacts on the use of prime resource lands, and

evaluate land use planning and control techniques used in Canada. These efforts will result in the publication of "The Status of Land in Canada" report, which provides scientific reports on key land issues. In addition, support in the review of approximately 400 federal land transactions and in drafting management directives applicable to federal lands will be provided to the Treasury Board Advisory Committee on Federal Land Management, and secretariat and research services will be provided to the Interdepartmental Committee on Land to implement the Federal Policy on Land Use.

Management and Common Support Services: This sub-activity accounts for 5.6% of the Activity's net expenditures and 6.9% total person-years in 1985-86. These resources are required to provide central management, personnel services, direction and support to the other sub-activities. It includes management, personnel services, policy, planning, control, financial, administrative and drafting services. Included in the resource figures is $2.1 million for expenditures related to the Great Lakes Water Quality Agreement and $95 thousand for the James Bay Agreement. Of particular significance for the Estimates year will be coordinating the implementation of the recommendations of the World Conservation Strategy. In addition, ECS will continue to administer and promote the Department's participation in the NRC technology transfer program (Program for Industry Laboratory Projects).

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Environmental Services Program expenditures by object are presented in Figure 9.

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	184,730	179,965	169,760
Contributions to employee benefit plans	25,862	22,783	24,480
Other personnel costs	4,063	4,196	2,904
	214,655	206,944	197,144
Goods and Services			
Transportation and communications			
Travel	15,470	13,885	12,140
Telephone and telecommunication	14,114	13,344	11,063
Other	3,752	3,599	2,835
Information	2,861	2,898	2,996
Professional and special services			
Engineering research and advisory services	17,686	20,661	18,681
Computing and data processing services	3,020	3,735	2,488
Weather observation services	3,369	3,695	3,291
Other	21,198	17,362	14,454
Rentals			
Rental of aircraft	14,924	14,711	12,184
Other	13,509	12,864	8,825
Purchased repair and upkeep	8,435	7,789	6,569
Utilities, material and supplies			
Meteorological supplies	5,546	5,570	4,233
Other	17,578	15,807	14,315
All other expenditures	1,206	1,150	854
	142,668	137,070	114,928
Total operating	357,323	344,014	312,072

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital			
Transportation and communication	327	279	233
Professional and special services	630	564	1,249
Rentals	206	219	211
Purchased repair and upkeep	371	408	480
Utilities, materials and supplies	990	1,062	1,215
Construction and acquisition of land, buildings and works	16,364	10,087	6,037
Construction and acquisition of machinery and equipment	25,171	26,220	21,628
All other expenditures	337	524	83
	44,396	39,363	31,136
Transfer payments	16,191	50,888	29,334
Gross expenditures	417,910	434,265	372,542
Receipts and revenues credited to the Vote	(33,186)	(30,837)	(26,906)
Net expenditures	384,724	403,428	345,636

2. Personnel Expenditures

The Environmental Services Program's personnel costs of $214,655,000 account for 60% of the total operating expenditures and 56% of the total net expenditures of the Program. Information on person-years is provided in Figures 10 and 11.

Figure 10: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Environmental Protection	770	811	789
Atmospheric Environment	2,442	2,501	2,416
Environmental Conservation	1,587	1,827	1,690
	4,799	5,139	4,895

Figure 11: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	160	157	77	50,350-96,300	63,038
Scientific and Professional					
Biological Sciences	150	193	197	16,161-68,070	41,924
Chemistry	69	73	71	15,724-68,070	37,613
Economics, Sociology and Statistics	52	50	52	14,570-65,080	48,337
Engineering and Land Survey	293	299	301	23,306-76,130	47,500
Meteorology	540	525	543	16,131-68,070	44,000
Physical Sciences	249	246	234	15,304-68,070	45,383
Scientific Research	183	188	183	28,176-67,720	54,503
Other	16	19	38		
Administrative and Foreign Service					
Administrative Services	160	159	154	13,912-57,987	35,564
Computer Systems Administration	178	171	159	18,766-61,433	37,623
Financial Administration	46	47	43	13,853-57,980	35,696
Information Services	18	18	17	13,579-57,980	38,714
Personnel Administration	56	-	-	13,330-63,870	37,629
Program Administration	58	60	65	13,912-57,987	42,475
Other	14	10	53		
Technical					
Drafting and Illustration	44	44	41	15,557-40,310	30,321
Electronics	66	56	50	16,619-51,950	38,228
Engineering and Scientific Support	1,503	1,527	1,528	14,041-50,866	29,904
General Technical	27	27	27	12,635-55,682	31,955
Social Science Support	25	5	2	12,635-57,764	31,988
Other	2	30	26		
Administrative Support					
Clerical and Regulatory	370	322	333	12,932-31,743	21,931
Communications	87	87	86	15,364-31,824	28,907
Data Processing	57	57	58	13,352-37,130	25,509
Office Equipment Operation	17	17	14	12,665-25,271	19,806
Secretarial, Stenographic and Typing	266	265	283	12,636-31,946	21,668
Other	-	-	40		

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Operational					
General labor and trades	39	38	39	14,776-40,676	23,425
General services	40	40	43	13,253-39,988	24,012
Heating, Power and Stationary Plant Operations	14	15	21	18,242-35,598	25,433
Summer Canada	-	185	117		
Environment 2000	-	209	-		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 12 presents an analysis of the Environmental Services Program's capital expenditures by activity and type of asset. Figure 13 provides details on major capital projects which are those having expenditures of $250,000 or more.

Figure 12: Summary of Capital Spending by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Environmental Protection			
Equipment - new and replacement			
Pollution survey and monitoring	1,827	2,131	1,570
Other scientific equipment	450	430	850
Motor vehicles	180	164	145
All other	100	91	185
	2,557	2,816	2,750
Atmospheric Environment			
Equipment - new and replacement			
Meteorological	4,906	7,442	5,400
EDP and communications	7,499	4,999	6,109
Ice observing	3,982	2,105	204
Research	2,127	2,512	2,705
Motor vehicles	346	350	418
All other	-	150	140
Lands, buildings and works			
Major Construction*	680	2,050	2,850
Regular renovation and maintenance	4,010	1,996	886
Other	-	1,415	-
	23,550	23,019	18,712
Environmental Conservation			
Equipment - new and replacement			
Scientific	4,307	4,663	5,034
Motor vehicles	906	1,073	795
All other	1,577	740	623
Gauging stations construction	1,199	1,575	1,095
Miscellaneous construction and maintenance	328	990	766
Major Construction*	8,394	4,246	1,361
Other	1,578	241	-
	18,289	13,528	9,674
	44,396	39,363	31,136

* See Figure 13 for detailed listing of Major Capital Projects

Figure 13: Details of Major Capital Projects ($000)

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years' Requirements
Atmospheric Environment					
Lighthouse automatic stations	2,050	2,050	1,918	132	-
Pacific area data system	7,680	5,492	5,492	-	-
Ceilometer program	1,428	1,015	1,015	-	-
Cloud measurement equipment replacement	2,400	2,400	980	150	1,270
Numerical computational facilities	2,038	2,017	1,787	230	-
Meteorological satellite equipment replacement (Phase I)	1,443	1,443	1,165	1,344	-
Aerological systems replacement	2,393	3,338	2,352	400	586
Communications system	8,626	8,290	2,547	1,770	3,973
Downsview computer replacement	4,500	4,500	-	1,400	3,100
Uninterruptable power supply at Dorval	2,700	2,700	-	1,700	1,000
Surface automatic station development	3,570	2,895	2,595	300	-
Radiation instrument replacement	1,165	1,101	201	500	400
Weather radar replacement	8,895	8,895	4,421	600	3,874
Ice reconnaissance program	6,746	6,858	3,972	2,886	
Construct dwellings, Cambridge Bay, N.W.T.	-	1,000	1,000	-	-
Upper air buildings, Norman Wells, N.W.T.	-	1,075	1,075	-	-
Upgrading Weather Station, Big Trout Lake, Ontario	2,030	2,030	30	50	1,950
Upper Air Facilities, Churchill, Manitoba	1,350	1,350	-	50	1,300
Environmental Conservation					
Habitat land acquisition	20,000	13,766	13,766	-	-
National Hydrology Research Institute	16,405	16,093	4,053	8,394	3,646
Housing at Baker, N.W.T.	400	400	-	400	-
Office Warehouse, Whitehorse	550	550	-	550	-
Last Mountain Lake Wildlife area, Saskatchewan	875	875	100	375	400
Visitor Information Centre, Big Creek	650	650	50	600	-

4. Transfer Payments

Details of transfer payments are shown in Figure 14.

Figure 14: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Environmental Protection			
Canadian National Committee of the International Association on Water Pollution Research	5	5	5
Atmospheric Environment			
Meteorological research	596	469	384
Canadian Meteorological and Oceanographic Society	20	16	16
Economic commission for Europe's co-operative program for monitoring and evaluation of the long-range transport of pollutants	-	10	10
	616	495	410
Environmental Conservation			
Water resources research	250	250	250
Canadian Committee of the International Association of Water Pollution Research	2	2	2
Canadian Wildlife Federation	10	10	10
Canadian Nature Federation	10	10	10
Creston Valley Wildlife Management	85	75	75
Fur Institute of Canada	20	20	20
Wildlife Habitat Canada Foundation	1,300	2,000	1,000
Canadian Shield Foundation	-	-	300
Nature Conservancy of Canada	10	10	10
	1,687	2,377	1,677
	2,308	2,877	2,092

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Environmental Protection			
Contributions to Toxicology Centre Guelph and Toronto	-	698	76
Contribution to the new employment expansion and development (NEED) program	-	-	415
Summer Canada - student employment program	-	-	19
Organization for economic co-operation and development	-	46	31
Contribution to the eighth International Conference on Nitroso Compounds	-	-	10
Environment 2000	-	14,890	-
	-	15,634	551
Atmospheric Environment			
Membership fee - World Meteorological Organization	**710**	622	593
Meteorological scholarships	**80**	80	62
Contribution to the new employment expansion and development (NEED) program	-	1	199
Summer Canada - student employment program	-	-	11
Contributions to Canadian Universities in support of long range transport of airborne pollutants	-	26	-
	790	729	865
Environmental Conservation			
Contributions to the province of Ontario under the Canada/Ontario agreement respecting SRCPP for Timmins and the Regional Municipalities of Sudbury and Niagara	-	7,800	1,700
Contributions to provinces towards other federal-provincial water resources projects	**200**	141	-
Contributions to provinces for flood damage reduction studies and flood-risk mapping	**2,965**	1,330	2,871
Contributions to the province of Quebec - hydrometric agreement	**793**	793	586

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Continued)			
Contributions to the province of Ontario under the Canada/Ontario Agreement on Great Lakes Water Quality	**1,200**	1,200	1,189
Contribution to the province of Quebec - James Bay agreement	**95**	80	80
Contribution to the province of Manitoba for mercury studies in the Churchill Nelson diversion system	**50**	85	82
Contribution to the United Nations for the convention in trade of rare and endangered species	**28**	28	24
Contribution to the province of Manitoba for Red River ring dyking	**600**	500	149
Contributions to the provinces for the sewage treatment facilities construction program	-	10,000	10,216
Contribution to the province of Quebec for water quality and monitoring agreement	**197**	197	168
Contribution to the interjurisdictional caribou management board	**15**	15	15
Contributions to provinces for implementation of water planning recommendations:			
Saskatchewan - Qu'Appelle Valley	**450**	400	344
Quebec - Montreal area flood control	-	1,600	-
British Columbia - Fraser River flood control	**2,100**	4,000	4,350
- Okanagan River Basin	-	-	-
Contribution to co-operating associations program	-	10	10
Contribution to the provinces for waterfowl crop depredation	**800**	800	598
Contribution to the new employment expansion and development (NEED) program	-	274	3,118
Summer Canada - student employment program	-	-	226

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (Continued)			
Contributions to the Province of Saskatchewan for Water Treatment Systems in Regina & Moose Jaw	3,000	2,000	-
Contributions to Fur Institute	500	395	100
Contributions to the Province of Manitoba - Delta Marsh	100	-	-
	13,093	31,648	25,826
	13,883	48,011	27,242
Total transfer payments	16,191	50,888	29,334

B. Cost Analysis

Net Program Cost

The Environmental Services Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments, less the receipts and revenues credited to the Vote. Other cost items as well as receipts credited to the Consolidated Revenue Fund must also be taken into consideration when determining the full cost to operate the Program.

Figure 15: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Operating Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	**Net Cost**	Forecast 1984-85
Environmental Protection	56,672	6,805	63,477	-	**63,477**	79,690
Atmospheric Environment	223,487	15,575	239,062	35,608	**203,454**	190,261
Environmental Conservation	137,751	11,062	148,813	13,043	**135,770**	156,389
	417,910	33,442	451,352	48,651	**402,701**	426,340

The adjustments made to the estimated operating expenditure to arrive at a total net cost include: accommodations provided without charge by Public Works Canada ($17,415,000), Transport Canada ($839,000), and the Department itself ($11,029,000); other services provided without charge by other departments ($4,159,000); and inclusion of all revenues generated by the Program ($48,651,000).

C. Revenue Analysis

Figure 16: Revenue Sources by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue credited to the Vote			
Atmospheric Environment			
Cost recovery from the Department of Transport for:			
Aviation weather services	**7,974**	7,375	5,788
Ice services	**15,650**	14,293	12,692
Cost recovery from the Department of National Defence for:			
Canadian Forces Weather Service	**7,684**	7,138	6,395
Cost recovery from other federal departments for miscellaneous services	**452**	346	697
	31,760	29,152	25,572
Environmental Conservation			
Cost recovery from the Department of Indian and Northern Affairs for:			
hydrometric and gauging stations in - Yukon	**154**	206	182
- N.W.T.	**615**	785	597
Northern land mapping	**400**	400	394
Other services	**4**	4	-
Cost recovery from Parks Canada for:			
hydrometric services	**7**	15	11
water quality services	**89**	82	20
wildlife services	-	42	38
Cost recovery from other federal departments for miscellaneous services	**157**	151	92
	1,426	1,685	1,334
Total revenue credited to the Vote	**33,186**	30,837	26,906
Revenue credited to the Consolidated Revenue Fund			
Environmental Protection			
Miscellaneous recoveries	-	-	317

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Atmospheric Environment			
Recoveries for:			
Ice reconnaissance services	270	34	43
Lodgings and mess services	450	450	454
Sale of meteorological data and archived climatological data	1,000	350	243
Telephone enquiries	500	-	-
Meteorological supplies	184	90	90
Special services:			
- Beaufort Sea (CANMAR)	500	400	416
- B.C. forestry	100	100	96
- Industry	300	-	-
Research services	300	80	56
Other services	244	244	308
	3,848	1,748	1,706
Environmental Conservation			
Recoveries for federal/provincial cost shared projects and agreements:			
- water resource	100	590	-
- water quality monitoring	1,200	750	104
- water quantity	4,656	4,164	3,869
- Lake of the Woods	224	224	107
Recoveries from provinces for:			
- flood risk mapping	35	50	3
- flood damage reduction	38	37	34
- hydrometric and sediment data	8	27	17
- water quality and monitoring	43	43	-
Recovery from Atomic Energy of Canada for hydro-geological work	480	480	279
Other recoveries for:			
- Canada land data system	75	75	17
- hydrometric work	58	32	32
- hydrology services	-	-	-
- hydrometric and gauging stations	-	-	34
Sale of licences and permits:			
- migratory bird hunting	3,750	1,600	1,913
- other licences and permits	204	185	169
Sale of publications	4	4	10
Rental of lands, buildings and housing	117	117	102

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Environmental Conservation			
Miscellaneous recoveries and revenue	**625**	241	1,334
	11,617	8,619	8,024
Total revenue credited to the Consolidated Revenue Fund	**15,465**	10,367	10,047
Total revenue	**48,651**	41,204	36,953

D. Additional Information

1. Relevant Acts

The Environmental Services Program is responsible for administering the ten Acts shown in Figure 17. In addition, it is responsible for administering, or providing specific advice and information under, certain sections and provisions of the fifteen Acts shown in Figure 18.

Figure 17: Acts Administered by Environment Canada

The Canada Water Act
The Canada Wildlife Act
The Clean Air Act
The Department of the Environment Act
The Environmental Contaminants Act
The Game Export Act
The International River Improvements Acts
The Migratory Birds Convention Act
The Ocean Dumping Control Act
The Weather Modification Information Act

Figure 18: Other Relevant Acts

The Agricultural and Rural Development Act
The Animal Contagious Diseases Act
The Arctic Waters Pollution Prevention Act
The Canada Shipping Act
The Department of Indian Affairs Act
The Eastern Rocky Mountain Conservation Act
The Fisheries Act
The International Boundary Waters Treaty Act
The Motor Vehicle Safety Act
The National Housing Act
The National Parks Act
The Navigable Waters Protection Act
The Northern Inland Waters Act
The Territorial Lands Act
The Transportation of Dangerous Goods Act

Parks Canada Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $284,065,000 in support of the 1985-86 Parks Canada Program. The remaining expenditures, estimated at $19,015,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Parks Canada Program		
20	Operating expenditures	191,264	183,283
25	Capital expenditures	89,892	113,814
30	National Battlefields Commission - Operating expenditures	2,909	2,866
(S)	Contributions to employee benefit plans	19,015	16,304
	Total Program	303,080	316,267

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Parks Canada Program	
20	Parks Canada - Operating expenditures, the grants listed in the Estimates and contributions; expenditures on other than federal property; expenditures in respect of proposed new national parks, historic and scenic travel routes, and areas of natural or historic significance	191,264,000
25	Parks Canada - Capital expenditures including payments to provinces or municipalities as contributions toward the cost of undertakings carried out by those bodies; expenditures on other than federal property; and expenditures in respect of proposed new national parks, historic and scenic travel routes, and areas of natural or historic significance	89,892,000
30	Parks Canada - National Battlefields Commission - Operating expenditures and the grants listed in the Estimates	2,909,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized Person-Years	Budgetary Operating	Capital	Transfer payments	Total	
National Parks	2,582	107,526	55,160	2,277	164,963	169,291
Historic Parks and Sites	1,039	44,282	11,709	1,518	57,509	70,253
Agreements for Recreation and Conservation	697	24,854	19,318	-	44,172	48,430
Administration	584	32,668	3,768	-	36,436	28,293
	4,902	209,330	89,955	3,795	303,080	316,267

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	**Actual Use**
Budgetary	$	$	$
Vote 20 -- Parks Canada -- Operating expenditures, the grants listed in the Estimates and contributions; expenditures on other than federal property; expenditures in respect of proposed new national parks, historic and scenic travel routes, and areas of natural or historic significance	176,257,000	179,395,970	**177,232,099**
Vote 25 -- Parks Canada - Capital expenditures including payments to provinces or municipalities as contributions toward the cost of undertakings carried out by those bodies; expenditures on other than federal property; and expenditures in respect of proposed new national parks, historic and scenic and travel routes, and areas of natural or historic significance	108,683,000	116,403,631	**114,474,869**
Vote 30 -- Payments to the National Battlefields Commission for the purposes and subject to the provisions of an act respecting the National Battlefields at Quebec.....	2,727,000	2,727,000	**2,727,000**
Statutory -- Contributions to employee benefit plans	16,028,000	17,840,000	**17,840,000**
Refunds of amounts credited to revenue in previous years	-	7,125	**7,125**
Total Program	303,695,000	316,373,726	**312,281,093**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In 1985-86 Parks Canada's continuing concerns will be the protection of the heritage resources under its administration, and the provision and maintenance of services to park visitors.

Specific targets in 1985-86 are:

- an increase of $9.2 million in revenue credited to the Consolidated Revenue Fund as a result of a revised fee structure (see pages 4-45 and 4-46);
- the second year of a three-year program for the planning and development of Mingan Archipelago National Park at a cost of $1.4 million (see page 4-25);
- the fourth year of a five year project at Batoche National Historic Park to construct a visitor reception/administration/ maintenance facility at a cost of $1.6 million (see page 4-29);
- implementation of the national plans for the celebration of the 1985 National Parks Centennial at a cost of $.6 million (see page 4-24); and
- final year of the reconstruction and re-development of the Cave and Basin Mineral Springs, birthplace of Banff National Park and the national park system, at a cost of $.5 million (see page 4-24).

The operation of the existing park system is only one facet of the Parks Canada mandate (for a listing of the national parks and national historic parks and sites and a map of the national parks, see pages 4-47 to 4-50). To fully achieve its mandate, Parks Canada will respond to opportunities to pursue the completion of the park system, including:

- negotiations on the establishment of national parks in the North (see page 4-25);
- a joint federal-provincial study on the establishment of Canada's first national marine park (see page 4-25);
- identifying the first national historic park in the Northwest Territories (see page 4-30);and

- identifying potential sites of historical interest representative of fishing on the Great Lakes (see page 4-30).

2. Financial Summary by Activity

Funding requirements for the Parks Canada Program for both the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Main Estimates 1985-86	Forecast 1984-85	Change
National Parks	**164,963**	171,791	(6,828)
National Historic Parks and Sites*	**57,509**	71,769	(14,260)
Agreements for Recreation and Conservation	**44,172**	43,687	485
Administration	**36,436**	34,998	1,438
	303,080	322,245	(19,165)
Person-years	**4,902**	5,222	(320)

*This includes $2,909,000 and 47 person-years for the National Battlefields Commission for 1985-86 and $2,866,000 and 47 person-years for 1984-85 (see Introduction, page 4-13).

Explanation of Change: The financial requirements for 1985-86 are $19.2 million (6%) and 320 person-years (6%) lower than the 1984-85 forecast. The decrease is due primarily to:

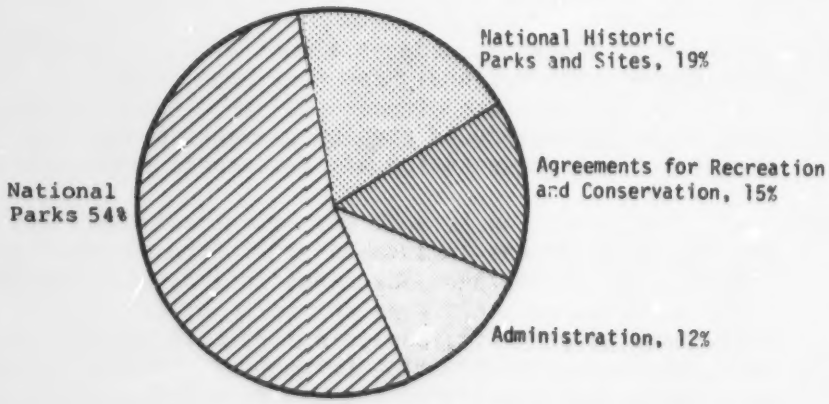
	$ Millions	Person-Years
• supplementary programs in 1984-85 not required in 1985-86, Environment 2000 and repairs resulting from storm damage;	(5.8)	(295)
• the reduction in capital development projects in existing national and historic parks including Halifax Defence Complex ($5.2 million); Les Forges du St Maurice, Grande Maison ($2.1 million); Fort Coteau du Lac ($1.9 million); Kluane Glacier access ($1.5 million); Banff, Lake Louise ($2.4 million); and other projects ($5.6 million);	(18.7)	(155)

	$ Millions	Person-Years
• the reduction in interpretive services and other operational programs; and	(.8)	(40)
• increases relating to salaries and transfers into the Parks Canada Program of Personnel Services, Word Processing and Records Management Services, previously budgeted in the Environment Canada Administration Program.	6.1	185

Explanation of 1984-85 Forecast: The 1984-85 forecast (which includes items in Supplementary Estimates B) is $5.9 million higher than the 1984-85 Main Estimates of $316 million (Extracts from Part II of the Estimates, page 4-4). Further details are contained in Recent Performance - Highlights, page 4-10.

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

The 1985-86 funding requirements for the Parks Canada Program are displayed by activity as a percentage of the total program.



B. Recent Performance

1. Highlights

Significant changes to the 1984-85 Expenditure Plan which have been funded from Supplementary Estimates or internal re-allocations are:

	$ Millions
• the implementation of a special employment program, Environment 2000, for youth and older workers which had as its objective the conservation, preservation and restoration of the natural environment and raising public awareness of the need for conservation. This program created approximately 900 jobs, each averaging 17 weeks of employment;	4.1
• the first year of a three-year program for the development of Mingan Archipelago National Park; and	2.4
• the reconstruction, repair and clean-up of park facilities destroyed by major storms and floods at Forillon, Revelstoke and Louisbourg during the fall and winter of 1983.	1.7

Highlights of the Program's performance during 1983-84 were:

- official opening of Pukaskwa National Park (see page 4-26);
- purchase of Mingan Islands at a cost of $5 million for development as a National Park (see page 4-20);
- completion of background studies on Parks Canada's role in the protection and presentation of prehistoric Indian sites (see page 4-30);
- ongoing negotiations in 1983-84 led to the establishment in summer, 1984 of Northern Yukon National Park (see page 4-20);
- major capital projects, including the Lake Louise re-development, highway reconstruction throughout the park system, restoration and repairs on the Rideau and Trent-Severn Canals and stabilization and restoration of the Halifax Defence Complex, were carried out at a total cost of approximately $33 million (see pages 4-26, 4-34 and 4-30 respectively);
- negotiations with the Province of Ontario have not as yet resulted in the establishment of a national park on the Bruce Peninsula (see page 4-20); and

- in January, 1984 the Canadian Heritage Rivers System was jointly established by Parks Canada, the Department of Indian Affairs and Northern Development, and the governments of Yukon and Northwest Territories, Newfoundland, New Brunswick, Ontario, Manitoba and Saskatchewan.

2. Review of Financial Performance ($000)

Figure 3: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
National Parks	171,383	163,478	**7,905**
National Historic Parks and Sites*	63,648	63,368	**280**
Agreements for Recreation and Conservation	43,675	48,610	**(4,935)**
Administration	33,575	28,239	**5,336**
	312,281	303,695	**8,586**

*This includes $2,727,000 and 47 person-years for the National Battlefields Commission for both the Main Estimates and Actual.

Major changes to the Parks Canada Main Estimates, requiring an additional $8.5 million of Supplementary Funding during 1983-84 were:

	$ Millions
• the purchase from Dome Petroleum Limited of 40 islands encompassing an area of 78 square kilometres known as the Mingan Archipelago;	5.0
• the participation in the Special Recovery Capital Project Program (SRCPP) for the reconstruction of Highway #4 in Pacific Rim National Park, at a cost of $1.6 million, and the repair of the walls on the St. Peters Canal, at a cost of $.2 million; and	1.8
• construction, operation, and maintenance of a water supply system for Banff Townsite in Banff National Park.	1.7

3. Overview of Program Resource Levels: 1981-82 to 1985-86

Figure 4: Five Year Resource Trend

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Operating Expenditures					
Current ($ millions)	213	209	198	186	162
Constant 85-86 ($ millions)	213	217	216	214	207
Capital Expenditures					
Current ($ millions)	90	113	114	101	100
Constant 85-86 ($ millions)	90	118	124	117	128
Total Program Expenditures					
Current ($ millions)	303	322	312	287	262
Constant 85-86 ($ millions)	303	335	340	331	335
Operating Person-Years	4,654	4,834	4,541	4,614	4,463
Capital Person-Years	248	388	400	479	520
Total Program Person-Years	4,902	5,222	4,941	5,093	4,983

Over the past five years Parks Canada's resource levels have demonstrated the following trends:

- while several parks, sites and facilities have been established or expanded, Parks Canada has implemented a number of cost reduction measures in order to undertake these new responsibilities with only a minimum increase in operating expenditures;

- variations in capital expenditures are a reflection of differing levels of authorized activity. Capital expenditures show a decrease in 1985-86 as most projects relating to new development have been deferred;

- operating person-years have increased by only 4% over the past five years, approximately 3% of which is due to the decentralization of the personnel function from the Administration Program. The special employment program (Environment 2000) supplemented the program by 295 person-years in 1984-85 and accounts for the majority of the increase in that year; and

- capital person-years have declined by 52% over the past five years. The deferral of new development projects and the transfer of person-years to the operating vote to maintain new facilities are major factors contributing to this decline.

C. Background

1. Introduction

Parks Canada is the federal agency entrusted with protecting nationally significant places that are representative of Canada's natural and cultural heritage. Currently Parks Canada administers 31 national parks, 82 national historic parks and major historic sites, nine heritage canals, four Canadian heritage rivers and two co-operative heritage areas; located in every province and territory (see pages 4-47 to 4-50). In addition, the Program has erected approximately 900 plaques and monuments, and contributed to the protection of 37 sites of historical significance through cost-sharing agreements with provincial and municipal governments and private non-profit organizations.

The National Battlefields in Quebec City are the responsibility of the National Battlefields Commission, a Crown corporation established by Act of Parliament in 1908. Effective September 1, 1984, under the proposals contained in Bill C-24, the National Battlefields Commission changed from a Schedule C to a Schedule B Corporation under the Financial Administration Act. While the Commission's vote is grouped with the Parks Canada Votes, the Commission in fact reports directly to Parliament through the Minister.

The national parks cover roughly 140,000 square kilometres. The physical assets (not including lands) of Parks Canada are valued at $3.5 billion. Across the country approximately 25 million visits were made to Parks Canada locations in the 1983-84 fiscal year. At each of these locations, Parks Canada staff ensure the conservation of outstanding natural features or historical structures/artifacts; provide orientation and interpretation programs for park visitors; and, in the case of national parks, accommodation and recreational facilities such as campgrounds, picnic areas, and trails.

Parks Canada operations and development are governed by:

- the Parks Canada Policy approved by Cabinet in 1979, which establishes in general terms what development can take place in the parks and what services are to be provided to the public;

- the systems plans for national parks and national historic parks and sites. The National Parks Systems Plan divides Canada into natural regions and identifies heritage resources that are representative of each. The Historic Park Systems Plan divides Canada's history into themes. Both systems plans are used to determine candidate heritage places for inclusion in the park system and the purpose for each park; and

- a management plan specific to each individual park, or interim management guidelines if the management plan is not yet

completed. The management plan, based on extensive public consultation, is a detailed statement of how the Parks Canada Policy will be applied and how the park will be developed and operated to fulfill its purpose in relation to the Systems Plan.

2. Legal Mandate

Parks Canada's legal mandate dates from 1887 when the Government of Canada passed its first heritage protection legislation, the Rocky Mountain Parks Act, and thereby established the principle of public ownership of Canada's outstanding scenic resources. The legislative context in which Parks Canada operates today is set out in the National Parks Act (R.S. 1970 c. N13 amended by 1974 c.11), the Historic Sites and Monuments Act passed in 1953; the National Battlefields Commission Act; and the Transportation Act under which regulations governing the heritage canals are developed.

3. Program Objective

The objective of the Parks Canada Program is "to acquire and develop representative areas of the country, for use by the public consistent with the preservation of such areas in their natural state; to preserve, restore and operate sites, structures, and travel routes of importance to Canadian history".

This objective presents Parks Canada with the dual task of protecting heritage places and presenting them to the public for their understanding, appreciation and enjoyment.

The objective is achieved by the operation of the existing national system of parks, and by the extension of protection to nationally significant resources as yet unrepresented in the system. Since the achievement of one is often possible only at the expense of the other, the right balance must be struck in allocating resources.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 5, the Parks Canada Program is divided into four activities which reflect the types of facilities operated by the Program: National Parks, National Historic Parks and Sites, Agreements for Recreation and Conservation (ARC) and Administration.

Figure 5: Activity Structure

Each activity, except Administration, has five sub-activities:

Resource Conservation: the acquisition and inventorying of heritage resources; the implementation of plans to manage the resources, such as the stabilization or reconstruction of historical structures; monitoring of the condition of the resources; and the enforcement of laws and regulations to protect them;

Interpretation and Visitor Services: the provision of programs to encourage visitor understanding, appreciation and enjoyment of the national heritage, and the provision of services necessary to allow visitors to use the parks;

Provision and Maintenance of Visitor Facilities: the construction of facilities such as roads, buildings, trails, etc., and the maintenance of these facilities to facilitate visitor access, use and understanding of the parks;

Policy, Planning and Research: the research and planning undertaken to identify and select the most significant heritage resources, and to provide the information and policies needed to guide the protection and interpretation of the resources in particular and the development and operation of the parks in general; and

Park Management: the on-site direction and control of the day-to-day operation of the parks.

Organization Structure: There are three levels of operation in the Program; national, regional and park.

National: National headquarters, located in the National Capital Region, is responsible for legislative and policy development, systems planning, the monitoring of program and policy implementation, and most of the communication with Parliament.

Regional: Five regional offices co-ordinate the planning and operation of all Parks Canada field locations. Facilities in Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland are directed by the office in Halifax; those in Quebec by the Quebec City office; those in Ontario by the Cornwall office; those in Manitoba, Saskatchewan, Yukon and Northwest Territories by the Winnipeg office; and those in Alberta and British Columbia by the Calgary office.

Park: At the park level, the Program is currently delivered through 31 national parks, 82 major national historic parks and sites, nine heritage canals, four Canadian heritage rivers and two co-operative heritage areas.

An Assistant Deputy Minister is accountable for the management of the Parks Canada Program. He has direct responsibility for strategic planning, new park establishment and new initiatives, and external and corporate relations. The Chief of Operations, located at headquarters, is responsible to the Assistant Deputy Minister for all ongoing operations. All Regional Directors and Activity Directors at headquarters (except the Program Policy Advisor) report to the Chief of Operations. In most operational areas, authority is delegated to the Regional Directors. All Park Superintendents in a region report to the Director of that region.

Figure 6 relates the Program's organizational structure to its activities and resources required for 1985-86.

Figure 6: 1985-86 Resources by Organization/Activity ($000)

	NATIONAL PARKS	NATIONAL HISTORIC PARKS AND SITES	AGREEMENTS FOR RECREATION AND CONSERVATION	ADMINISTRATION	PROGRAM TOTALS
HEADQUARTERS TOTALS	7,498	10,663		17,886	36,047
DIRECTOR WESTERN REGION	73,131	4,077	405	5,034	82,647
DIRECTOR PRAIRIE REGION	28,205	11,490	335	3,444	43,474
DIRECTOR ONTARIO REGION	9,833	5,710	29,643	3,025	48,211
DIRECTOR QUEBEC REGION	12,611	8,397	12,270	3,121	36,399
DIRECTOR ATLANTIC REGION	33,685	14,263	1,519	3,926	53,393
NATIONAL BATTLEFIELDS COMMISSION		2,909			2,909
	164,963	57,509	44,172	36,436	303,080

D. Planning Perspective and Performance Review

1. Environment

The conduct of Parks Canada's responsibilities is influenced by several factors including the use of natural resources, general economic conditions, tourism, and inter-governmental relations.

Threats to Heritage: Canada's natural resources remain key elements in the growth of the Canadian economy. This means that in some locations there can be tension between economic use of an area and its conservation for unique natural and cultural heritage values. Such tensions can best be resolved by extensive public consultation and debate. Many of the natural regions and historic sites not currently represented in the Parks Canada System are located in remote areas in Yukon and Northwest Territories. The public and governments concerned should be made aware of the conservation and parks value of specific areas so that these values can be weighed carefully in setting aside new northern areas for conservation purposes.

Urban growth and re-development can present a threat to Canada's archaeological, cultural and architectural heritage. Each year approximately 25,000 dwellings are abandoned or destroyed, downtown areas are re-developed, buildings renovated and new roads constructed. To fulfill its mandate, Parks Canada will be expected to continue to respond to the potential loss of significant cultural heritage resources through new initiatives and continued support for historical research.

Economic Conditions: As part of the government's goal of deficit reduction, Parks Canada will defer most new developments in existing parks. These restraint measures come at a time when an increase in visits to parks is forecast and when the need to maintain existing levels of service is therefore heightened. Consequently, Parks Canada will continue to emphasize productivity improvements and the optimum use of existing resources.

The National Parks Centennial is an opportunity for the development of new strategies to conceive a future for our national system of parks and historic sites that will be different from what we have foreseen to date: one that protects and enriches the quality of our environment by relying more on private initiatives and provincial partners.

Tourism: While medium-term forecasts (1984-88) do not indicate an improvement in Canada's present travel account deficit of $2.1 billion, the delayed effect of the devalued dollar and the decline in personal disposable income should serve to increase tourism in Canada during 1985-86. Although tourism is not a direct responsibility of Parks Canada, the national parks and national historic parks and sites, by their very existence, contribute significantly to domestic and foreign travel in Canada. Nearly 60% of all national park visits are made by people living within 80 kilometers or less of a national park. Foreign visitors are attracted to parks north of 60° and to parks such as Banff and Jasper.

In 1982-83 spending by visitors to Parks Canada locations and by the Parks Canada Program created an estimated 24,000 person-years of employment in the private sector in addition to Parks Canada's own 5,093 person-years. For that same period, Parks Canada's full contribution (direct, indirect and induced) to the Gross Domestic Product, through Parks Canada's and park visitors' spending is estimated at $821 million.

Economic conditions, the importance of the tourism industry in Canada and Parks Canada's contribution to it, will continue to place pressures on Parks Canada to provide for tourism while continuing to fulfill the basic responsibility of protecting and presenting Canada's natural and cultural heritage.

Park and Site Visitation: Visits to the Parks Canada system are expected to increase by 3.4% in 1985-86. The effect of the devalued dollar in attracting both foreign and domestic visitors will largely be experienced in 1985-86. This effect and the additional 500,000 visits expected because of the planned National Parks Centennial events will increase visits to national parks, and historic parks and sites in 1985-86 from an estimated 25.7 million to 26.6 million.

Proposed increases in the entry fees will not necessarily have a negative impact on these projections. It is possible, however, that increased user fees for camping, golfing, swimming and dockage could result in a short-term decline in participation in these activities at park locations. This is particularly the case where attractive alternatives exist elsewhere.

This overall increase in visits will place further strain on existing facilities and services. In Alberta and British Columbia 13% of all facilities already operate at total capacity during peak periods. Conservative trend line projections show that by 1993 the number of visits will increase to 29.1 million from 25.3 million in 1983.

Inter-governmental Relations: The department will be seeking renewed partnerships with the provinces and the private sector in the management of environmental matters. Provincial governments continue to be concerned about potential economic loss due to the transfer of lands to the Crown for national park purposes. Governments at all levels, local residents and a variety of organizations are interested in the social and economic implications of new park and site proposals. Consequently Parks Canada will be expected to continue consulting with governments, organizations, and residents affected by such proposals.

Due to the expected devolution of powers to the territorial governments, the next few years remain criticial for the completion of the national park system north of 60°.

Native Land Claims: Land claims settlements are in fact advancing the process of park establishment in the North, as is evident in the discussion of northern park initiatives on this page. National parks are generally viewed by native peoples as positive assets since they guarantee protection for traditional hunting, trapping, and fishing.

2. Initiatives

There are no changes in the inherent nature, direction or operation of the Parks Canada Program planned for 1985-86 but during this Centennial Year, extensive public consultations will be undertaken to review policies and chart a course for the future.

3. Update on Previously Reported Initiatives

The Program's prior initiatives were pursued with the following results:

Northern Parks: Parks Canada carried out fruitful negotiations in the North, aimed at the establishment of new northern national parks. In July 1984, the north slope portion of the proposed Northern Yukon National Park was established. An agreement in principle to establish the southern portion of the proposed national park resulted from land claims settlement negotiations with the Council of Yukon Indians.

In the Northwest Territories, negotiations are continuing on the establishment of a national park on Ellesmere Island. As a result of Parks Canada's participation in the Tungavik Federation of Nunavut native claim negotiations, an agreement in principle was signed in July, 1983, providing for three national parks within the claim area. As a result of the Committee for Original Peoples' Entitlement (COPE) native claim settlement in June, 1984, provision was made for the future creation of two Canadian landmarks;

Bruce Peninsula: Negotiations on the establishment of a national park on the Bruce peninsula were held with Ontario. Parks Canada and the province have prepared a joint response to the public addressing the issues and concerns raised by them;

Mingan Archipelago: The Mingan Archipelago, long recognized as having national park potential, was purchased in 1983 at a cost of $5 million. In June, 1984, Bill C-53 was passed, creating Mingan Archipelago National Park, and interim funding was approved for the management of the lands and planning for their development;

National Parks Centennial: Planning for the National Parks Centennial in 1985 is well advanced. Both the National Parks Centennial Citizens' Committee and the federal inter-departmental committee are in place, as well as a variety of other government and non-government committees at the national, regional and local park level. Some 1,200 separate National Parks Centennial activities and events have been planned;

Asset Inventory: The Asset Inventory and Condition Study report, providing comprehensive information on the state of repair and life span of all Parks Canada's assets, was completed and is the basis for the Program's Long-term Capital Plan;

Maintenance Management System: The Parks Canada Maintenance Management System which establishes maintenance standards and productivity measures for all Parks Canada facilities is now, as planned, in use in over 50% of Parks Canada's operations;

Work Planning System: A formal Work Planning system is now in effect which will better enable Parks Canada to plan, measure, and report on its workload, relationship of workload to resources and on its performance; and

Other: In 1983-84 Pukaskwa National Park and Motherwell Homestead National Historic Park were officially opened; Wood Buffalo National Park was named to the World Heritage List; and the Canadian Heritage Rivers System Board was set up.

4. Program Effectiveness

The effectiveness of the Parks Canada Program must be assessed on the basis of how well it fulfills its dual task of protecting Canada's natural and cultural heritage and presenting it to the public.

Protection: In terms of protection, the extent to which Canada's heritage is represented by the park system is the prime measure of program effectiveness. At present, approximately 50% of the natural regions are represented in the National Parks System. Similarly, of the 63 themes in Canadian history identified by Parks Canada, approximately 60% are represented in the National Historic Parks and Sites System.

Presentation: The simplest measure of the effectiveness of the presentation of heritage resources to the public is the number of park visits. National parks and national historic parks and sites received approximately 25 million visits in 1983-84 and through on-site interpretive programs, contacted approximately one half of the visitors.

Parks Canada's television clips, films, publications, public lectures and school programs bring Canada's nationally significant heritage resources to audiences at home who, in some cases, have yet to visit a national park, national historic park or site, or heritage canal.

Section II
Analysis by Activity

A. National Parks

Objective

To protect for all time representative natural areas of Canadian significance in a system of national parks, and to encourage public understanding, appreciation and enjoyment of this natural heritage so as to leave it unimpaired for future generations.

Resource Summary

The National Parks Activity will account for approximately 54% of the Parks Canada Program expenditures in 1985-86 and 53% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Resource Conservation	17,405	405	17,472	419	16,198	402
Interpretation and Visitor Services	15,402	480	16,596	554	15,104	487
Provision and Maintenance of Visitor Facilities						
Operating	44,275	1,158	41,169	1,270	37,845	1,119
Capital	55,160	138	64,066	200	70,609	227
Policy, Planning and Research	4,700	21	4,876	25	4,630	21
Park Management	28,021	380	27,612	374	26,997	366
	164,963	2,582	171,791	2,842	171,383	2,622

Personnel costs are 49% of the total, while capital expenditures account for 33%.

Past Financial Performance

Figure 8: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Resource Conservation	16,198	16,045	153
Interpretation and Visitor Services	15,104	13,753	1,351
Provision and Maintenance of Visitor Facilities			
Operating	37,845	34,390	3,455
Capital	70,609	64,653	5,956
Policy, Planning and Research	4,630	2,890	1,740
Park Management	26,997	31,747	(4,750)
	171,383	163,478	7,905

Changes between the actual expenditures and the Main Estimates for the National Parks Activity in 1983-84 are discussed in Review of Financial Performance, page 4-11.

Description

National parks are areas representative of the major natural environments in Canada. Each park preserves unique or classic examples of distinctive scenery, flora and fauna that are nationally significant. The parks provide opportunities for Canadians to visit, learn about and enjoy their natural heritage. In each national park a balance is sought between wilderness preservation and visitor use in order to ensure the continued protection of heritage resources and their enjoyment by future generations.

The protection and presentation of Canada's natural heritage is carried out by five sub-activities:

Resource Conservation which undertakes the purchase of lands for park development; resource management through the preparation of policies, plans, and inventorying and monitoring of resources; and law enforcement and public safety programs.

Interpretation and Visitor Services which welcomes and orients the visitor to the park, issues permits and collects revenue; provides both staffed and unstaffed interpretation programs (evening theatre programs, signs, exhibits, brochures, self-guiding trails) to enable the visitor to understand the park's heritage resources; carries out an extension program which takes the park interpretation program outside the park to

neighbouring communities, schools and various organizations and clubs; and provides basic accommodation, mainly campgrounds, including semi- and fully-serviced sites, primitive campgrounds and group campgrounds.

Provision and Maintenance of Visitor Facilities which constructs and repairs access roads, scenic pull-offs, campgrounds, visitor reception centres, day-use and picnic areas, and hiking trails to enable the visitor to use and enjoy the park's heritage resources; and those facilities required in the day-to-day running of a park, such as administration buildings, staff housing, municipal services in the townsites, and vehicles and equipment.

Policy, Planning and Research which identifies and selects new national parks, within the context of the overall system plan, and negotiates acquisition of new park lands; prepares National Parks legislation, regulations, policies and guidelines for the wise and responsible use of Canada's nationally significant heritage; and develops management plans for the individual national parks, detailing how the Parks Canada policy will be applied and how the park will be operated to fulfill the purpose set out for it in the system plan.

Park Management which is responsible for on-site direction and control of the day to day operation of the individual national parks.

Performance Information/Resource Justification

In 1985-86 the National Parks Activity will expend 2,582 person-years and $165 million to protect 140,000 square kilometres of park lands and the heritage resources within them; to provide interpretive programs to over 8,000,000 visitors; to provide recreational facilities and over 1,500,000 camper nights; to maintain $2.5 billion worth of capital assets, including 2,000 kilometres of roads; to identify, select, and plan national parks; and to manage the existing national parks.

Major goals for the National Parks Activity in 1985-86 are:

- the celebration of the National Parks Centennial, including Prince Philip's opening of the re-constructed Cave and Basin Mineral Springs, birthplace of Banff National Park and the National Park system; the holding of the Canadian Assembly on National Parks and Protected Areas, the culmination of 18 months of workshop meetings by regional caucusses; the appearance at all major fairs and exhibits of the National Centennial Exhibit, which commemorates not only Parks Canada's heritage places, but all contributions to heritage conservation; the premiering of four made-for-television films featuring important aspects of our historical and cultural heritage; and 1,200 local and regional Centennial events;

- negotiations with the Government of the Northwest Territories to establish one new national park, as well as discussions with local people on the feasibility of establishing two other national parks in the Northwest Territories;

- the second year of a three-year $4.2 million program for the initial planning and development of Mingan Archipelago National Park. In 1985-86, $1.4 million will be spent on the protection of the archipelago's natural resources, ensuring the safety of the visiting public and on the completion of studies required for the preparation of the park management plan;

- major highway reconstruction and paving projects on Highway 430S in Gros Morne National Park and on the Cabot Trail in Cape Breton Highlands National Park which will entail a cost of $7 million in 1985-86; and

- the public assessment phase of the feasibility study of establishing a national marine park in the West Isles area of the Bay of Fundy.

The 1983-84 highlights of the National Parks Activity were pursued with the following results:

- the park management plan for St. Lawrence Islands National Park is being revised in light of the current economic restraints. The plan for Nahanni is still pending. Public consultation is continuing on the comprehensive plan for the block of mountain parks. Work on the Georgian Bay Islands plan has been postponed pending negotiations on the establishment of a national park on the Bruce Peninsula. The Cape Breton Highlands and Kouchibouguac Plans have also been deferred;

- the amendments to the National Parks Act are currently being drafted into legislation;

- planning for the National Parks Centennial is discussed on page 4-20;

- the mountain park ecological land classification study has been completed for Banff, Jasper and Yoho and is in progress for Kootenay, Revelstoke, Glacier, and Waterton Lakes National Parks;

- progress on the establishment of northern national parks and a national park on the Bruce Peninsula is discussed on page 4-20;

- Pukaskwa National Park was officially opened in 1983-84. All projects planned for the opening were completed. Of the approximately $2 million projected for the minimum development program in 1983-84, only $1.3 was spent. This was primarily the result of the acceleration in 1982-83 of the construction of the administration/maintenance complex, completed in 1983-84;

- the Larson Ranch (approximately 130 square kilometres) was acquired in early summer 1984, for the newly established Grasslands National Park, at a purchase price of $1.1 million; and

- major capital projects were undertaken in 1983-84 to restore park facilities. These included the re-development of essential services at Lake Louise at a cost of $5.5 million; major reconstruction of Cave and Basin mineral springs, Banff, to re-open it for the National Parks Centennial, entailing an expenditure of $6.7 million, and reconstruction, re-paving and in some cases re-aligning of 168 kilometres of main park access roads, costing $18 million.

B. National Historic Parks and Sites

Objective

To protect for all time historic resources at places associated with persons, places and events of national historic significance in a system of national historic parks, and to encourage public understanding, appreciation and enjoyment of this historical heritage so as to leave it unimpaired for future generations.

Resource Summary

The National Historic Parks and Sites Activity will account for approximately 19% of the Parks Canada Program expenditures in 1985-86 and 21% of the total person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Resource Conservation	4,150	78	4,269	84	4,002	78
Interpretation and Visitor Services	12,175	360	12,459	391	11,912	364
Provision and Maintenance of Visitor Facilities						
Operating	10,352	237	10,057	251	9,682	238
Capital	11,646	70	25,682	150	19,132	145
Policy, Planning and Research	4,750	129	4,959	152	4,863	149
Park Management	11,527	118	11,477	119	11,330	118
National Battlefields Commission	2,909	47	2,866	47	2,727	47
	57,509	1039	71,769	1,194	63,648	1,139

Personnel costs are 58% of the total, while capital expenditures are another 20%.

Past Financial Performance

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Resource Conservation	4,002	4,199	(197)
Interpretation and Visitor Services	11,912	10,070	1,842
Provision and Maintenance of Visitor Facilities			
Operating	9,682	7,379	2,303
Capital	19,132	19,826	(694)
Policy, Planning and Research	4,863	6,686	(1,823)
Park Management	11,330	12,481	(1,151)
National Battlefields Commission	2,727	2,727	0
	63,648	63,368	280

Changes between the actual expenditures and the Main Estimates are detailed on page 4-11.

Description

National historic parks and sites are those locations which commemorate persons, places and events declared of national significance by the Minister responsible for Parks Canada on the recommendation of the Historic Sites and Monuments Board of Canada.* The locations afforded recognition by a plaque or monument are termed national historic sites. Locations where the historical resources are fully protected, managed and interpreted in their original place and in an authentic setting are called national historic parks.

The protection and presentation of Canada's cultural heritage is carried out by five sub-activities:

Resource Conservation which is responsible for the acquisition of the historic resources, the management and monitoring of the site and structures to ensure their historical integrity, and artifact conservation to preserve the artifacts derived from archaeological research or required for use in interpretive programs;

*The current budget for the Board is $212,000.

Interpretation and Visitor Services which welcomes, orients and provides information to visitors; provides public safety and law enforcement at the site; communicates the history and significance of the site to the visitor through guided tours, animation programs, period furnishings, exhibits and/or audio-visual programs; and reaches audiences outside the parks through publications and films;

Provision and Maintenance of Visitor Facilities which includes the design, construction, and maintenance of contemporary park facilities as well as the stabilization, restoration and reconstruction of historical structures. This sub-activity is also responsible for operating and maintaining all the buildings, vehicles, and equipment needed in the day-to-day operation of the sites;

Policy, Planning and Research which is responsible for the identification and selection of the most appropriate historic resources, the documentation of their significance, and the provision of essential information and direction to guide their preservation, development and interpretation; and

Park Management which is the on-site direction and control of the day-to-day operation of the 82 national historic parks and major historic sites.

Performance Information/Resource Justification

In 1985-86 the National Historic Parks and Sites Activity will expend 1039 person-years and $58 million to conserve approximately 4,000 artifacts; provide information to 5,000,000 visitors at 59 orientation/information outlets; offer direct contact interpretation programs to approximately three-quarters of the visitors; operate and maintain 559 buildings, 90 kilometres of road, 102 kilometres of trails and 54 hectares of picnic areas; research and prepare plans for historic parks and sites; and manage 82 major national historic parks and sites.

Major plans for this Activity in 1985-86 include:

- the fourth year of a five-year, $4.4 million project to provide Batoche National Historic Park with a visitor reception/administration/maintenance facility. The expenditure of $1.6 million in 1985-86 will essentially complete this project so that it can be opened in 1985 to commemorate the centennial of the Northwest Rebellion and of Canada's national parks;

- a recommendation by the Historic Sites and Monuments Board on the establishment of the first national historic park in the Northwest Territories, pending the Board's own recommendation regarding the commemoration of the "Arctic Whaling Theme" in the Cumberland Sound area of Baffin Island;

- site identification and evaluation studies to determine the potential for the establishment of a national historic park to represent the theme of "Commercial Fishing on the Great Lakes"; and

- a study on how to improve the effectiveness of cost sharing agreements as a means of protecting nationally significant historic resources, and a priorization of cost-sharing initiatives.

Major plans for 1983-84 were pursued with the following results:

- progress on the implementation of the policy on federal heritage buildings has been slow. Since the federal heritage buildings review office has yet to be formally established, it is currently operating on an ad hoc basis only;

- progress has been made on the research, planning and protection of prehistoric Indian sites including Whitefish Island, Peterborough Petroglyphs, Manitou Mounds and the Cummins Site in Ontario; and Nootka, Metlakatla Pass, and Kitselas in British Columbia. Studies were also completed that fully document Parks Canada's work to date on prehistoric Indian sites, the implications of this work, and the issues impeding progress. These will form the basis of the policy options and alternative strategies for Parks Canada's future involvement with these sites, to be reviewed in 1985-86;

- to commemorate the Loyalist Bicentennial in Ontario, Quebec, Nova Scotia and New Brunswick, Parks Canada spent a total of $.4 million on three travelling exhibits, a play and a film about the Loyalists, and two outdoor exhibits which will remain on permanent display in Shelburne, Nova Scotia and Saint John, New Brunswick; and

- the major projects of the capital program - stabilization and restoration work at the Halifax Defence Complex, restoration and period landscaping at the Quebec Fortifications, and work on the reception centre at Batoche - were completed within budget.

C. Agreements for Recreation and Conservation

Objective

To protect significant natural and cultural resources within certain heritage areas and to encourage public use, understanding and recreational enjoyment of such areas by acting in conjunction with other governments, organizations and individuals through agreements for recreation and conservation; to recognize and protect the heritage and recreational values of Canada's outstanding rivers by their inclusion in the Canadian Heritage Rivers System; and to protect for all time the heritage resources of certain federally operated canals and to operate these canals for recreational use.

Resource Summary

The Agreements for Recreation and Conservation Activity will account for approximately 15% of the Parks Canada Program expenditures in 1985-86 and 14% of the total person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Resource Conservation	600	-	593	-	575	-
Interpretation and Visitor Services	7,250	309	7,647	330	7,315	321
Provision and Maintenance of Canal Facilities						
Operating	10,103	235	9,342	239	8,864	236
Capital	19,318	35	19,296	33	20,373	33
Policy, Planning and Research	1,393	45	1,366	45	1,300	44
Park Management	5,508	73	5,443	73	5,248	73
	44,172	697	43,687	720	43,675	707

Personnel costs are 46% of the total, while capital expenditures are another 44%.

Past Financial Performance

Figure 12: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Resource Conservation	575	471	104
Interpretation and Visitor Services	7,315	7,084	231
Provision and Maintenance of Canal Facilities			
Operating	8,864	8,520	344
Capital	20,373	23,823	(3,450)
Policy, Planning and Research	1,300	1,647	(347)
Park Management	5,248	7,065	(1,817)
	43,675	48,610	(4,935)

Significant changes between the actual expenditures and the Main Estimates for the Agreements for Recreation and Conservation Activity, in addition to those identified on page 4-11, are a result of:

	$ millions
• a savings on the Rideau Canal as a result of the successful contract bid for restoration and repairs on the canal being lower than initially anticipated; and	(1.3)
• a reduction as a result of delays in the construction of bridge No. 8 on the Lachine Canal and of the Visitor Reception Centre at Le Vieux Port de Québec.	(.8)

Description

Agreements for Recreation and Conservation (ARC) administers two different types of heritage areas. A co-operative heritage area is an area containing natural and/or cultural resources of Canadian significance that is owned, operated and maintained collectively by several agencies. Parks Canada's involvement in these areas is in the interpretation, restoration, visitor services and information programs. ARC also manages, protects and interprets certain heritage canals. These were transferred to Parks Canada from Transport Canada in 1972 in recognition of their increasing recreational role and their significance as examples of early engineering technology in Canada.

The objectives of the Agreements for Recreation and Conservation activity are achieved through five sub-activities:

Resource Conservation which acquires, inventories, monitors and manages an area's heritage resources and carries out the preservation and restoration of artifacts associated with the heritage area;

Interpretation and Visitor Services which is responsible for the operation of the locks and bridges to allow recreational boaters to use the heritage canals and for the provision of orientation and interpretation programs. These include guided tours, animation programs, brochures, audio-visual programs and extension programs to bring the heritage areas to the non-visiting public. This sub-activity also supervises visitor use to ensure both public safety and protection of the heritage resources;

Provision and Maintenance of Canal Facilities which stabilizes, restores, reconstructs and maintains the canals and associated historic structures and, as well, provides and maintains contemporary visitor facilities.

There are two additional responsibilities attached to the upkeep of the canals: maintaining the navigational aids along the canals (buoys, channel clearing) and maintaining the water levels in the watershed area through the operation of dams and weirs;

Policy, Planning and Research identifies and selects candidate co-operative heritage areas, provides information to guide their protection and interpretation, and negotiates with the provinces and others on the administrative arrangements for the management of such areas. This sub-activity also develops policies, regulations, directives and management plans to guide the operation of the heritage canals; and

Park Management which is the on-site direction and control of the day-to-day operation of the nine heritage canals.

Performance Information/Resource Justification

The Agreements for Recreation and Conservation Activity in 1985-86 will expend 697 person-years and $44 million to carry out approximately 40,000 bridge operations and 180,000 lock operations to permit the passage of approximately 350,000 boats; contact approximately 1.3 million visitors in boats; operate and maintain the heritage canal system which includes 224 bridges and locks, 300 buildings, 2000 navigational aids, and 167 dams; research and plan co-operative heritage areas; and to manage the nine heritage canals.

Figure 13: The Heritage Canal System

Canal	River	Province	Length (km)	Locks	Bridges
Rideau	Rideau	Ontario	198.8	49	41
Trent-Severn	Trent-Severn	Ontario	387.1	45	60
Sault Ste. Marie	Great Lakes	Ontario	1.9	1	2
Ste. Anne	Ottawa	Quebec	0.6	1	0
Carillon	Ottawa	Quebec	0.8	1	0
St. Ours	Richelieu	Quebec	0.2	1	0
Chambly	Richelieu	Quebec	19.0	9	12
Lachine	St. Lawrence	Quebec	13.7	0	0
St. Peters	Bras d'Or Lake	Nova Scotia	0.8	1	1

Major plans for 1983-84 were pursued with the following results:

- major rehabilitation of the Rideau (see page 4-32) and Trent-Severn Canals and of the Lachine Canal proceeded essentially as planned; and

- in the Red River Co-operative Heritage Area, difficulties in negotiating the necessary land transfer prevented the construction of the planned $1.7 million Visitor Reception Centre. To fulfill Parks Canada's $1.7 million commitment to the federal-provincial agreement, various other projects in the heritage areas were accelerated and are now complete, including the St. Boniface Dock, rehabilitation of the River Road, restoration of the St. Andrews Rectory, and waterfront development at Selkirk.

D. Administration

Objective

To provide management and support services to the National Parks, National Historic Parks and Sites and Agreements for Recreation and Conservation Activities at headquarters and regional levels.

Resource Summary

The Administration Activity will account for approximately 12% of the Parks Canada Program expenditures in 1985-86 and 12% of the total person-years.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Executive Management	**4,900**	**74**	4,860	74	4,642	73
Program Planning						
Operating	**9,770**	**137**	9,681	138	9,246	137
Capital	**3,768**	**5**	4,410	4	4,361	5
Finance and Administration	**17,998**	**368**	16,047	250	15,326	258
	36,436	**584**	34,998	466	33,575	473

Personnel costs are 60% of the total.

Past Financial Performance

Figure 15: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Executive Management	4,642	4,428	**214**
Program Planning			
Operating	9,246	8,816	**430**
Capital	4,361	381	**3,980**
Finance and Administration	15,326	14,614	**712**
	33,575	28,239	**5,336**

Changes between the actual expenditures and the Main Estimates for the Administration Activity resulted from the following:

- in 1983-84, the cost of furniture, equipment and other related capital expenditures was reported under the Administrative Activity, whereas the budget was identified in the other three activities.

Description

The Administration Activity can best be described in terms of its three sub-activities:

Executive Management: The senior executives at headquarters and regional levels (the Assistant Deputy Minister and Chief of Operations and their support staff, the Director General and Activity Directors at headquarters and the five Regional Directors) are included in this sub-activity. Executive Management directs and controls the planning, development and operation of the national parks, national historic parks and sites and ARC heritage areas;

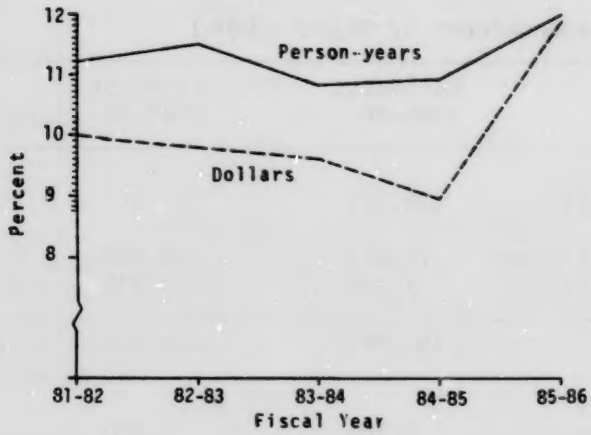
Program Planning: Staff in this sub-activity coordinate all of the program planning processes necessary for the identification, securing and allocation of resources to achieve the Program's objectives. They also plan program content and analyze the achievements of the Parks Canada Program; and

Finance and Administration: This sub-activity entails general administration services including personnel, materiel management and the acquisition, control, administration and reporting on the asset inventories, financial and person-year resources allocated to the Parks Canada Program.

Performance Information/Resource Justification

The main determinants of resource requirements for this Activity are: the size of the Program's budget and the number of staff employed, the regional diversity and decentralization of the program's operations, and the large number of disparate functions which the program undertakes to fulfill its objectives. As shown in Figure 16, the proportion of the Program's budget allocated to the Administration Activity has remained relatively constant in the past. The slight increase in 1985-86 is the result of the decentralization of the personnel and word processing functions to the Parks Canada Program from the departmental Administration Program.

Figure 16: Percentage of Parks Canada's Resources Allocated to Administration



Highlights of the Administration Activity during 1983-84 were:

- the formal review to establish the adequacy of current levels of service and current resourcing was completed in May, 1983 and the report published in August, 1983. The review identified both resources available for re-distribution and areas of the Program requiring additional resourcing for effective performance. The review team concluded that there was a resource deficit in Parks Canada's budget; and

- for a description of the progress made on the Work Planning System, the Asset Inventory and Condition Study Report, and the Maintenance Management System see "Update on Previously Reported Initiatives", page 4-20.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	135,821	129,112	120,159
Contribution to employee benefit plans	19,015	16,304	17,840
Other personnel costs	1,109	935	1,310
	155,945	146,351	139,309
Goods and Services			
Travel and relocation	5,165	5,450	4,989
Transportation and communications	4,225	4,459	4,112
Information	2,069	2,507	2,283
Security services	1,933	1,877	1,779
Professional and special services	12,846	13,762	12,558
Rentals	2,976	3,104	2,865
Purchased repair and upkeep	4,259	4,477	4,129
Utilities, materials and supplies	19,295	20,414	18,707
All other expenditures	617	3,642	3,320
	53,385	59,692	54,742
Total operating	209,330	206,043	194,051

Capital			
Personnel	**6,200**	9,986	10,049
Transportation and Communications	**749**	1,475	1,517
Information	**564**	1,135	1,163
Professional and special services	**12,411**	18,837	18,991
Rentals	**1,916**	1,248	1,149
Purchased repair and upkeep	**9,303**	11,120	11,257
Utilities, materials and supplies	**4,082**	5,333	5,427
Construction and acquisition of land, buildings and works	**47,033**	52,992	53,484
Construction and acquisition of machinery and equipment	**6,914**	8,737	8,775
All other expenditures	**783**	2,591	2,663
	89,955	113,454	114,475
Transfer payments	**3,795**	2,748	3,755
Total expenditures	**303,080**	322,245	312,281

Note: In 1985-86 expenditures for the National Battlefields Commission are shown against all standard objects.

2. Personnel Expenditures

Figure 18: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provison
	85-86	84-85	83-84		
Management	54	43	14	50,350-96,300	62,968
Scientific & Professional					
Architectural & Town Planning	85	101	106	18,610-76,130	41,426
Biological Sciences	58	58	61	16,161-68,070	39,552
Economics, Sociology & Statistics	15	24	18	14,570-65,080	40,424
Engineering & Land Survey	86	106	106	23,306-76,130	48,644
Historical Research	99	121	127	14,911-64,390	37,436
Physical Sciences	17	16	16	15,304-68,070	50,746
Other	6	5	7	-	-
Administrative & Foreign Services					
Administrative Services	189	192	178	13,912-57,987	34,920
Financial Administration	73	63	63	13,853-57,980	36,792
Information Services	24	25	25	13,579-57,980	37,960
Personnel Administration	46	1	1	13,330-63,870	43,925
Program Administration	247	263	272	13,912-57,987	37,890
Purchasing & Supply	21	22	20	12,766-57,980	33,331
Other	7	7	7	-	-
Technical					
Drafting & Illustrations	44	53	50	15,557-40,310	29,323
Engineering & Scientific Support	159	158	168	14,041-50,866	32,582
General Technical	705	714	709	12,635-55,682	31,036
Social Science Support	59	74	76	12,635-57,764	31,055
Other	13	14	16	- -	-
Administrative Support					
Clerical & Regulatory	537	489	493	12,932-31,743	21,603
Secretarial, Stenographic and Typing	173	150	151	12,636-31,946	20,931
Other	6	16	16	-	-
Operational					
General Labour & Trades	1,580	1,931	1,656	14,776-40,676	23,491
General Services	594	571	579	13,253-39,988	23,495
Other	5	5	6	-	-

Note: The person-year columns display the forecast distribution of the authorized person-years for the program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 19: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Protection and Presentation of Existing System			
Maintenance of adequate levels of service	**60,210**	67,928	68,929
Restoration of levels of service	**24,593**	37,559	31,759
	84,803*	105,487	100,688
Extension of protection to threatened resources	**5,152**	7,967	13,787
	89,955	113,454	114,475

* This includes capital expenditures for the National Battlefields Commission

Figure 20: Details of Major Capital Projects ($000)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years' Requirements
National Parks					
Newfoundland					
Terra Nova -- Trans-Canada Highway	1,330	783	179	213	391
Gros Morne -- Reconstruction Highway 430 & 431 .	64,307	64,279	53,137	5,088	6,054
Nova Scotia					
Cape Breton Highlands -- Reconstruction Cabot Trail	19,207	19,207	11,946	1,829	5,432
Quebec					
Mingan Islands - Preliminary Development	-	4,223	1,921	1,414	888
Ontario					
Pukaskwa -- Pave Access Road	-	331	10	321	-
Pukaskwa -- Upgrade Highway 627	-	525	-	525	-
Saskatchewan					
Prince Albert -- Maintenance Compound	6,066	5,999	272	2,844	2,883
Prince Albert -- Connector Road	1,176	1,176	1,140	36	-
Grasslands -- Property Acquisition	8,000	6,741	1,872	2,220	2,649
Alberta					
Banff -- Bow Valley Parkway	16,050	16,074	9,254	793	6,027
Banff -- Lake Louise	44,860	44,860	21,872	8,733	14,255
Banff -- Icefield Parkway	5,896	5,954	4,738	1,216	-
Banff -- Townsite Sewage Treatment	5,167	6,564	45	357	6,162
Banff -- Cave and Basin	14,077	12,611	12,171	440	-
Banff -- Johnston Canyon Campground.....	809	826	787	39	-
Banff -- Natural History Museum	326	391	380	11	-
Banff -- Gopher St. Improvements	435	439	321	118	-
Jasper -- Miette Hot Springs Road	7,272	5,004	1,427	2,795	782
Jasper -- Fiddle River Redevelopment	6,540	6,540	4,831	759	950
Jasper -- Maligne Lake Road Km 10-20	4,731	4,762	562	2,700	1,500
Jasper -- Columbia Icefield IMU	706	714	701	3	10
Jasper -- Whistler Road	435	553	306	247	-
Jasper -- Warden Area Facilities	361	347	258	89	-
Jasper -- Warden Patrol Cabins	316	316	257	59	-
Jasper -- Pyramid Lake Road	420	691	505	186	-
Waterton Lakes - Community Improvements	2,907	2,907	11	463	2,433

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years' Requirements
National Parks (cont'd)					
British Columbia					
Mt. Revelstoke/Glacier -- Relocate TCH	265	631	22	345	264
Mt. Revelstoke/Glacier -- Telemetry Replacement.	321	327	280	15	32
Mt. Revelstoke/Glacier -- TCH Turning Lanes	-	333	7	326	-
Historic Parks and Sites					
Newfoundland					
Red Bay -- Underwater Archeology	1,072	1,072	859	111	102
Quebec					
Cartier House - Restoration	2,749	2,749	2,558	140	51
Saskatchewan					
Motherwell Homestead -- Development	1,792	1,514	1,041	435	38
Batoche -- VRC/Admin/Maintenance Facility	3,957	4,412	2,783	1,585	44
Agreements for Recreation and Conservation					
Nova Scotia					
St. Peters Canal	2,438	3,109	1,817	1,292	-
Quebec					
Chambly Canal -- St. Jean Wall, Phase V	1,015	1,015	373	490	152
Lachine Canal -- Bridge 7 and 7A	-	2,219	1,328	483	408
Ontario					
Rideau Canal -- Banks and Walls	14,295	14,295	4,549	367	9,379
Sault Ste Marie -- Upper and Lower Gates	618	618	496	122	-
Manitoba					
Red River Agreement	6,351	6,926	4,495	295	2,136
British Columbia					
A. Mackenzie Grease Trail	1,412	900	362	367	171

4. Transfer Payments

Figure 21: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grant to the International Peace Garden in Manitoba	30	30	30
Grant to the National and Provincial Parks Association of Canada	15	15	15
Grant to the city of Sillery, Quebec, in lieu of property taxes for the National Battlefields Commission	6	-	-
Grant to the city of Quebec, Quebec, in lieu of property taxes for the National Battlefields Commission	1,027	-	-
	1,078	45	45
Contributions			
Federal-Provincial Parks Conference towards the cost of a coordinating office for the activities of the Conference	13	13	12
International Union for Conservation of Nature and Natural Resources	90	90	75
Contributions to the Province of Saskatchewan for oil and gas exploration in the Proposed Grasslands National Park	2,060	2,060	15
Contribution to the National and Provincial Parks Association of Canada towards the cost of a National Parks' poster	3	2	5
Contribution to the Citizens' Centennial Committee	-	-	1,650
Contribution to Cooperating Associations for Parks Canada activities	250	250	250
Canadian contribution to the World Heritage Fund	80	80	79
Contribution to the International Center for the Study of the Preservation and Restoration of Cultural Property	77	77	33
Contribution to the Aurora and District Historical Society	-	-	12
Contribution to the Mohawk Chapel Restoration Committee	-	-	65
Summer Youth Employment Program	-	-	1,138

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contribution to the Jasper Townsite Committee	16	16	9
Contribution to the Interagency Forest Fire Centre	50	50	17
Contribution for the Acquisition and Restoration of Trestler House	38	25	300
Contribution to the Martin Goodman Trail	-	-	50
International Council on Monuments and Sites	40	40	-
	2,717	2,703	3,710
Total Transfer Payments	3,795	2,748	3,755

5. Cost Analysis

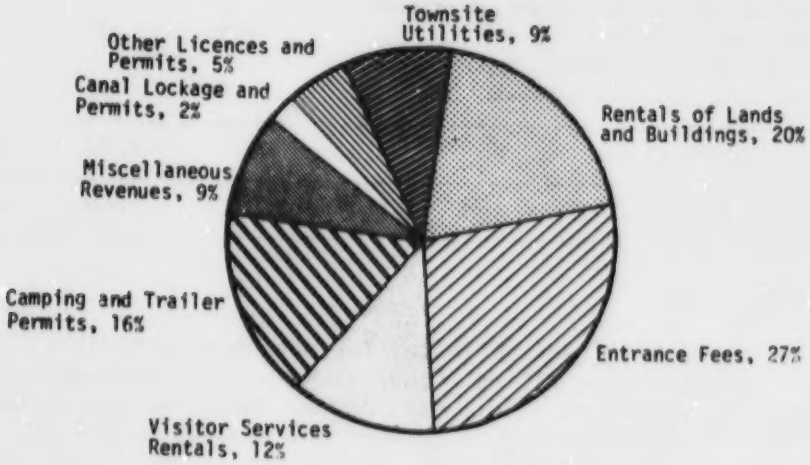
Parks Canada's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Program on a full cost basis. These include accommodations provided without charge by Environment Canada ($3,264,000) and Public Works ($7,371,000) and other services provided without charge by other departments ($4,250,000). Revenues generated by Parks Canada that are credited directly to the Consolidated Revenue Fund ($31,415,000) also have to be considered. Figure 22 shows the estimated net cost of the Program by activity for 1984-85 and 1985-86.

Figure 22: Net Cost of Program by Activity ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Forecast 1984-85
National Parks	164,963	8,038	173,001	28,736	144,265	160,005
National Historic Parks and Sites	57,509	2,828	60,337	802	59,535	74,486
Agreements for Recreation and Conservation	44,172	2,233	46,405	1,266	45,139	44,808
Administration	36,436	1,786	38,222	611	37,611	36,117
	303,080	14,885	317,965	31,415	286,550	315,416

B. Revenue

Figure 23: Revenue Generated by the Program



It is estimated that in 1985-86 the Program will generate $31 million in revenue from eight general sources. These sources and the respective average annual percentage of revenue generated by each are Rentals of Lands and Buildings, 20%; Entrance Fees, 27%; Camping and Trailer Permits, 16%; Visitor Services Rentals, 12% Canal Lockage and Permits, 2%; Other Licences and Permits, 5%; Townsite Utilities, 9%; and Miscellaneous Revenues, 9%.

C. Parks Administered by the Program

Figure 24: Parks Administered by Activity

National Parks

Newfoundland

- Gros Morne
- Terra Nova

Nova Scotia

- Cape Breton Highlands
- Kejimkujik

Prince Edward Island

- Prince Edward Island

New Brunswick

- Fundy
- Kouchibouguac

Québec

- Forillon
- La Mauricie
- Mingan Archipelago

Ontario

- Georgian Bay Islands
- Point Pelee
- Pukaskwa
- St. Lawrence Islands

Manitoba

- Riding Mountain

Saskatchewan

- Grasslands
- Prince Albert

Alberta

- Banff
- Elk Island
- Jasper
- Waterton Lakes
- Wood Buffalo

British Columbia

- Glacier
- Kootenay
- Mount Revelstoke
- Pacific Rim
- Yoho

Northwest Territories

- Auyuittuq
- Nahanni

Yukon Territory

- Kluane
- Northern Yukon

National Historic Parks and Sites

Newfoundland

- Cape Spear
- Castle Hill
- L'Anse aux Meadows
- Port au Choix
- Signal Hill

Nova Scotia

- Alexander Graham Bell
- Fort Anne
- Fort Edward
- Fortress of Louisbourg
- Grand Pré
- Halifax Citadel
- Lunenberg (Banks Fisheries)
- Port Royal
- Prince of Wales Martello Tower
- York Redoubt

Prince Edward Island

- Ardgowan
- Fort Amherst
- Province House

New Brunswick

- Carleton Martello Tower
- Fort Beausejour
- Memramcook
- St. Andrews Blockhouse

Québec

- Artillery Park
- Battle of the Châteauguay
- Carillon Barracks
- Cartier-Brébeuf
- Couteau-du-Lac
- Fort Chambly
- Fort Lennox
- Fort Lévis
- Fort Témiscamingue
- Jacques Cartier Monument
- Les Forges du Saint-Maurice

Québec (Cont'd)

- Maillou House
- Phare de la Pointe-au-Père
- Québec City Walls and Gates
- Sir Wilfred Laurier House

Ontario

- Battle of the Windmill
- Bellevue House
- Bethune Memorial House
- Butler's Barracks
- Fort George
- Fort Malden
- Fort St. Joseph
- Fort Wellington
- H.M.S. Radcliffe
- Inverarden House
- Kingston Martello Towers
- Peterborough Liftlock
- Queenston Heights and Brock Monuments
- Rideau Canal:
  - Jones Falls
  - Kingston Mills
  - Merrickville
  - Newboro
  - Ottawa
- Southwold Earthworks
- Woodside

Manitoba

- Fort Prince of Wales
- Lower Fort Garry
- York Factory

Saskatchewan

- Batoche
- Battleford
- Battle of Fish Creek
- Cypress Hills Massacre
- Fort Espérance
- Fort Walsh
- Motherwell Homestead

Alberta

Rocky Mountain House

British Columbia

Craigflower Schoolhouse
Fort Langley
Fort Rodd Hill
Fort St. James
Kitwanga Fortified Indian Site
Roger's Pass
St. Roch

Yukon

Chilkoot Trail
Dawson City Area:
Goldlfields
Harrington Store
Palace Grand Theatre
Post Office
S.S. Klondike, Whitehorse

Heritage Canals

Nova Scotia

St. Peters Canal

Québec

Carillon Canal
Chambly Canal
Lachine Canal
Ste-Anne Canal
St-Ours Canal

Ontario

Rideau Canal
Sault Ste-Marie Canal
Trent-Severn Canal

Co-operative Heritage Areas

Manitoba

Red River

British Columbia

Alexander Mackenzie Grease Trail

Canadian Heritage Rivers

Alberta

North Saskatchewan River (Banff)
Athabasca River (Jasper)

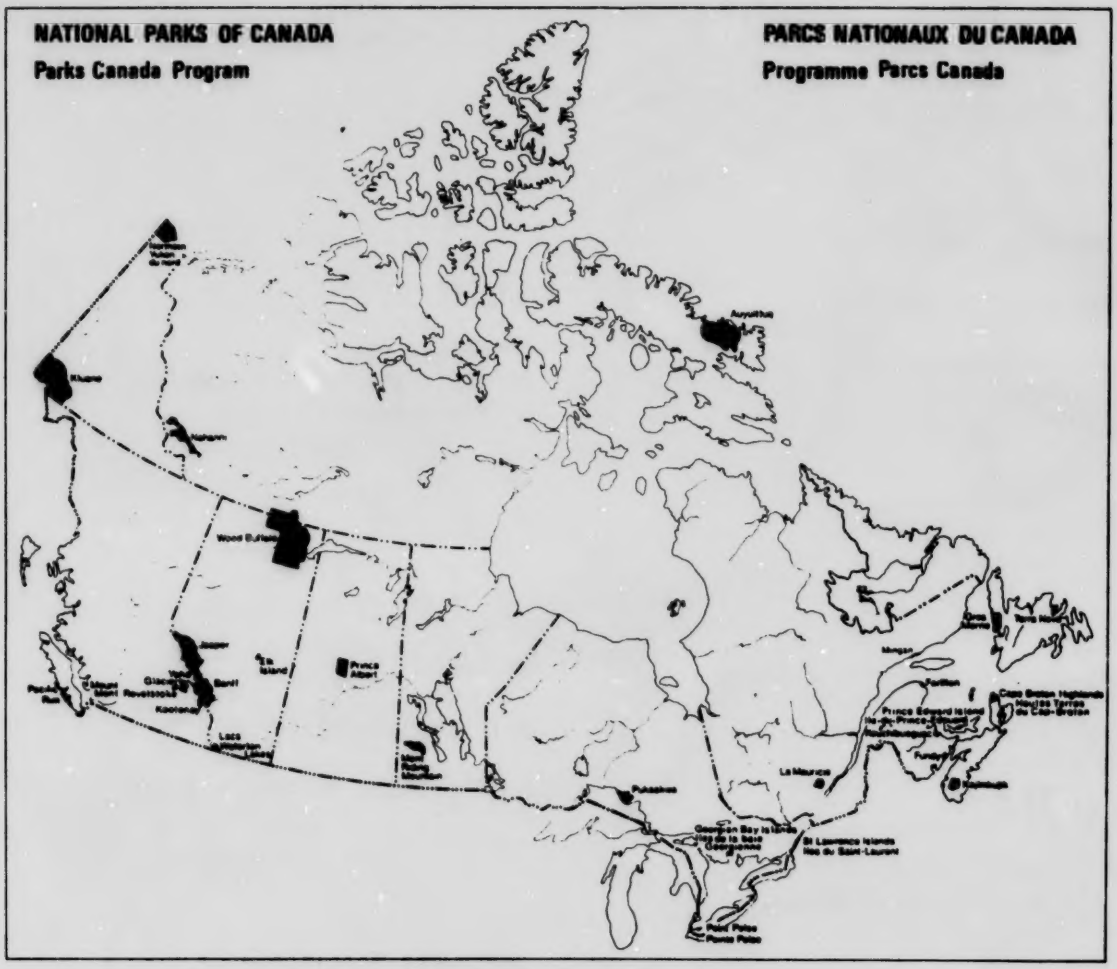
Yukon

Alsek River (Kluane)

Northwest Territories

South Nahanni River (Nahanni)

M-15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External Affairs Canada

1985–86 Estimates

Part III

Expenditure Plan

1581

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

External Affairs

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of the reader.

There are four chapters in this document. The first provides an introduction to the Department. The other three present the Program Expenditure Plans for each of the Department's programs.

Chapters 2 to 4 begin with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents.

The first of the three Program Expenditure Plans is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully. The next two Plans consist of two sections, the first of which is a program overview and the second provides further information.

This document is designed to permit ease of access to specific financial information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

Roles and Responsibilities

The Department of External Affairs is responsible for activities aimed at the promotion and protection of Canadian interests abroad and the conduct of Canada's external relations. Its functions are:

- to conduct all diplomatic and consular relations on behalf of Canada;
- to conduct all official communications between the Government of Canada and the government of any other country, and between the Government of Canada and international organizations;
- to conduct and manage international negotiations as they relate to Canada;
- to coordinate Canada's international economic relations;
- to foster the expansion of Canada's international trade and commerce;
- to foster the development of international law and its application in Canada's external relations;
- to coordinate the directions given by the government to posts and delegations abroad;
- to manage Canada's posts abroad; and
- to administer the foreign service.

As well, the Department is responsible for evaluating information about economic, political and other developments abroad likely to affect Canada's interests, and to provide advice to the government, often in consultation with other government departments, on the formulation and implementation of policies and programs having an international dimension.

Departmental Organization and Programs

The Secretary of State for External Affairs is responsible for managing the overall mandate of the Department together with the Minister for International Trade who is responsible for international trade and export development and the Minister for External Relations who, among other duties, supports the Secretary of State for External Affairs in international, social, cultural and humanitarian affairs.

The Department consists of three programs. By far the largest and most significant is the Canadian Interests Abroad Program, which is the central focus of Canada's external relations. As well, there is the World Exhibitions Program, which is responsible for Canada's participation in selected international expositions, and the Grains and Oilseeds Program, which works with Agriculture Canada and Transport Canada in the development and marketing of our grains and oilseeds.

Department Spending Plan

The spending plan by program is set out in Figure 1.

Figure 1: Department Spending Plan by Program, 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Budgetary					
Canadian Interests Abroad Program	762,045	743,548	18,497	2.5	2-1
Grains and Oilseeds Program*	11,295	14,106	(2,811)	(19.9)	3-1
World Exhibitions Program	5,662	10,345	(4,683)	(45.3)	4-1
Non-Budgetary					
Canadian Interests Abroad Program	6,841	8	6,833		2-28
	785,843	768,007	17,836	2.3	

* The Statutory Votes for payments to producers under the Western Grain Stabilization Act (1984-85 Estimates $ 150 million) and the Prairie Grain Advance Payment Act (1984-85 Estimates $ 12 million) have been transferred to Agriculture Canada.

Priorities

The key priorities for 1985-86 for the Canadian Interests Abroad Program are in the three following areas:

Fostering Economic Development: There will be a range of efforts aimed at increasing Canadian competitiveness, including: assistance to Canadian exporters in maintaining and increasing export markets; the provision of advice on the international economic environment and its relevance to Canadian domestic interests and policies; and the management of Canada's bilateral and multilateral relationships with a view to their contributing to Canada's economic development.

Peace and Security: It is in Canada's interest to help build an atmosphere of confidence through specific political, security and arms control initatives and continued support for the rule of law in international relations.

Canada's Relationship with the United States: This remains the top geographic priority with a view to managing our interdependence from an economic and security point of view while preserving our national sovereignty.

Canadian Interests Abroad Program
Expenditure Plan

1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $736,834,438 in support of the 1985-86 Canadian Interests Abroad Program. The remaining expenditures, estimated at $32,051,400, will be made under existing statutory authority. This includes contributions to employee benefit plans, payments under the Diplomatic Service (Special) Superannuation Act, payments under the Canadian Institute for International Peace and Security Act, payments under the Asia-Pacific Foundation of Canada Act, the Minister's salary and motor car allowance, the Passport Revolving Fund and non-budgetary expenditures for participation in the International Rubber Buffer Stock and purchase of shares in respect of Canada's participation in the first account of the Common Fund.

Parliament has previously authorized a total drawdown of $4,000,000 for the Passport Office Revolving fund. The projected use of this authority as related to these Estimates is as follows:

Anticipated unused authority ($000)

Anticipated unused authority as of April 1, 1985	10,420
Less:	
1985-86 Main Estimates (net cash required)	(761)
Anticipated unused authority as of April 1, 1986	11,181

Financial Requirement by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Interests Abroad Program		
1	Operating expenditures	514,383	491,645
5	Capital expenditures	69,242	66,788
10	Grants and contributions	153,202	140,298
(S)	Secretary of State for External Affairs - Salary and motor car allowance	42	41
(S)	Payments under the Diplomatic Service (Special) Superannuation Act	122	122
(S)	Payments under the Canadian Institute for International Peace and Security Act (S.C. 1984-C37)	2,500	--
(S)	Payments under the Asia-Pacific Foundation of Canada Act (S.C. 1984-C12)	500	--
(S)	Contributions to employee benefit plans	22,815	19,868
(S)	Passport Office Revolving Fund	(761)	1,059
	Total budgetary	762,045	719,821
(S)	Participation in the International Natural Rubber Buffer Stock	3,200	3,200
(S)	Purchase of shares in respect of Canada's participation in the first account of the common fund	3,633	3,633
L15	Advances to the working capital Fund of the Paris Union of the World Intellectual Property Organization	8	--
	Total non-budgetary	6,841	6,833
	Total Program	768,886	726,654

Votes - Wording and amounts

Vote No.	External Affairs	1985-86 Main Estimates
	Canadian Interests Abroad Program	
1	Canadian Interests Abroad -- Operating expenditures, including the payment of remuneration and other expenditures subject to the approval of the Governor in Council in connection with the assignment by the Canadian Government of Canadians to the staffs of international organizations, and authority to make recoverable advances in amounts not exceeding the amounts of the shares of such organizations of such expenses; authority for the appointment and fixing of salaries by the Governor in Council of High Commissioners, Ambassadors, Ministers Plenipotentiary, Consuls, Representatives on International Commissions, the staff of such officials and other persons to represent Canada in another country; expenditures in respect of the provision of office accommodation for the International Civil Aviation Organization; recoverable expenditures for assistance to and repatriation of distressed Canadian citizens and persons of Canadian domicile abroad, including their dependents; cultural relations and academic exchange programs with other countries	**514,383,000**
5	Canadian Interests Abroad -- Capital expenditures	**69,242,000**
10	Canadian Interests Abroad -- The grants listed in the Estimates, contributions, authority to make commitments for the current fiscal year not exceeding $71,348,000, in respect of contributions to persons, groups of persons, councils and associations to promote the development of Canadian export sales and authority to pay assessments in the amounts and in the currencies in which they are levied, and authority to pay other amounts specified in the currencies of the countries indicated, notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars, estimated as of October 1984, which is	**153,201,407**
L15	Advances to the Working Capital Fund of the Paris Union of the World Intellectual Property Organization in the amount of (14,451 Swiss Francs) not withstanding that payment may exceed the equivalent in Canadian dollars, estimated as of October, 1984 which is	**8,031**

Program by Activities

(thousands of dollars) 1985-86 Main Estimates	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote	Total	Non-budgetary Loans Investments advances	Total	1984-85 Main Estimates
Foreign Policy Priorities and Co-ordination	217	21,956	11	-	21,967	-	21,967		21,967	24,773
International Trade Development	149	28,008	-	35,993	64,001	-	64,001		64,001	52,823
International Economic Trade and Aid Policy	173	12,524	25	11,947	24,496	-	24,496	5,841	31,337	29,418
Political, Legal and International Security Affairs	310	28,999	1,415	93,519	123,933	-	123,933		123,933	112,124
Social Affairs and Programs	166	21,197	70	11,158	32,425	-	32,425		32,425	33,259
Bilateral Relations and Operations	2,266	334,137	59,377	3,574	397,088	-	397,088		397,088	372,386
*Passport Office	351	17,952	738	-	18,690	19,451	(761)		(761)	1,059
Operational Support, Human Resource Planning and Administration	922	90,421	8,344	131	98,896	-	98,896	-	98,896	100,812
	4,554	555,194	69,980	156,322	781,496	19,451	762,045	6,841	768,886	726,654

* The Passport Office activity is funded through the use of a Revolving Fund. The Estimates shown on this table refer to the cash requirements for the Fund over the fiscal year. These do not directly reflect the operating profit or loss that the Fund will realize since the latter is calculated on an accrual accounting basis. Therefore, some cash expenditures included in the Estimates do not impact upon the operating balance and certain other items that must be taken into consideration in calculating the profit or loss do not require a direct cash expenditure.

Section I
Program Overview

A. Highlights

During 1985-86, highlights of the Canadian Interests Abroad Program are as follows:

- Canada will continue to have a vital and growing interest in international developments in the coming year. The Canadian Interests Abroad Program will continue to be a major vehicle for the promotion and protection of Canada's interests beyond Canada's borders.

- Given the importance of trade to the Canadian economy, a strong emphasis will be placed on trade development and international marketing activities, as well as seeking to ensure that Canada maintains and increases its access to foreign markets.

- At the same time, the Canadian Interests Abroad Program will pursue activities aimed at bringing about higher levels of Canadian and global security through the promotion of balanced arms control and disarmament measures, through the lessening of tensions between East and West, and through further cooperation with our NATO allies.

- The program will continue to place a strong emphasis on ensuring that Canada maintains strong bilateral relations with those countries which represent our important global partners. Similarly, the Program will devote particular attention to those international institutions which provide the key frameworks for the pursuit of Canadian and global economic, social, and political interests.

- The Canadian Interests Abroad Program will aim at ensuring that the service provided to Canadians living and travelling abroad is effective and efficient.

- During the year, a review of Canada's international relations will be conducted. This review is expected to influence the direction and emphasis of Canadian foreign policy, and thus have an impact on the Canadian Interests Abroad Program.

B. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Foreign Policy Priorities and Coordination	21,967	28,600	(6,633)	2-18
International Trade Development	64,001	61,426	2,575	2-21
International Economic, Trade and Aid Policy	31,337	23,741	7,596	2-25
Political Legal and International Security Affairs	123,933	117,049	6,884	2-29
Social Affairs and Programs	32,425	38,579	(6,154)	2-33
Bilateral Relations and Operations	397,088	380,457	16,631	2-38
Passports	18,690	17,213	1,477	2-44
Operational Support, Human Resource Planning and Administration	98,896	95,976	2,920	2-48
	788,337	763,041	25,296	
Less: Passports Revenue Credited to the Vote	19,451	19,485	(34)	
	768,886	743,556	25,330	
Authorized Person-years	4,554			

The increase of $25.3 million in requested resources for 1985-86 Main Estimates over 1984-85 forecast results primarily from the following major items:

$3.1 million resulting from the consolidation of the Medical Services Overseas Branch from Health & Welfare Canada.

$7.3 million for changes in Canada's assessed shares of international organizations budgets.

$5.1 million for the hosting of a Human Rights Meeting in Canada.

$8.3 million inflation factor for rents, utilities and repair and upkeep abroad to reflect changes in prices experienced by posts.

($9.3 million) decrease for various restraint measures including closure of five posts abroad.

$3.6 million for increased delivery of the Aid Program at Posts.

$3.2 million for Immigration processing.

$4.0 million for the program for Export Market Development.

The increase of $16.9 million in the 1984-85 forecast over the 1984-85 main estimates results primarily from the following major items:

$12.9 million for international trade development.

$3.5 million for Arms Control and Disarmament.

$4.9 million for information activities and cultural relations.

$2.0 million for the establishment of the Asia-Pacific Foundation (0.5 M) and the Canadian Institute for International Peace and Security (1.5M).

($3.3 million) decrease resulting from a forecast surplus of $2.2 million in the operation of the passport office rather than a $1.1 million deficit.

($6.8 million) decrease resulting from provisions for the International Rubber Buffer Stock and Common Fund for Commodities not being exercised.

3.7 million for the Visitor Visa program and capital requirements at posts for the aid program.

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

C. Background

1. Introduction

The Canadian Interests Abroad Program is responsible for efforts aimed at the promotion and protection of Canadian interests abroad and the conduct of Canada's external relations.

The major components of the Program are;

- Foreign Policy Priorities and Coordination,
- International Trade Development,
- International Economic Trade and Aid Policy,
- Political, Legal and International Security Affairs,
- Social Affairs and Programs,
- Bilateral Relations and Operations
- Passport, and
- Operational Support, Human Resource Planning and Administration.

2. Legal Mandate

The Department of External Affairs derives its legislative authority from the 1983 Department of External Affairs Act - Statutes of Canada 1980-81-82-83-30-31-32, Chapter 167.

In the economic field, an important legislative instrument is the Export and Import Permits Act, RSC 1970, Chap. E-17. The Act, gives the Government the authority to control and monitor the transborder flow of specified goods.

Other enabling legislation governing Canada's international obligations include the Diplomatic and Consular Privileges and Immunities, SC 1976-77 c. 31, the Privileges and Immunities (International Organizations) Act, RSC 1970 c P-22, the Privileges and Immunities (North Atlantic Treaty Organization) Act, PSC 1970 C. P-23, the United Nations Act, RSC 1970 c. U-3, the Prohibition of International Air Services Act, SC 1980-81-82-83, c. 61 and the Food and Agriculture Organization of the United Nations Act, RSC, 1970 c. F-26.

In the bilateral field, the International Boundary Waters Treaty Act, RSC 1970 c. I-20, the Rainy Lake Watershed Emergency Control, SC 1939, c.33, the Roosevelt-Campobello International Park Commission Act, SC 1964-65, c.19 deal with Canada/USA environmental and transboundary questions.

In addition and due to its nature, the Department is interested in a number of other acts, which are primarily administered by other Government departments. These are listed under additional information in section III.

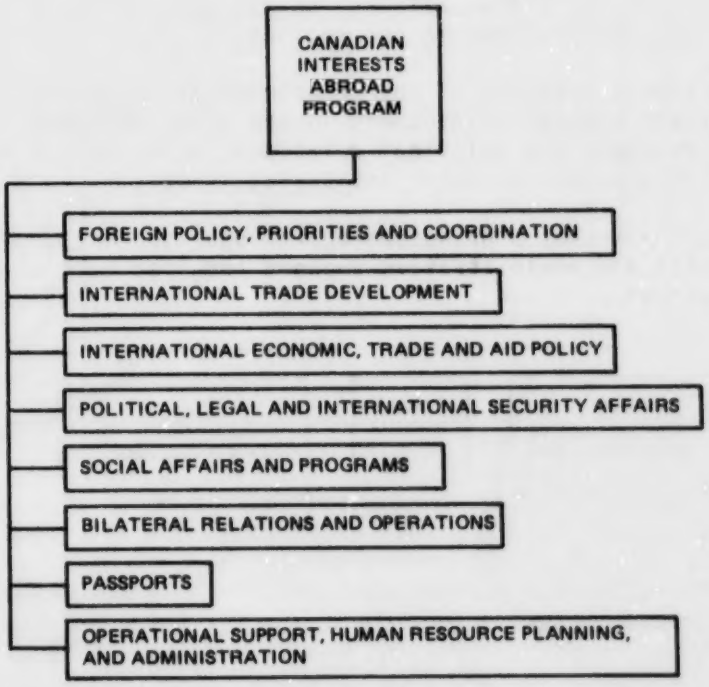
3. Program Objective

The objective of the Canadian Interests Abroad Program is to carry out Canada's foreign policy and in particular to promote in their international dimensions the national objectives of economic growth, including trade development, peace and security, Canadian sovereignty and national identity, social justice, and to protect the interests of Canadians travelling and living abroad.

4. Program Organization For Delivery

Activity Structure: The Canadian Interests Abroad Program is divided into eight activities which reflect both the "geographical" and the "functional" focus of the Program (and the Department of External Affairs). Figure 3 illustrates the activities of the Program.

Figure 3: Activity Structure



Organizational Structure: The Secretary of State for External Affairs is charged with managing the broad mandate of the Program, together with the Minister for International Trade who is responsible for international trade and export development and the Minister for External Relations who, among other duties, supports the Secretary of State for External Affairs in international social, cultural and humanitarian affairs.

Below the ministerial level, the senior management of the Department consists of an Under-Secretary of State for External Affairs, a deputy minister for international trade, a deputy minister for political affairs and the Ambassador for Multilateral Trade Negotiations and Personal Summit Representative. Below this senior level the structure is as follows:

An Assistant Deputy Minister Policy Coordination supports Deputy Ministers in the areas of policy coordination and management.

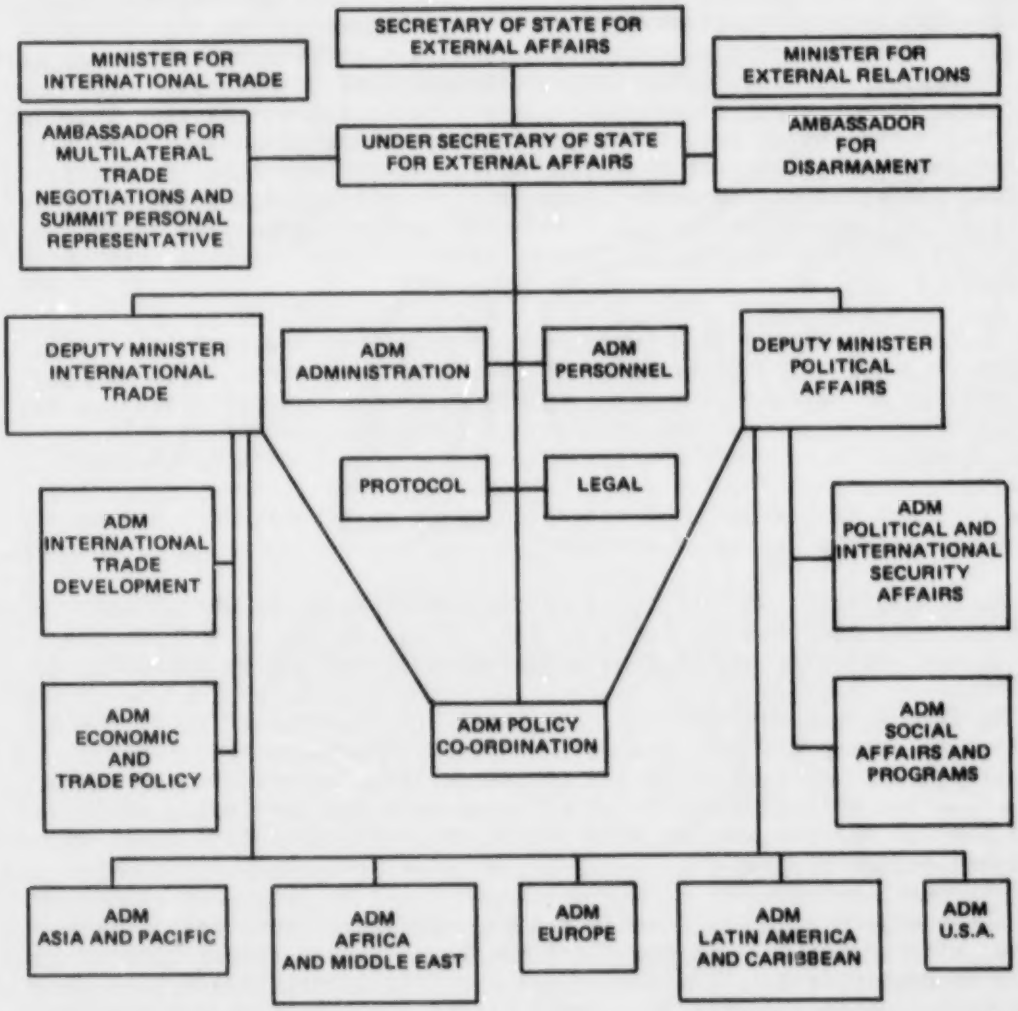
Five geographic ADMs are responsible for the management and co-ordination of the full range of Canada's bilateral relations, including trade, with their respecitve regions (Africa and Middle East, Asia and Pacific, USA, Europe, and Latin America and Caribbean). They provide advice to the Deputy Minister (International Trade) on all trade and economic matters within their regions and to the Deputy Minister (Political Affairs) on all other matters regarding Canadian policies and programs in the regions.

Four functional branches of the Department are responsible for overall policy and program development in the areas of trade, international economic and political relations, arms control and disarmament, immigration, consular and social issues.

Two support branches provide the operational support, human resource planning and administrative support required both in Ottawa and at posts abroad.

Figure 4 shows the organizational structure of the Program.

Figure 4: Organizational Structure



D. Planning Perspective

1. Environment

The international environment which faces Canada, and in which Canada must pursue its interests, is characterized by continuing uncertainties but also by opportunities. The central trends running through the international environment facing Canada can be expected to be as follows: a world economy which remains sluggish, but which could improve over the medium term as the recovery in the U.S.A. begins to have a wider global impact; continuing tension between the U.S.A. and the Soviet Union; changes in comparative advantage between states based on the impact of technological change and falling energy prices; increased environmental pressures stemming from population increases and overcrowding; and continuing problems resulting from declining levels of food production in certain areas, particularly in Africa.

Sustained growth will be dependent in part upon the performance of the American economy, a reduction in the level of protectionism and the ability of national economies to adjust domestic industrial structures. Continuing debt problems of developing countries will slow third world recovery and growth and as a result affect the world trading environment. Lower energy prices will benefit some developing countries and have a strongly negative impact on others which depend on energy exports for their revenues.

As a result of combined political instability, civil unrest and poor economic performance, humanitarian issues (refugees, development assistance) are expected to remain of important concern to Canada.

Relations between the U.S.A. and the U.S.S.R. are likely to remain difficult. However, there may be new opportunities for arms control and disarmament agreements in the coming period. Superpower interests and rivalries will continue to be injected into the developing world, with Central America and the Middle East remaining potential zones of tension in this regard.

These economic and political challenges over the remainder of the decade will continue to have a significant and direct impact upon Canadian development. Politically, as a middle power, Canada must seek to influence the principal world actors through bilateral and multilateral means. From an economic and trade perspective, Canada must capitalize on our relations with our principal trading partners to enhance trade flows and also preserve the advantages of the multilateral trading system.

Since some 30% of Canada's GNP is derived from trade, sustained global recovery and long-term growth are vital to Canada's economic

prospects. It will therefore be important for Canada to: encourage the strengthening of international financial and economic institutions; contribute to international understanding of the impacts of structural adjustment; contribute to enhancing the debt servicing capacity of developing countries; increase exports to the emerging Asian markets particularly in the resource, telecommunications, and power transmission sectors; and find our niches in the electronics-based technological revolution. While export performance is one denominator of the success of political and economic diplomacy, economic partnerships go beyond the marketing of Canadian goods abroad, they enjoin financial flows and productive investment in Canada; access to foreign technology and promotion of Canadian research and development; effective patterns of immigration; joint ventures and participation in Canadian resource development; and a variety of other areas for which viable political relationships with other countries are vital.

Effective relations with the U.S.A. remains a priority area for Canadian foreign policy in the coming years. Key issues in the complex bilateral relationship will be centered on environment, trade, extra-territoriality, and defence questions.

2. Initiatives

A broad review of Canadian foreign policy is expected to take place in 1985-86 which will have a clear impact on new initiatives.

3. Program Effectiveness

The objective of the Canadian Interests Abroad Program is "to carry out Canada's foreign policy and in particular to promote in their international dimensions the national objectives of economic growth including trade development, peace and security, Canadian soveignty and national identity, social justice, and to protect the interests of Canadians travelling and living abroad."

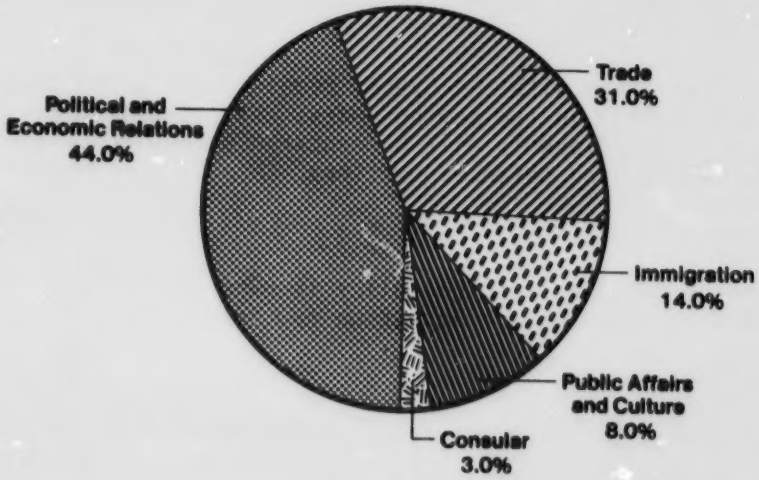
The most fundamental role of the Canadian Interests Abroad Program is to assist in the formulation and application of Canada's foreign policy. Domestic and external factors combine to form a continually evolving environment which necessitates adjustments in the emphasis and priority accorded to the components of the Canadian Interests Abroad Program. At the program level judgement must be made as to the effectiveness of Canadian foreign policy as a whole in protecting and advancing Canada's national interests in the international environment across a broad range of political, economic and social issues and interests.

Bearing in mind that, foreign policy is more than the sum of its parts and has to be treated as a coherent whole, program effectiveness will be addressed in terms of major functions.

Broadly speaking the Canadian Interests Abroad Program can be described in terms of five major functions namely, Trade, Political and Economic Relations, Immigration, Public Affairs and Culture, and Consular.

Figure 5 displays the Canadian Interests Abroad Program's utilization of resources by major function. The major functions highlighted in this figure, each contain a share of common services costs such as the cost of administration, telecommunications, personnel etc.

Figure 5: Utilization of Resources by Major Function



Trade: This function accounts for approximately 31% of the overall resources of the Program. These resources are primarily found in three Activities; International Trade Development, which focuses on the market development aspects of trade; International Economic, Trade and Aid Policy which has primary responsibility for the the trade policy aspects; and Bilateral Relations and Operations which delivers the trade and tourism functions abroad. Many factors contribute to the volume of Canadian exports of goods and services.

Political and Economic Relations: This function accounts for approximately 44% of the overall resources of the Program. These resources are primarily found in three Activities; International Economic, Trade and Aid Policy which has primary responsibility for the economic and aid policy aspects; Political, Legal and International Security Affairs which focuses on international security, political institutions and legal aspects of Canada's

international relations; and Bilateral Relations and Operations which delivers the political and economic relations function abroad; costs of delivering the international development assistance program are included in this category.

Immigration: This function accounts for approximately 14% of the overall resources of the Program. These resources are primarily found in two Activities; Social Affairs and Programs which serves as the interface with the Canadian Employment and Immigration Commission on operational and policy matters and co-ordinates activities abroad; and Bilateral Relations and Operations which delivers the Immigration function abroad.

Public Affairs and Culture: This function accounts for approximately 8% of the overall resources of the Program. These resources are primarily found in two Activities; Social Affairs and Programs, which develops the general policy relating to this function and co-ordinates its activities; and Bilateral Relations and Operations which delivers the function abroad.

Consular: The consular function accounts for approximately 3% of the overall resources of the Program. These resources are primarily found in three Activities: Social Affairs and Programs, which develops the general policy framework and co-ordinates activities; Bilateral Relations and Operations which delivers the function abroad; and Passports which provides passports domestically and supports their provision abroad.

Section II
Analysis by Activity

A. Foreign Policy Priorities and Coordination

Objective

To develop and coordinate foreign policy recommendations and initiatives and to allocate resources accordingly.

Resource Summary

The Foreign Policy Priorities and Coordination Activity accounts for 2.8% of the Canadian Interests Abroad Program expenditures and 4.8% of the person-years.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Departmental Policy	2,091	38	2,081	38	10	-
Corporate Management	3,858	34	3,865	34	(7)	-
Planning and Executive Support	6,325	103	5,726	104	599	(1)
Protocol	9,693	42	16,928	57	(7,235)	(15)
	21,967	217	28,600	233	(6,633)	(16)

All resources are used for operating costs with 44% used for personnel and related costs and the remaining 56% for other operating costs such as protection services, supplies and travel.

Description

The responsibilities of the Foreign Policy Priorities and Coordination Activity involve the management and direction of Canada's overall foreign policy and the management of the Department including the management and allocation of its resources.

Departmental responsibility for the management of Canada's foreign policy is centered in the responsibilities and roles of the Under-Secretary of State for External Affairs, the Deputy Minister for International Trade, the Deputy Minister Political Affairs and the Ambassador for Multilateral Trade Negotiations and Personal Summit Representative.

The Deputy Ministers and the Ambassador for Multilateral Trade Negotiations (MTN) are supported in their management of the foreign policy role by the Assistant Deputy Minister, Policy Coordination, who coordinates long-term policy analysis in support of the policy management function. A policy secretariat is responsible for examining new policy directions and monitoring existing policy in the light of priorities across a wide range of political, economic, trade, aid, defence, social and other dimensions.

In addition the government's central protocol service is located in this activity.

Departmental Policy: This sub-activity is responsible for examining new policy directions and monitoring existing policies in light of priorities across a wide range of political, economic, trade, aid, defence, social, and other dimensions.

Corporate Management: This sub-activity ensures that resources flow towards identified priority issues and geographical and functional areas of foreign policy emphasis. Recommendations are formulated for; Ministers, Deputy Ministers, and the Department's executive committee, concerning resource deployments and redeployments in the light of priorities. This sub-activity has responsibility for the evaluation, of program effectiveness and the use of departmental resources and is the locus for corporate planning and implementation.

Planning and Executive Support: This includes the offices and staff of the Secretary of State for External Affairs and the Ministers for International Trade and External Relations. It also includes the Under Secretary, the two Deputy Ministers, the Ambassador MTN, and the Assistant Deputy Minister Policy Coordination. A press office supports this function by acting as the key channel of communications between the department on the one hand and the media and the public on the other hand.

Protocol: This sub-activity provides to foreign missions in Canada the services required by Canada's international obligations and domestic law. This includes the provision of physical protection and the administration of diplomatic privileges and immunities. Protocol provides the logistic and administrative support for official visits to Canada and the Governor General's visits abroad. In addition, Protocol administers the official Government Guest House at 7 Rideau Gate.

Performance Information/Resource Justification

The resources required to carry out these responsibilities in 1985-86 are estimated at approximately $22 million. Person-year requirements are directly related to the amount of effort needed to conduct broad foreign policy decision-making, coordination, analysis, resource allocation and priority identification as well as the day-to-day operations of the offices and staffs of the Ministers, and Deputies. The resource requirements for Protocol are significantly influenced by state visits (such as that of the Pope in 1984).

The expanded role of the Department, as a result of the 1982 major government reorganization of responsibilities in the trade and foreign policy fields, will cause work under this Activity in the Estimates year to continue to focus in the areas of foreign policy coordination and resource management. In regard to foreign policy coordination, the work will concentrate primarily on establishing an enhanced analytical capability for reviewing foreign policy directions and activities and improving capacities to evaluate the impact of the Department's various undertakings aimed at attaining specific foreign policy goals. On the resource management side, the attention will focus on implementing and refining the Department's resource planning systems in a way which ensures a better flow of resources towards foreign policy objectives.

B. International Trade Development

Objective

To increase the level of Canadian exports of goods and services.

Resource Summary

The International Trade Development Activity accounts for 8.1% of the Canadian Interests Abroad Program expenditures, and 3.3% of the person-years. This Activity is one element of the Canadian Interests Abroad Program's overall trade effort. The overall "trade" function accounts for approximately 31% of the Program's total expenditures (see page 2 - 16)

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Export Marketing	55,930	49	53,195	49	2,735	-
Defence Programs	2,762	36	2,745	36	17	-
Industries and Resources	2,807	30	3,007	31	(200)	(1)
Agriculture, Fish and Food	2,059	27	2,044	27	15	-
Planning and Executive Support	443	7	435	7	8	-
	64,001	149	61,426	150	2,575	(1)

Resources are applied on a relatively consistent basis from year to year. Approximately 13% of the resources are used for personnel and related costs, 31% for other operating costs and 56% will be used in this Estimates year for transfer payments in the form of grants and contributions.

Description

The International Trade Development Activity sustains and develops markets for Canadian goods and services. The Trade and Industrial Development component is divided into four bureaux: Defence Programs, Industries and Resources, Export Marketing and Agriculture Fish and Food.

Export Marketing: This sub-activity is the locus in the Department for planning, coordinating and evaluating federal government policies, programs and initiatives related to export development and promotion.

It is responsible for developing a comprehensive export development strategy. As well, it ensures that private sector, and other government's interests and concerns in trade development matters are taken into account.

Defence Programs: This sub-activity is a specialized industrial and trade group which works to develop Canadian defence products for export to allied and other friendly nations. It works to foster international trade and increased exports of Canadian defence and high technology goods and services by assisting Canadian Industry to identify, develop and penetrate export markets.

Industries and Resources: This sub-activity provides the Department with sectoral advice for manufacturing, resource, technological and service industries with respect to export opportunities, major policy issues and international sectoral developments. It deals with major sectoral trade issues which cut across the geographic branches as well as with the international dimension of domestic industrial development policies and initiatives. It is concerned with the proper integration of international sectoral trade policy, export development priorities and domestic development objectives.

Agriculture, Fish and Food: This sub-activity provides the Department with specialized advice on the export potential of business concerns in the agriculture, fish and food sectors. It identifies new markets or marketers in order to retain and expand markets.

Planning and Executive Support: This includes the Assistant Deputy Minister and the operation of that office.

Performance Information/Resource Justification

The identification of export market opportunities, the provision of assistance to Canadian export industries and the promotion of Canadian goods for export each, in their respective ways, provide an important impetus to the expansion of Canadian international trade and commerce. Similarly, tourism promotion in foreign markets will be an important factor in increasing the number of foreign tourists visiting Canada each year thereby contributing to that sector of the Canadian economy.

The resources for this Activity are used in three areas. Personnel and related costs account for approximately $8 million. Other operating costs, which include approximately $15.2 million for the Promotional Projects Program (PPP), will use $19.7 million. Contributions, primarily for the Program for Export Market Development (PEMD) will use $35 million.

Export Marketing: This is the largest user of resources as it is responsible for both the PEMD and PPP programs. These are the major marketing initiatives undertaken by the Department.

Program for Export Marketing Development (PEMD): This program, introduced in 1971, helps develop and increase the export of Canadian goods and services by sharing the financial risks of entering new foreign markets with the business community. The funding is repayable if export efforts are successful. The program's nine sections cover project bidding, market identification, participaton in trade fairs, incoming buyers, formation of export consortia, sustained export market development, food products, fish products, as well as contributions to non-profit organizations involved in the promotion of exports.

The resource requirement of this activity is dependent on the number of applications for assistance received from the business community. These applications are received either directly or through the DRIE regional offices throughout Canada. Recent program activity and resources are set out in Figure 8. It should be noted that not all approved projects result in the expenditure of PEMD funds and that individual project expenditures vary considerably based on the specific needs of the client and the degree to which anticipated expenses are eligible for cost sharing under the program. A review of PEMD is published annually for the applicable fiscal year.

Figure 8: PEMD Activity and Resources

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
No. of applications Received	5800	5700	5644	5535
No. of applications Approved	4250	4150	4105	3998
Value of applications ($ millions)	45	60	42.1	41.1
Expenditures ($ millions)	35.0	31.0	26.9	20.9

Promotional Projects Program: This program provides funds: for organizing national exhibits at trade fairs outside Canada; for trade and economic missions and seminars, abroad and in Canada; and for incoming trade missions and visits to Canada by foreign officials and businessmen.

Resourcing is dependent on: (a) the number of approved fairs and missions projects in approved geographic marketing plans and (b) the cost of achieving each project objective, which varies dependent on the size and category of the event as well as the market and economic conditions in the country hosting the event. Activity by purpose is set out in Figures 9 and 10 and usage by Region is shown in Figure 11.

Figure 9: PPP Activity, Resources and Results

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	1982-83	1981-82
No. of proposals	1,300	1,250	1,109	1,012	811
Projects approved	400	395	365	350	310
Amount approved ($M)	15.2	15.7	13.6	10.6	9.5
Expenditures ($M)	15.2	15.5	13.4	9.5	8.8
Export sales ($M)	800	780	623	400	350

Figure 10: PPP Fairs and Resources

	Estimated 1985-86	Forecast 1984-85	Actual 1983-84	1982-83	1981-82
Trade Fairs					
- number of fairs	180	180	149	122	149
- Cost ($M)	10.6	11.0	9.6	6.9	6.6
- Number of Participants	1,250	1,300	1,167	1,283	1,389
Trade Mission from Canada					
- number of missions	70	70	60	59	47
- cost ($M)	2.3	2.6	2.2	0.8	0.7
- Number of Participants	750	700	833	297	263
Trade Missions and Visits to Canada					
- number	145	145	144	144	171
- Cost ($M)	2.3	1.9	1.6	1.8	1.5
- Number of Participants	1,100	1,000	810	1,082	1,465

Figure 11: PPP Expenditures ($M) and Events by Region

	1984-85		1983-84		1982-83		1981-82	
	Events No.	($M)	Events No.	($M)	Events No.	($M)	Events No.	($M)
USA	80	4.5	69	3.5	52	2.4	71	2.3
Europe	100	4.8	88	4.0	90	3.2	113	3.8
Pacific	85	3.0	86	3.3	84	1.8	73	1.4
Latin America	75	1.4	68	1.1	52	1.2	33	.7
Africa	55	1.7	42	1.5	46	0.9	48	.6

C. International Economic, Trade and Aid Policy

Objective

To promote an international framework of trade rules responsive to Canadian economic objectives and to coordinate Canada's international economic relations.

Resource Summary

The International Economic, Trade and Aid Policy Activity accounts for 4% of the Canadian Interests Abroad Program expenditures and 4% of the person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Economic Policy	5,837	36	5,775	36	62	-
General Trade Policy	3,736	23	3,210	23	526	-
Energy, Transport and Science	8,894	35	8,788	35	106	-
Special Trade Relations	5,540	71	5,490	72	50	(1)
Planning and Executive Support	489	8	470	8	19	-
	24,496	173	23,733	174	763	(1)
Non-Budgetary	6,841		8		6,833	

Resources are applied on a consistent basis from year to year. Approximately 33% of the resources are used for personnel and related costs, 18% for other operating costs and 49% for transfer payments in the form of contributions. Further details on these contributions can be found on page 2.28. As well, this Activity has provided for $6.8 million of non-budgetary expenditures which are displayed in figure 15. Revenue is generated through fees charged for issuance of permits. This revenue is directly credited to the Consolidated Revenue Fund and is not available for use by the Program.

Description

This Activity designs and implements policies aimed at protecting and advancing Canada's economic, trade and aid interests. It is the interface between Canadian industry and the international economic

world, particularly where other governments or multilateral agencies are involved. It ensures that Canadian policy in these areas is consistent with other aspects of Canadian foreign policy. This work is carried out through the following sub-activities:

Economic Policy: This sub-activity is responsible for developing advice on international economic issues which affect Canadian interests. It develops and coordinates Canadian positions for economic summits, Canadian participation in the Organization for Economic Cooperation and Development, on questions related to Canada's relations with developing countries and on the economic dimensions of East-West relations. As well, it provides departmental input into the government policy process relating to international financial and monetary issues, export financing and investment questions.

General Trade Policy: This sub-activity is the focal point within the Government of Canada for the development of trade policy. It is responsible for agricultural and commodity trade policy and negotiation, management of international commodity agreements, and for Canadian participation in the GATT.

Energy, Transport and Science: This sub-activity is responsible for departmental input into development of foreign policy in energy, environment, nuclear, science and technology, communications, space and transportation. It is specifically responsible for the development of Canada's policy to prevent nuclear proliferation. As well, it is the focal point for Canada's relations with such specialized multilateral organizations as the International Energy Agency, the International Atomic Energy Agency, the United Nations Environment Program, the International Civil Aviation Organization, and for a number of functional activities in the UN and the OECD. It is also the focal point for the management of the interface between these international organizations and the concerned domestic Departments.

Special Trade Relations: This sub-activity is responsible for the administration of the Export and Import Permits Act, policy recommendations, and special measures of protection on low cost imports of textiles and clothing and other disruptive imports; negotiation of bilateral restraint arrangements and the associated multilateral agreements, e.g. Multi-Fibre Arrangement; administration of import quotas on footwear and agricultural products; policy development and implementation of export controls of goods and technology for national security and economic development related reasons.

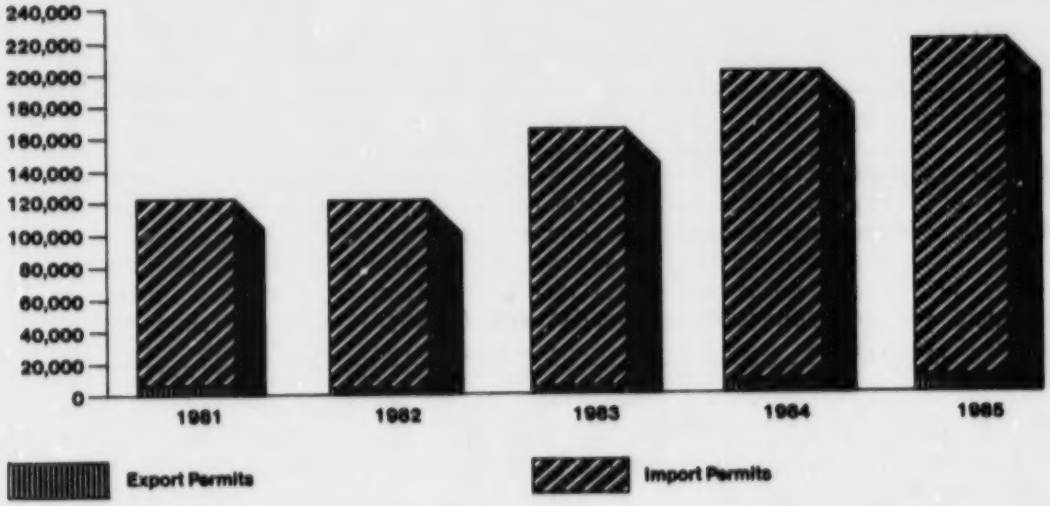
Planning and Executive Support: This includes the Assistant Deputy Minister, the Chief Air Negotiator and the operations of their respective offices.

Performance Information/Resource Justification

Resources for this Activity are applied primarily to cover operating costs and for transfer payments in the form of contributions to cover Canada's obligations in sharing the costs of several international trade, economic, environment and other organizations. Total contributions are approximately $11.9 million. The larger of these contributions are shown below in Figure 14. Approximately $8.2 million, or 66% of the total operating costs, is used to support the personnel and related costs of the 173 person years.

This Activity has responsibility for administration of the Import and Export Permits Act. The volume issued from 1981 to 1984 plus a forecast for 1985, is set out in Figure 13.

Figure 13: Import and Export Permits Issued



The issuance of import/export permits allows the department to control, or in some instances monitor, the flow of those goods covered by the act. The Import Control List includes a wide range of textile and clothing items, footwear and several agricultural products. The Export Control List covers principally military, nuclear and other strategic equipment.

Transfer Payments: Payments for 1985-86 in the form of grants and contributions are $11,947,000. Figure 14 details the major contributions. Further details on these and all other contributions are set out in Figure 33 in Section III of this Plan. Most contribution amounts are the result of formula funding and represent a portion of the shared costs of administering the agency or organization.

Figure 14: Major Contributions by Canada to Trade, Economic and Environmental Organizations ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
International Atomic Energy Agency	4,392	3,901	3,541
General Agreement on Tarriff and Trade	1,323	1,333	1,173
Organization for Economic Co-operation and Development	3,467	3,222	1,656
UN Voluntary Fund for the Environment	1,100	1,116	1,102
Other	1,665	1,859	836
	11,947	11,431	8,308

Non-Budgetary Expenditures: As shown in the resource summary on page 1-3, this Activity accounts for program non-budgetary expenditures of $6,841,000. These are detailed in Figure 15.

Figure 15: Non-Budgetary Expenditures ($000)

	Estimated 1985-86	Total to-date	Total Authorization
Participation in the International Natural Rubber Buffer Stock	3,200	5,237	15,000
Purchase of shares in respect of Canada's participation in the first account of the common Fund for Commodities	3,633	-	12,112
Paris Union of the World Intellectual Property Organization	8	16	32
	6,841	5,253	

D. Political, Legal and International Security

Objective

To enhance Canada's sovereignty and security and to contribute to international peace, stability and the rule of law.

Resource Summary

The Political, Legal and International Security Activity accounts for 15.7% of the Canadian Interests Abroad Program expenditures for 1985-86 and 7% of the person-years.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
International Security and Arms Control	15,433	70	14,116	70	1,317	-
Multilateral Affairs	93,181	75	87,340	75	5,841	-
Legal Affairs	5,608	38	6,053	43	(445)	(5)
Intelligence and Security	8,835	124	8,600	123	235	1
Planning and Executive Support	876	3	940	3	(64)	-
	123,933	310	117,049	314	6,884	(4)

The resources for this Activity are relatively consistent from year to year. Approximately 13% of the resources are used for personnel and related costs, 11% for other operating costs, 75% for transfer payments in the form of grants and contributions and 1% for capital. Details of the contributions are set out in Figure 33 in Section III. The most significant are those made to international organizations such as the United Nations, World Health Organization, International Labour Organization, Food and Agriculture Organization and the United Nations Educational, Scientific and Cultural Organization.

Description

This Activity has the prime responsibility for the development, coordination and implementation of Canadian foreign policy directions in the areas of defence relations and international security questions, disarmament, human rights, détente, and other related issues. These policies are implemented both through multilateral institutions and through bilateral geographic relationships. It provides the necessary physical security for Canadian employees and physical properties in establishments abroad, and deals with

intelligence matters relating to foreign policy. It also encompasses the management of the legal aspects of Canada's international relations through fostering the development of international law and ensuring its application in the conduct of Canada's external relations.

This Activity is composed of five sub-activities:

International Security and Arms Control: This sub-activity is responsible for the promotion of stability and security through the NATO alliance and collective security on a global basis and consequently Canada's own security. It is responsible for developing, coordinating and implementing Canadian government policy with regard to arms control and disarmament and for developing and coordinating Canadian positions on related matters in various international fora in order to further collective security and promote resolution of conflict. It includes the Ambassador for Disarmament, and the Ambassador to the Conference on Security and Disarmament in Europe and the operation of their respective offices. As well, it formulates policies related to peacekeeping and the participation of Canadian forces in peacekeeping operations.

Multilateral Affairs: This sub-activity ensures that the wide range of Canadian interests (political and security, economic, social, etc) in the United Nations, its agencies and the Commonwealth are managed effectively. It assumes the lead on institutional and global political questions such as human rights, environmental security and the resolution of conflicts. On economic, social and technical issues it monitors developments and ensures that branches, bureaus and divisions which have direct responsibility are aware of the issues involved. It is the focal point for the management of the activities of the Canadian missions to the UN in New York and Geneva and the UN activities of other missions. It is responsible for monitoring the level of Canadian financial support, for the United Nations and the Commonwealth, and for ensuring that these resources are used effectively and efficiently. As well, it is responsible for the preparation of key ministerial and other speeches on UN and Commonwealth issues.

Legal Affairs: This sub-activity performs both an advisory and an operational function. It is responsible for fostering the development of international law and ensuring its application in the conduct of Canada's external relations. It does so by providing legal advice on Canada's international rights and obligations, protecting Canada's interests through the promotion of the rule of law, and generally, managing the legal aspects of Canada's international relations. It also resolves jurisdictional or other legal disputes through international negotiations or (in accordance with interdepartmental arrangements as appropriate) third-party settlement procedures.

Intelligence and Security: This sub-activity is responsible for the Department's participation in the Canadian intelligence community, and management of the physical and personnel security programmes at headquarters and at posts abroad.

Planning and Executive Support: This includes the Assistant Deputy Minister and the operations of that office.

Performance Information/Resource Justification

The policies pursued by Canada in the international security field are directly aimed at enhancing Canada's sovereignty and international security and stability. In their international dimensions, our relationship with the UN, the Commonwealth and other multilateral organizations deal with, not only the security of Canadians but with the broader objectives of economic development and social justice in the world. Approximately 88% of the resources required are used to cover personnel costs and the transfer payments necessary for Canada's participation in various international organizations.

Personnel Costs: This activity will use approximately $15.7 million to support the 310 person-years required to carry out the various functions in 1985-86. The nature of the work in this activity is fairly consistent from year to year and the required person-year resources are estimated on proven historical demand. Extraordinary demands sometimes arise but are normally dealt with through reallocation of existing resources, or in some cases, temporary resources. Concrete tasks such as; attendance at the numerous meetings of multilateral organizations, their subsidiary bodies and working groups; preparations for these meetings including briefings, positions papers, and speeches; coordination with other government departments, consultation with other countries, and provision of secretariat services to delegations, are all functions normally carried out by this activity.

Transfer Payments: A major requirement for resources in this activity is to provide the contributions Canada makes to world organizations. Contributions in 1985-86 are estimated at $88,146,000. The major contributions are set out in Figure 17. A detailed list of all grants and contributions can be found in Figure 33 in Section III of this Plan. Most contributions represent assessed or expected shares of the budgets of the organizations in which Canada participates. Although many of these contributions could be considered discretionary, there is little latitude in funding if Canada is to remain as a participating partner.

Figure 17: Major Contributions to Organizations ($000)

Organization	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Food and Agriculture	10,071	10,737	9,344
International Labour Organization	5,558	5,074	4,846
Pan American Health	4,200	4,047	3,539
UNESCO	8,092	8,011	6,524
UN Interim Force in Lebanon	7,563	6,655	5,471
UN	29,331	25,367	24,927
World Health	10,150	8,773	8,875
Other	13,181	12,709	9,793
	88,146	81,373	73,319

Other operating expenditures of $13.3 million will be required in 1985-86. This amount has remained relatively constant over the past three years.

E. Social Affairs and Programs

Objective

To increase the awareness of Canada abroad to coordinate the provinces' involvement in international relations and to give direction to the cultural, immigration and consular programs.

Resource Summary

The Social Affairs and Programs Activity accounts for 4.1% of the Canadian Interests Abroad Program expenditures and 4% of the person-years.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Culture, Public Affairs and Information	23,931	95	29,991	101	(6,060)	(6)
Immigration and Social Affairs	1,549	28	1,653	28	(104)	-
Consular Affairs	1,348	23	1,352	23	(4)	-
Intergovernmental Affairs	5,458	18	5,445	18	13	-
Planning and Executive Support	139	2	138	2	1	-
	32,425	166	38,579	172	(6,154)	(6)

Approximately 24% of the resources in this Estimates year will be used for personnel and related costs, 42% for other operating costs and 34% for transfer payments in the form of grants and contributions.

Description

This Activity formulates, develops and manages policies and programs related to humanitarian and social development concerns, immigration, consular assistance, culture and public affairs. It includes the management of the international and foreign policy aspects of issues such as population and the status of women and minorities. As well it deals with coordination with the provinces on the international dimensions of all issues under their domestic jurisdiction. It also formulates and implements policies related to the promotion of the French language and the management of Canada's relations with Francophone institutions. The Activity has five sub-activities.

Culture, Public Affairs and Information : This sub-activity is responsible for developing policies and programs designed to increase awareness of Canada, its identity, culture and capabilities for the purposes of: supporting global foreign policy and trade objectives; fostering markets for the Canadian cultural industry; and providing exposure for Canadian artists in key countries. It is responsible for the management of Canada's permanent delegation to UNESCO and for answering domestic requests for information on Canada's role in international affairs. As well, it provides advice and support to the geographic branches which are responsible for implementation of cultural and public affairs programs in their regions.

Immigration, and Social Affairs : This sub-activity is responsible for the following:

Under the terms of its March 31, 1981 agreement with the Canada Employment and Immigration Commission (CEIC), the Department of External Affairs has responsibility for the implementation of CEIC policy abroad. It provides the interface with CEIC and ensures that they are kept abreast of international pressures and obligations which may have an influence on its policies, particularly as they relate to human resources and refugees. As well, it is responsible for the coordination of reporting on social issues on behalf of the CEIC and other concerned governments departments. It coordinates, with the applicable federal and provincial authorities, positions to be taken by Canada in international fora on such issues as status of women, social development, etc.

Consular Affairs: This sub-activity is responsible for the formulation of consular policy and guidelines and their implementation. It provides posts with instructions and guidance on consular matters in general and on specific problems. In Canada, the Bureau liaises with the relatives and/or friends of distressed Canadians and appropriate authorities, as required, and generally coordinates the assistance provided to these Canadians abroad.

Intergovernmental Affairs: This sub-activity is responsible for consultation and coordination with the provinces on the full range of issues which come under provincial jurisdiction. This includes most of the social issues as well as a number of concerns in economic and other fields. It is also responsible for the coordination of provincial participation in international meetings and the formulation, coordination and implementation of policies relating to the promotion of the French language through cooperation with French speaking nations and Francophone institutions.

Planning and Executive Support: This sub-activity includes the office of the Assistant Deputy Minister and the operations of that office.

Performance Information/Resource Justification

Culture, Public Affairs and Information : The promotion abroad of the bilingual and multicultural character of Canadian society is an integral part of promoting Canada's distinct national identity. The assertion of Canada's identity is fundamental to Canada's profile abroad and to the achievement of its global foreign policy and trade objectives. Assessment of the level of resources required is therefore based on an assessment of the level of emphasis to be placed on these objectives at any given time. Regular reviews of the programs, their objectives, and the amount of influence enjoyed by Canada in the countries concerned are the means used for making decisions on resources.

Transfer Payments: One of the major means of achieving the understanding of the character of Canada abroad as well as creating export opportunities for the Canadian cultural industry is the provision of financial assistance to related associations in the form of grants. These are detailed in Figure 19. They are primarily aimed at such areas as promotion of Canadian studies abroad and the provision of assistance to Canadian artists to perform abroad. The balance of the resources are required for other normal operating costs.

Figure 19: Grants for Culture and Public Affairs

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Atlantic Association of Young Political Leaders	**1,000**	1,000	1,000
Society of Jacques Cartier	**-**	50,000	-
Grant to Maison des étudiants canadiens à Paris	**-**	2,500,000	100,000
Atlantic Council of Canada	**7,500**	57,500	7,500
Canadian-German Society of Hanover	**22,578**	32,578	34,028
Canadian Institute of Int'l Affairs	**50,000**	50,000	50,000
Centre québecois de relations internationales de l'Université Laval	**35,000**	35,000	35,000
Grants in aid of Academic Relations	**3,592,629**	4,522,479	3,484,303
Grants in aid of Cultural Relations	**2,861,624**	4,150,324	2,856,289
International Baccalaureat Office	**5,000**	5,000	5,000
Orchestre mondial de jeunesses musicales	**-**	50,000	50,000
	6,575,331	11,453,881	6,623,120

Immigration and Social Affairs: Approximately 28 person-years will be required in 1985-86 in this Activity to coordinate delivery of the mandate of the Canada Employment and Immigration Commission at posts abroad. This includes the responsibility for developing immigration policy advice and guidance and for monitoring the delivery of these programs on a global basis to ensure consistency of approach. Also included is advice on resource allocation and deployment in various posts abroad.

As well as the normal operating costs to support these person-years and related expenditures, there is a $10,000 contribution to the Intergovernmental Committee for Migration.

In 1985-86, emphasis will be placed on entrepreneurial immigration which helps create and protect jobs in Canada. As well, a pilot project will be implemented to gain operational experience aimed at developing a computerized system for processing immigration applications throughout the world.

Consular Affairs: This element coordinates the consular function being delivered throughout the world. Some 23 person-years are required to provide instructions and guidance to posts on consular matters in general and on specific problems which may arise. In Canada, it liaises with appropriate authorities relatives and/or friends of these distressed Canadians abroad as required.

In 1985-86 specific initiatives will involve the development of a better system for formatting consular statistics to facilitate resource allocation. Also, priority will be given to negotiation of consular agreements with the countries of Eastern Europe.

Intergovernmental Affairs: Consultation with the provinces on international issues relating to their areas of domestic jurisdiction will require 18 person-years. As well, approximately $4.6 million is required for transfer payments in the form of contributions as set out in Figure 20.

Figure 20: Contributions for Intergovernmental Affairs

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Agency for Cultural and Technical Cooperation in Francophone Countries	3,941,158	3,974,952	3,920,085
Club des relations internationales	-	3,000	3,000
Comité Jacques Cartier Saint-Malo'84	-	75,000	45,000
Conseil africain et malgache de l'enseignement superieur	40,000	20,000	-
Organization for Economic Co-operation and Development Centre for Education	84,114	74,013	36,817
Pam American Institute for Geography and History	10,000	10,000	-
Participation in activities of the international French speaking community	418,675	465,675	433,046
Secretariat technique permanent de conf. ministerielles de l'éducation de la jeunesse et des sports	29,390	27,792	28,179
Shastri Indo Canadian Institute	50,000	90,000	90,000
	4,573,337	4,740,432	4,556,127

F. Bilateral Relations and Operations

Objective

To advance the full range of Canada's foreign policy interests through the development of Canada's bilateral and regional relationships and through the delivery of specific programs abroad.

Resource Summary

The Bilateral Relations Activity accounts for 50% of the Canadian Interests Abroad Program expenditures and 50% of the person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Africa and the Middle East	58,667	380	57,921	373	746	7
Asia and Pacific	65,562	438	59,587	414	5,975	24
Europe	105,415	667	97,357	670	8,058	(3)
Latin America and the Caribbean	51,205	299	46,613	277	4,592	22
United States of America	57,421	341	55,436	342	1,985	(1)
Physical Resources	58,818	141	63,543	139	(4,725)	2
	397,088	2,266	380,457	2,215	16,631	51

In the geographic subactivities (excluding Physical Resources) in 1984-85 approximately $29 million was spent at headquarters and $288 million at Posts abroad. The corresponding PY division was 374 at HQ and 1702 abroad. Overall abroad and at Headquarters (including the Physical Resources sub-activity) 49.9% of expenditures were on personnel costs, 32.7% on other operating, 16.5% on capital and .9% on grants and contributions. Figure 22 displays planned expenditures, excluding Physical Resources, by post function and geographic area. This display involves allocation of post resources on the basis of person years deployed abroad on a program basis.

Figure 22: Expenditures ($000) by Sub Activity by Functions 1985-86

	Africa and Middle East	Asia and Pacific	Europe	Latin America and Caribbean	United States of America	Total
Total $	58,667	65,562	105,415	51,205	57,420	338,269
Trade & Industrial Development	12,984	14,802	20,194	10,369	12,657	71,006
Tourism	329	1,010	2,739	427	8,941	13,446
Political & Economic Relations	13,745	12,683	28,254	11,355	12,310	78,347
Official Development Assistance	11,794	7,609	774	6,861	-	27,038
Culture, Public Affairs & Information	1,839	3,086	7,971	2,492	4,636	20,024
Immigration & Social Affairs	6,515	14,860	18,574	10,861	7,279	58,089
Consular	2,448	1,668	3,896	2,246	1,676	11,934
Policy Planning and Co-ordination	650	1,683	2,146	1,068	1,729	7,276
Other Government Departments	1,532	2,714	9,784	1,579	5,589	21,198
Administration	6,831	5,447	11,083	3,947	2,603	29,911
Number of Posts	29	18	34	18	14	113

Description

This Activity is responsible for; the management of Canada's bilateral relations with specific countries and regions; management of the complex of issues and interests involved, in particular in the political, economic, trade promotion and trade relations, industrial cooperation and investment fields; delivery of the official

development assistance, immigration, culture, public affairs and tourism programs abroad; provision of consular services at posts abroad; analysis and assessment of developments in foreign countries in terms of their impact on Canadian interests; formulation of policy recommendations as they touch on Canada's interests in specific countries and groups of countries; and management and supply of the physical plant and material required by posts abroad.

This Activity is carried out by five geographic Branches and the Physical Resources Bureau. Each of the five geographic branches consists of two components, headquarters in Ottawa and the operational components abroad. The headquarters component deals with the management of Canada's bilateral relationships and the implementation of policies and programs in the geographical regions and includes the offices of the five "geographic" Assistant Deputy Ministers. Together, these five branches form the overall framework for the management of Canada's bilateral relations and the pursuit of its interests in the regions. It is within this global framework that decisions involving shifts in policy and resources are made.

The work carried out at the bilateral posts is structured into 10 functions. This includes the eight described below as well as components for administration and the provision of support for the operations abroad of several other government departments and agencies (RCMP, DND, Revenue Canada and others).

The **Policy, Planning and Coordination** function involves the planning and management of activities, the allocation and deployment of resources to reflect priorities, coordination of programs, and making recommendations on high level visits in the countries of accreditation and overseeing these visits.

The **Political and Economic Relations** function covers the management of the political and economic dimensions of Canada's relationships with foreign countries. It covers activities aimed at developing and promoting Canada's bilateral and multilateral relations, strenghtening its influence abroad and protecting and expanding its access to international markets.

The **Trade and Industrial Development** function includes activities aimed at expanding Canada's share of export markets. It covers all sectors of trade and includes such work as the provision of assistance to Canadian exporters, organization of and provision of support to fairs, missions and major projects, the identification of market and business opportunities and sourcing, the identification and reporting of appropriate sources of foreign investment and responding to foreign investment enquiries. Also included are corporate liaison and market surveys undertaken on behalf of the private sector.

The **Tourism** function is devoted to the promotion abroad of Canada as a destination for tourists. Tasks include advertising and marketing, public relations activities, and coordination and presentation of displays, publications, consumer promotion activities, and educational tours.

The **Official Development Assistance** function deals with the implementation of Canada's aid program abroad. It is aimed at supporting the economic, technical, educational, and social development of developing countries, as well as providing humanitarian assistance and pursuing Canada's political and economic interests. Responsibilities also include analysis of and reporting on the development plans of the host countries, identification of potential aid projects and providing input into the formulation of aid policy relating to specific countries and regions. It involves as well, the negotiation of aid protocols and agreements.

The **Culture, Public Affairs and Information** function is aimed at creating an informed and sympathetic understanding of Canada and Canadian capabilities among leaders and other influential audiences in foreign countries. Tasks include coordination and assistance in cultural manifestations and events, art exhibitions, and film festivals. Also included are establishing and maintaining relations with the media, universities, other academic institutions and other public opinion shapers. In conjunction with the "Trade and Industrial Development" function, it undertakes the commercial promotion of Canadian artistic products abroad.

The **Immigration and Social Affairs** function involves the reunification of families, the fulfillment of Canada's international obligations towards refugees, the selection of skilled manpower and entrepreneurs, and the facilitation of the entry of bona fide visitors into Canada. Responsibilities also include reporting on immigration and demographic policy, labour market and human resource development, race relations and refugee policy in the host countries.

The **Consular** function is aimed at protecting the interests of Canadians living and travelling abroad. It involves, within the limits of international practice, provision of assistance to those whose welfare is in jeopardy, and the provision of services relating to passports, citizenship, and legal and notorial requirements.

Physical Resources Bureau: This sub-activity involves, the design, construction, leasing, purchase, maintenance, furnishing and disposal of chanceries, residences, and staff quarters for all Canadian Goverment departments and agencies represented abroad. Details of major capital projects are set out in figure 32 on page 2-54.

Performance Information/Resource Justification

The deployment of resources by geographic region is a function of the relationships and partnerships which Canada enjoys with the countries of those regions, the mix of interest which Canada pursues in those regions, and the operational environment in those regions. Set out below is a list of current general priorities on a regional basis.

United States of America

- generating influence on issues of prime importance to Canada, and greater understanding and awareness of Canada in the USA;
- actively promoting the export of Canadian goods and services to Canada's most important single market;
- addressing and seeking to reconcile bilateral trade issues;
- seeking solutions to the most urgent transboundary and environmental issues; and
- attention to Canada/U.S.A. energy issues.

Europe

- promoting and protecting the range of Canadian political, security, social, economic and cultural interests in Europe;
- stimulating Canadian access to commercial opportunities, seeking investment funds, transfer of technology, and protecting Canada's terms of market access to the world's largest market;
- pursuing Canada's political, security, humanitarian and commercial interests with the countries of Eastern Europe and the USSR; and
- Seeking to develop a constructive dialogue with the USSR bilaterally, and contributing to a broader East-West dialogue, notably on political, security and humanitarian issues.

Asia and the Pacific

- developing means of expanding Canada's political, trade, and economic relations with the countries of the Pacific Rim.
- expanding the relationship with China particularly in economic and trade areas.

- increasing attention to Canada-Japan relationship; and

- contining development of economic and political links with the Association of South East Asia Nations (ASEAN).

Africa and the Middle East

- rationalization of assistance provided to counter deteriorating economic and social conditions resulting from drought, famine and refugee situations; and

- increasing Canada's access to and share of the markets represented by the Middle East oil producing states.

Latin America and Caribbean

- preserving Canada's market share and maintaining a strong commercial presence in Latin America and the Caribbean;

- attention to humanitarian issues arising from political instability; and

- strengthening political and economic relations with the Commonwealth Caribbean.

G. Passports

Objective

To provide Canadian citizens and other eligible residents of Canada with the timely issuance of travel documents.

Resource Summary

The Passport Activity operates on a revolving fund basis and its operations are intended to be self-funding. Revenue is raised from fees charged for passports issued and other passport services. These fees are set out in Figure 24 on page 45. For 1985-86, it is estimated that revenue will exceed expenditures by $761,000. A statement of net modified cash requirements is set out in Figure 23.

Figure 23: Statement of Net Modified Cash Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	19,451	19,451	17,819
Expenses:			
Personnel	9,923	9,528	8,800
Passport materials and application forms	2,512	1,596	1,555
Accommodation	1,584	1,540	1,429
Passport operations at posts abroad	961	911	865
Distribution of passport applications forms	684	658	662
Postage	624	600	576
Professional and special services	580	584	552
Telecommunications	515	495	400
Printing, stationery and supplies	273	262	275
Provision for replacement of capital assets	284	86	199
Shipping and storage	118	113	112
Travel and removal	52	58	50
Repair and replacement of office furniture and equipment	31	32	29
Information	5	5	26
Miscellaneous	-	27	15
Total Expenses	18,146	16,495	15,545
Loss (Profit) for the year	(1,305)	(2,956)	(2,274)
Resources required (Provided) from			
Loss (Profit) for the year	(1,305)	(2,956)	(2,274)
Depreciation and amortization	(284)	(113)	(214)
Provision for employee termination benefits	(100)	(100)	(127)
Working capital changes	170	5	11
Capital expenditures	738	792	106
Other Items	20	100	23
Net Modified Cash Requirements	(761)	(2,272)	(2,475)
Person-Years	351	353	339

Description

This activity deals with the issuance of travel documents most of which are passports. Passports are issued under the Royal Perogative as exercised by the Secretary of State for External Affairs and in turn delegated to the Director-General of the Passport Bureau. The governing Order in Council is Canadian Passport Order PC 1981-1472 of June 4, 1981.

This Activity is responsible for policy formulation, the issuance of regular, special and diplomatic passports, and program support for posts abroad. It also has authority for delivering certificates of identity to legally landed residents of Canada who are unable to obtain travel documents from their country of origin.

Performance Information/Resource Justification

As indicated above under Resource Summary, the operations of the Passport Activity are intended to be fully self-funding. This is accomplished through use of a revolving fund and the fund has authority to carry over surplus revenue to offset future shortfalls. All revenue is derived from fees charged for passport services. The current fee schedule for issuance is set out in Figure 24.

Figure 24: Fee Schedule and Volumes

Category of Travel Document	Current Fee	Number of Issues Estimated 1985-86	Forecast 1984-85	Actual 1983-84
Passport				
Regular	21	886,500	886,500	811,366
Regular with 48 pages	23	6,600	6,600	6,777
Offical	57	8,100	8,100	7,267
Other				
Non Citizen	21	4,000	4,000	3,666
Emergency	6	800	800	875
		906,000	906,000	829,951

The passport issuance process is decentralized to 16 offices throughout Canada. Outside of Canada, the issuance of passports is handled by the Consular function within the Social Affairs and Programs Activity. The revenue raised from the fees for this service abroad is credited to the Passport Revolving Fund and the fund in turn is charged a fee for services provided by the posts abroad. The Passport Bureau develops and formulates all policy and operational guidelines and provides all necessary guidance and instruction in this

area as well as material support to the Consular function. As well, all administrative functions for the Passport bureau, including finance and personnel are carried out within the Bureau.

Applicants can apply for passports by mail or in person to Ottawa or in person at any of the 16 regional offices. Passports are also issued at posts abroad. Application forms are made available at post offices, travel agencies, major airline carriers and at any passport office.

The demand for passport services is highly seasonal, peaking in February to May. This requires the use of temporary help during this peak period. Figure 25 illustrates resource utilization patterns for 1984-85.

Figure 25: Resource Requirements by Quarter

	First Quarter Person-Years (Apr-Jun)	2 Quarter person-years (Jul-Sept)	3 Quarter person-years (Oct-Dec)	4 Quarter person-years (Jan-Mar)	TOTAL
1984-85	98	78	76	101	353

Passports are normally issued in three days when applications are submitted in person at regional offices. Applications mailed to Ottawa normally take seven days plus mailing time to process. There may be exceptions to these standards during peak periods. A major consideration in the management of this activity involves establishing a suitable balance between an acceptable level of service in terms of processing time, adequate security to maintain the integrity of the Canadian passports and costs, which are directly reflected in the fee structure.

Three years of depressed demand for passports ended in January 1983 with a sharp increase. High levels of passport demand have continued since then with a 19% increase in volume in 1983-84 and a forecasted 11% increase in 1984-85. About 20% of applications are submitted by mail and the balance are presented in person at the regional offices in Canada and/or the public counters in Ottawa and Hull. Posts abroad handle about 55,000 applications annually, representing 7% of the total volume. Figure 26 illustrates 1983-84 level of service in relation to time standards for the issuance of passports on receipt of application.

Services provided by this activity are highly visible and the risks associated with the issuance of passports containing errors or inaccurate information clearly point to the importance of high quality performance. Control procedures and the audit of passport returns assure the level of service and a good international reputation for Canadian passports.

Figure 26: Service Levels for Passports Issued in 1983-84

	Number Issued	Level of Service (Passport issued Within)	(% at Level of Service)
Through the mail	188,491	7 days	96%
		14 days	99%
Over the counter	575,646	3 days	95%
		5 days	99%

H. Operational Support, Human Resource Planning and Administration

Objective

To provide central support services and human resource planning to allow the Department to carry out its mandate.

Resource Summary

The Administration and Operational Support Activity accounts for 12.5% of the Canadian Interest Abroad Program expenditures and 20.2% of the person-years.

Figure 27: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Personnel	44,523	279	43,846	279	677	-
Finance	10,458	143	10,187	143	271	-
Communications and General Services	37,883	448	36,552	448	1,331	-
Management Audit and Review	2,197	25	2,125	25	72	-
Planning and Executive Support	3,835	27	3,266	24	569	3
	98,896	922	95,976	919	2,920	3

Of the 1985-86 financial resource requirements, 35% is required for personnel and related costs, capital expenditures account for approximately 8% and other operating costs account for 56%.

Description

This Activity involves the provision of support for the Department both at headquarters in Ottawa and at posts abroad. This includes financial, telecommunications, records management, EDP and management consulting services and the development and implementation of personnel policies and management programs.

Performance Information/Resource Justification

Operational support, human resource planning and administrative services are essential to the Department's operations. Resource requirements are examined against the major categories of services provided (travel, removal, telecommunications, support staff, etc.) as well as against the environment and particular circumstances of the individual posts abroad. In 1985-86 resources will be used as follows:

Personnel: Approximately 279 person-years and $44.5 million are used for the administration of personnel services. These involve the recruitment, staffing, assignment, appraisal and promotion of about 4,500 Canada-based staff. Also involved are the classification and organization of the Department's 8,000 positions, and the establishment of compensation packages for the 3,700 locally engaged staff abroad. Figure 28 provides a breakdown of resources:

Figure 28: Allocation of Resources for Personnel ($000)

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Personnel Administration	11,229	118	11,184	118	45	-
Personnel Operations	27,721	97	27,537	97	184	-
Personnel Planning and Development	5,573	64	5,125	64	448	-
	44,523	279	43,846	279	677	-

Finance: One hundred and forty-three person years and $10.5 million will be used for the financial management and administration of the Department, including the provision of management consulting services in respect of headquarters and all operations abroad. Some areas particular to the Department's environment are: number of currencies and fluctuating exchange rates; devaluations and exchange controls; differing inflation rates and dealings with (in some countries) less developed banking systems than our own.

Communications and General Services: The Communications and General Services sub-activity accounts for 448 person-years and $37.9 million. One of the major responsibilities carried out [illegible] provision of a global communications network, (secure and unclassified telecommunications, courier and mail services) for all departments and agencies dealing with international issues, which uses approximately $22 million. Also included are the management of records and record systems for the Department as a whole, library services and headquarters word-processing facilities. Management of headquarters' accommodation and facilities are also part of this sub-activity.

Management, Audit and Review: Twenty-five person-years and $2.2 million are used to assess the effectiveness of operations and programs at headquarters and abroad through systematic audits and inspections.

Planning and Executive Support: This includes funds for redeployment of positions and program adjustments, the units dealing with access to Information and Privacy, and the Affirmative Action Program. It also contains the offices of the ADM, Personnel, and the ADM, Administration.

(Operational Support, Human Resource Planning and Administration)

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Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Canadian Interests Abroad Program expenditures by object are presented in Figure 29.

Figure 29: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	230,706	223,976	201,886
Contributions to employee benefit plans	23,993	20,935	21,671
Other personnel	35,860	35,634	30,797
	290,559	280,545	254,354
Goods and services			
Transportation and communications	75,932	77,675	65,312
Information	4,836	6,191	4,587
Professional and special services	58,181	59,558	46,535
Rentals	71,813	65,484	54,870
Purchased repair and upkeep	23,628	19,970	15,288
Utilities, materials and supplies	29,059	28,631	25,451
All other expenditures	1,186	1,481	850
	264,635	258,990	212,893
Total operating expenditures	555,194	539,535	467,247
Capital			
Constructions and acquisition of land, buildings and works	31,410	34,575	25,035
Construction and acquisition of machinery and equipment	38,570	39,598	23,696
Total capital	69,980	74,173	48,731
Transfers payments			
Grants	13,088	16,900	9,544
Contributions	143,234	132,425	119,835
Total expenditures	781,496	763,033	645,357
Less revenue	(19,451)	(19,485)	(17,740)
Net expenditures	762,045	743,548	627,617

2. Personnel Expenditures

The Program's personnel costs of $290 million account for about 52% of total operating expenditures and about 38% of total program expenditures. This includes the statutory contributions to employee benefit plans. Figure 30 provides a breakdown of personnel by activity and Figure 31 shows the person-years and average annual salary by category.

Figure 30: Person Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Change
Foreign Policy Priorities and Coordination	217	233	(16)
International Trade Development	149	150	(1)
International Economic, Trade and Aid Policy	173	174	(1)
Political Legal and International Security Affairs	310	314	(4)
Social Affairs and Programs	166	172	(6)
Bilateral Relations and Operations	2266	2215	51
Passports	351	353	(2)
Operational Support, Human Resource Planning and Administration	922	919	3
	4554	4530	24

Figures 31: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Management			222			
Executive	160	196		50,350	96,300	75,000
Senior Management	11	9				62,473
Other	30	30				
Scientific and Professional			65			
Architecture and Town Planning	9	8		18,610	76,130	48,470
Economics, Sociology and Statistics	24	26		14,570	65,080	45,656
Education	3	4		13,609	68,070	39,338
Engineering & Land Survey	5	5		23,306	76,130	45,956
Historical Research	7	8		14,911	64,390	38,459
Law	1	2		20,523	88,120	61,456
Library Science	11	10		19,782	50,712	31,451
Medicine	23	-		40,054	85,140	70,438
Adminitrative & Foreign Service			1,835			
Administrative Services	235	235		13,912	57,987	37,149
Administrative Trainee	16	-		13,890	27,530	24,871
Computer Systems Admin.	14	15		18,766	61,433	41,354
Financial Administration	45	44		13,853	57,980	38,981
Information Services	44	42		13,579	57,980	41,556
Organization and Methods	14	13		13,520	57,980	45,205
Personnel Administration	51	56		13,330	63,870	39,592
Program Administration	56	57		13,912	57,987	35,808
Purchasing and Supply	17	17		12,766	57,980	37,574
Commerce	221	197		15,635	60,465	51,637
Foreign Services	1,271	1,223		15,685	66,252	46,260
Technical			165			
Drafting & Illustration	4	5		15,557	40,310	28,259
Electronics	93	92		16,619	51,950	38,102
Engineering & Scientific Support	7	9		14,041	50,866	40,360
General Technical	15	10		12,635	55,682	42,572
Social Science Support	45	42		12,635	57,764	28,862

Figures 31: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Administrative Support			1,858			
Communications	259	249		15,364	31,824	26,459
Data Processing	36	36		13,352	37,130	22,348
Clerical & Regulatory	912	894		12,932	31,743	22,708
Office Equipment	6	6		12,665	25,271	19,181
Secretarial, Stenographic and Typing	704	686		12,636	31,946	22,140
Operational			200			
General Labour and Trades (NS)	23	26		14,776	40,676	20,203
General Services (NS)	137	138		13,253	39,988	25,721
Heating, Power and Stationary OPS (NS)	2	1		18,242	35,598	27,854
General Labour and Trades (S)	2	2		14,776	40,676	21,197
General Services (S)	41	41		13,253	39,988	28,837

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 32 provides details of major capital projects which are those having expenditures of $250,000 or more. As shown in Figure 32, capital funds will be used for a number of projects. The major user is the Bilateral Relations and Operations Activity which acquires and maintains the asset inventory for holdings at posts throughout the world.

Figure 32: Details of Major Capital Projects ($000)

	Previous Estimated Total Cost	Current Estimated Total Cost	Forecast expend. Mar.31 1985	Estimates 1985-86	Future Years Requirements
Kinshasa, Zaire Construction of Chancery	-	2700	653	2047	
Peking, China Construction of a Diplomatic Compound	5505*	37654	5652	10000	21202
Riyadh, Saudi Arabia Construcion of Embassy Complex	29837	29543	28077	1466	
Washington, USA Construction of Chancery Complex	10530**	71003	7207	1592	62204
Lagos, Nigeria Preparation of plans & designs for the construction of new Chancery complex	1712*	31570	1730	8110	21730
London, England Chancery renovations	-	7892	2914	4177	801

* First phase of the project
** Preliminary Approval Stage

4. Transfer Payments

Figures 33 presents a summary by activity of all transfer payments in the form of grants and contribution expenditures. These account for 20% of total Program expenditures.

Figure 33: Details of Transfer Payments ($)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
International Trade Development			
Grants to selected persons or organizations to assist in the development of personnel in specialized fields or knowledge of importance to International Trade Development	405,000	405,000	264,500
International Economic, Trade and Aid Policy			
International Commission on Radiological Protection	5,000	5,000	5,000
Political, Legal and International Security Affairs			
Canadian Council on International Law	8,000	8,000	8,000
Grant to the Canadian Centre for Arms Control and Disarmament	100,000	100,000	-
Grant to the Canadian Institute for International Peace and Security	2,500,000	1,500,000	-
Grant for Financial assistance in the field of disarmament and arms control	105,000	105,000	50,000
Grants in lieu of taxes on diplomatic consular and international organizations' property in Canada in accordance with terms and conditions approved by the Governor in Council	2,481,000	2,386,000	2,244,228
International Peace Academy	100	100	100

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Payment of real estates taxes and local improvement costs on secondary diplomatic properties in Canada	**14,085**	13,545	-
Royal Commonwealth Society	-	50,000	-
United Nations Association in Canada	**100,000**	85,000	70,000
United Nations Trust Fund for South Africa	**35,000**	30,000	25,000
Voluntary Fund for the U.N. "Decade for Women"	**20,000**	20,000	20,000
U.N. "Voluntary Fund for Victims of Torture"	**10,000**	10,000	10,000
Social Affairs and Programs			
Atlantic Association of Young Political Leaders	**1,000**	1,000	1,000
Society of the Friends of Jacques Cartier	-	50,000	-
Atlantic Council of Canada	**7,500**	57,500	7,500
Canadian-German Society of Hanover (48,513 Deutsche Marks)	**22,578**	32,578	34,028
Canadian Institute of International Affairs	**50,000**	50,000	50,000
Centre québécois de relations internationales de l'Universite Laval	**35,000**	35,000	35,000
Grants in aid of Academic Relations	**3,592,629**	4,522,479	3,484,303
Grants in aid of Cultural Relations	**2,861,624**	4,150,324	2,856,289
Grant to Maison des étudiants canadiens à Paris	-	2,500,000	100,000
International Baccalaureat Office	**5,000**	5,000	5,000
Orchestre mondial des jeunesses musicales	-	50,000	50,000

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Bilateral Relations and Operations			
Canadian Chamber of Commerce for the Canadian Pacific Co-operation Committee	10,000	9,000	9,000
Centre for Legislative Exchange	89,000	89,300	85,000
Grant to the Asia-Pacific Foundation of Canada	500,000	500,000	-
Operational Support, Human Resource Planning, and Administration			
Grant to the Foreign Service Community Association (FSCA)	10,500	10,500	10,000
Payments under the Diplomatic Service (Special) Superannuation Act	120,000	120,000	120,991
Total grants	13,088,016	16,900,326	9,544,939
Contributions			
International Trade Development			
Contributions to persons, groups of persons, councils and associations to promote the development of Canadian export sales	35,014,000	31,314,000	26,975,130
Contributions to persons, groups of persons, institutes and other organizations whose purpose is to assist and further business and industry development	364,000	364,000	294,251
Centre for International Business Research	150,000	150,000	150,000
Contribution to persons, groups of persons, institutions and other organizations to assist and promote expertise in the area of international trade facilitation	60,000	200,000	-

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
International Economic, Trade and Aid Policy			
Commonwealth Air Transport Council (29,084 Pounds Sterling)	-	58,054	53,799
Customs Co-operation Council (9,360,033 Belgian Francs)	208,635	200,984	186,781
International Atomic Energy Agency ($3,386,466 U.S.)	4,391,569	3,900,608	3,541,243
International Energy Agency (3,248,581 French Francs)	475,266	465,471	225,734
International Atomic Energy Agency for Nuclear Regulatory Training	85,000	135,000	-
International Institute of Applied Systems Analysis	434,000	534,000	-
General Agreement on Tariff and Trade (2,458,020 Swiss Francs)	1,323,152	1,333,330	1,173,525
Nuclear Energy Agency of the O.E.C.D. (1,340,375 French Francs)	196,097	201,513	94,455
Organization for Economic Co-operation & Development (23,700,415 French Francs)	3,467,371	3,221,561	1,655,729
United Nations Voluntary Fund for the Environment ($849,000 U.S.)	1,100,850	1,116,336	1,102,010
World Intellectual Property Organization (482,462 Swiss Francs)	259,709	259,119	269,937
Political, Legal and International Security Affairs			
Canadian Representative on the United Nations Human Rights Committee	2,226	2,226	600
Canadian Group of the Trilateral Commission	15,000	-	15,000

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Commonwealth Foundation (348,000 Pounds Sterling)	589,551	731,640	496,265
Commonwealth Science Council (68,300 Pounds Sterling)	115,932	100,685	97,027
Commonwealth Secretariat (1,022,000 Pounds Sterling)	1,734,743	1,643,247	1,614,270
Commonwealth Youth Program (450,000 Pounds Sterling)	763,830	639,984	633,413
Conference on the Mutual Reduction of Forces and Armaments and Associated Measures in central Europe (1,705,464 Austrian Schillings)	109,081	108,500	103,493
Contribution to the Conference on Disarmament in Europe	638,000	638,000	129,300
Defence support assistance to Non-NATO countries	575,000	575,000	499,429
Financial assistance in the field of disarmament and arms control	440,000	470,000	251,194
Food and Agriculture Organization ($7,766,419 U.S.)	10,071,493	10,737,005	9,344,254
International Civil Aviation Organization (879,621 $U.S.)	1,140,692	1,024,133	992,212
International Civil Aviation Organization -- "Reimbursement for compensation paid its Canadian employees for provincial income tax for prior taxation years"	450,000	450,000	394,269
International Labour Organization ($4,286,000 U.S.)	5,558,084	5,074,407	4,846,345
International Maritime Organization ($146,362 U.S.)	189,802	156,515	128,736
North Atlantic Treaty Organization -- Cost of Civil Administration (152,970,568 Belgian Francs)	3,409,714	3,375,550	1,977,355

Figure 33: Details of Transfer of Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
North Atlantic Treaty Organization --Science Programs (45,997,875 Belgian Francs)"	1,025,293	1,015,020	1,001,100
Pan American Health Organization ($3,238,692 U.S.)	4,199,936	4,046,575	3,538,757
Permanent Court of Arbitration (23,100 Dutch Florins)	9,203	9,199	7,860
Reimbursement to international organizations for compensation paid to Canadian employees for their liability for Canadian income taxes	100,000	100,000	29,481
United Nations Committee on the Elimination of all Forms of Racial Discrimination ($8,000 U.S)	10,374	9,243	8,384
United Nations Educational, Scientific and Cultural Organization ($6,240,000 U.S.)	8,092,032	8,010,600	6,523,627
United Nations Institute for Training and Research	90,000	90,000	90,000
United Nations Interim Force in Lebanon ($5,831,999 U.S.)	7,562,936	6,654,960	5,470,916
United Nations Organization ($22,618,000 U.S.)	29,331,022	25,367,169	24,926,847
United Nations Organization - Canada's assessed share of the expenses of the United Nations Disengagement Observer Force in the Middle East (UNDOF) ($1,289,226 U.S.)	1,671,868	1,471,151	1,323,914
World Disarmament Campaign	100,000	100,000	-
World Health Organization ($7,826,887 U.S.)	10,149,907	8,772,610	8,875,147
Social Affairs and Programs			
Agency for Cultural and Technical Co-operation in Francophone Countries (26,938,876 French Francs)	3,941,158	3,974,952	3,920,085

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Club des relations internationales	-	3,000	3,000
Comité Jacques Cartier Saint-Malo '84	-	75,000	45,000
Conseil africain et malgache de l'enseignement supérieur (CAMES) (13,610,072 CFA)	40,000	20,000	-
Intergovernment Committee for Migration	10,000	10,000	10,000
Organization for Economic Co-operation and Development (Centre for Education, Research and Innovation)(574,944 French Francs)	84,114	74,013	36,817
Pan American Institute for Geography and History	10,000	10,000	-
Participation in activities of the international French-speaking community	418,675	465,675	433,046
Secrétariat technique permanent de conférences ministérielles de l'éducation, de la jeunesse et des sports des pays d'expression française (10,000,000 CFA)	29,390	27,792	28,179
Shastri Indo-Canadian Institute	50,000	90,000	90,000
Bilateral Relations and Operations			
Conference on Security and Co-operation in Europe (C.S.C.E.)(2,000,000 Swedish Crowns)	312,000	480,000	238,722
FRG Businessmen and Bankers Conference (FBC)	-	30,000	-
Centre for Foreign Policy Studies Dalhousie University	-	12,000	-
C.S.C.E.: Meeting of Experts on Human Rights	220,000	-	-
Inter-American Institute for co-operation on agriculture ($1,420,000 U.S.)	1,841,456	1,620,560	1,575,660

Figure 33: Details of Transfer Payments ($) cont'd

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
International Institute of Administrative Sciences (1,200,000 Belgian Francs)	26,748	25,487	24,522
Payment to the Roosevelt Campobello International park Commission for the purposes of and subject to the provisions of the Act respecting the Commission established to administer the Roosevelt Campobello International Park ($443,000 U.S.)	574,482	514,976	482,927
Operational Support, Human Resource Planning, and Administration			
Contribution to the United Nations High Commissioner for Refugees	-	164,000	124,689
Other			
Financial Assistance in Support of Employment initiatives	-	-	64,328
Contribution to the Commonwealth Military Training Assistance Program in Uganda	-	-	300,000
Canadian Council on European Affairs	-	-	5,000
Canadian Political Science Association	-	-	16,500
Canadian Export Association for Support of the Canadian Organization for Simplifcation of Trade Procedures (COSTPRO)	-	-	898,000
International Tin Council	-	-	2,495,560
Total contributions	143,233,391	132,424,850	119,833,824
Total	156,321,407	149,325,176	129,378,763

5. Revenue Analysis

Figures 34 provides a listing of revenue generated by the Program. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

Figure 34: Revenue by Class ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Receipts Credited to Revenue			
Return on Investments (Posting Loans and U.N. Bond Issue)	710	640	576
Privileges, Licenses & Permits (Rental Revenue from Canada-Engaged Staff Abroad for accommodation in Government owned, Government-leased or Private-leased premises)	12,320	11,200	10,483
Proceeds from Sales (Revenue from Sales of Items not transferred to Crown Assets Disposal Corporation e.g. Department publications)	24	22	12
Service and Service fees (Consular Service Fees, including Visas)	197	164	137
Refund of Previous Years' expenditures (Refunds to distressed Canadian Citizens' accounts set up in previous years; collection on previous years' billings; Canada's share of surplus derived from prior years' contributions to international organizations:			
a) Repayments from the program from Export Market Development	1,521	1,383	1,317
b) Other	7,401	6,727	6,407
Miscellaneous (Superannuation contributions by the Diplomatic Service; estimated cost of service provided to the Passport Office; Sundry Items)	* 5,300	2,000	2,226
Adjustments prior years - Payable at Year End	716	623	593
TOTAL	28,189	22,759	21,751

* Includes revenue of $3,100,000 for assessed shares from countries participating in the CSCE Experts Meeting on Human Rights.

B. Cost Analysis

Net Program Cost

The Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items, as well as revenue, must also be included when considering the actual costs to operate the Program.

Figure 35: Net Cost of Program by Activity for the Year 1985-86 ($000)

	Expendi-tures	Other Costs	Total Cost	Deduct Revenue	Net Cost	1984-85 Forecast
Foreign Policy Priorities and Coordination	21,967	791	22,758	9	22,749	30,212
International Trade Development	64,001	543	64,544	2,036	62,508	59,949
International Economic, Trade and Aid Policy	31,337	630	31,967	1,774	30,193	24,012
Political Legal and International Security Affairs	123,933	1,130	125,063	4,005	121,058	115,593
Social affairs and Programs	32,425	605	33,030	291	32,739	39,526
Bilateral Relation and Operations	397,088	34,945	432,033	16,454	415,579	396,978
Passports	(761)	-	(761)	-	(761)	(2,272)
Operational Support, Human Resource Planning and Administration	98,896	3,359	102,255	3,620	98,635	98,960
	768,886	42,003	810,889	28,189	782,700	762,958

The adjustments made to the estimated expenditures to arrive at a total cost include: accommodation provided without charge by this Department and by Public Works, and other services provided without charge by other departments. Included are all revenues generated by the Program.

C. Additional Information

1. Acts and Regulations Administered

As well as the acts and regulations identified under the Legal Mandate on page 2-7, the following are administered in whole or in part by the Program:

- o Meat Import Act, 1980-81-82-83, c. 82;
- o Cultural Property Export and Import Act, SC 1974-75-76, c. 50;
- o Fort Frances - International Falls Bridge Authority Act, SC 1970-71-72, c. 51;
- o State Immunity Act, SC 1980-81-82-83, c. 95;
- o Territorial Sea and Fishing Zone Act, RSC 1970, c T-7;
- o Export Development Act, RSC 1970, c. E-18;
- o International Development Research Centre Act, RSC 1970, 1st supplement, c. 21.

2. List of Posts Abroad by Activity and Geographic Region:

International Economic, Trade and Aid Policy	1	(A)
Political, Legal and International Security Affairs	4	(B)
Social Affairs and Programs	1	(C)
Bilateral Relations and Operations		
USA	14	
Europe	34	
Asia and the Pacific	18	
Africa and the Middle East	29	
Latin America and the Caribbean	18	
TOTAL	**119**	

(A) Permanent Delegation of Canada to the Organization for Economic Co-operation and Development.

(B) Permanent Mission of Canada to the United Nations
Permanent Mission of Canada (Geneva), UN
Delegation of Canada to the North Atlantic Council
Canadian Delegation to the Mutual and Balanced Force Reduction Talks

(C) Permanent Delegation of Canada to the United Nations Educational, Scientific and Cultural Organization

CITY	MISSION
USA	
Boston	Consulate General
Chicago	Consulate General
Cleveland	Consulate General
Dallas	Consulate General
Detroit	Consulate General
Los Angeles	Consulate General
New York	Consulate General
Philadelphia	Consulate General
San Francisco	Consulate General
Seattle	Consulate General
Washington	Embassy to the United States of America
Buffalo	Consulate General
Minneapolis	Consulate General
Atlanta	Consulate General
EUROPE	
Ankara	Embassy to the Republic of Turkey
Athens	Embassy to the Hellenic Republic
Rome	Embassy to the Italian Republic
Milan	Consulate General
Vatican	Embassy to the Holy See
Lisbon	Embassy to the Portuguese Republic
Madrid	Embassy to the Spanish State
Berne	Embassy to the Swiss Confederation
Paris	Embassy to the French Republic
Marseille	Consulate General
Strasbourg	Consulate General
Brussels	Embassy to the Kingdom of Belgium
The Hague	Embassy to the Kingdom of the Netherlands
Vienna	Embassy to the Republic of Austria
Bonn	Embassy to the Federal Republic of Germany
Dusseldorf	Consulate General
Hamburg	Consulate General
Berlin	Canadian Military Mission and Consulate
Munich	Consulate General
Frankfurt	Canadian Government Office of Tourism Office
Helsinki	Embassy to the Republic of Finland
Stockholm	Embassy to the Kingdom of Sweden
Oslo	Embassy to the Kingdom of Norway
Copenhagen	Embassy to the Kingdom of Denmark
Dublin	Embassy to Ireland
London	High Commission to the United Kingdom of Great Britain and Northern Ireland
Glasgow	Consulate General

CITY	MISSION
EUROPE (Cont'd)	
Warsaw	Embassy to the Polish People's Republic
Prague	Embassy to the Czechoslovak Socialist Republic
Budapest	Embassy to the Hungarian People's Republic
Belgrade	Embassy to the Socialist Federal Republic of Yugoslavia
Moscow	Embassy to the Union of Soviet Socialist Republics
Bucharest	Embassy to the Socialist Republic of Romania
EEC Brussels	The Mission of Canada to the European Communities
ASIA & PACIFIC	
Hong Kong	Commission
Manila	Embassy to the Republic of the Philippines
Bangkok	Embassy to the Kingdom of Thailand
Jakarta	Embassy to the Republic of Indonesia
Peking	Embassy to the People's Republic of China
Kuala Lumpur	High Commission to Malaysia
Singapore	High Commission to the Republic of Singapore
Seoul	Embassy to the Republic of Korea
Tokyo	Embassy to Japan
Islamabad	Embassy to the Islamic Republic of Pakistan
New Delhi	High Commission to the Republic of India
Colombo	High Commission to the Democratic Socialist Republic of Sri Lanka
Dhaka	High Commission to the People's Republic of Bangladesh
Wellington	High Commission to New Zealand
Melbourne	Consulate General
Sydney	Consuate General
Canberra	High Commission to the Commonwealth of Australia
Perth	Consulate General
AFRICA & MIDDLE EAST	
Libreville	Embassy to the Gabonese Republic
Addis Ababa	Embassy to Ethiopia
Accra	High Commission to the Republic of Ghana
Nairobi	High Commission to the Republic of Kenya
Lagos	High Commission to the Federal Republic of Nigeria
Pretoria	Embassy to the Republic of South Africa
Conakry	Embassy to the Revolutionary People's Republic of Guinea
Dar-es-Salaam	High Commission to the United Republic of Tanzania
Harare	High Commission to the Republic of Zimbabwe

CITY	MISSION
AFRICA & MIDDLE EAST (Cont'd)	
Lusaka	High Commission to the Republic of Zambia
Kigali	Embassy to the Rwandese Republic
Yaounde	Embassy to the Republic of Cameroon
Kinshasa	Embassy to the Republic of Zaire
Dakar	Embassy to the Republic of Senegal
Tunis	Embassy to the Republic of Tunisia
Abidjan	Embassy to the Republic of the Ivory Coast
Algiers	Embassy to the People's Democratic Republic of Algeria
Rabat	Embassy to the Kingdom of Morocco
Niamey	Embassy to the Republic of the Niger
Bamako	Embassy to the Republic of Mali
Abu Dhabi	Embassy to the United Arabs Emirates
Amman	Embassy to the Hashmite Kingdom of Jordan
Cairo	Embassy to the Arab Republic of Egypt
Tel Aviv	Embassy to the State of Israel
Beirut	Embassy to the Lebanese Republic
Tehran	Embassy to the Islamic Republic of Iran
Jeddah/Riyadh	Embassy to the Kingdom of Saudi Arabia
Baghdad	Embassy to the Republic of Iraq
Kuwait	Embassy to the State of Kuwait
LATIN AMERICA AND THE CARIBBEAN	
Buenos Aires	Embassy to the Argentine Republic
Santiago	Embassy to the Republic of Chile
Brasilia	Embassy to the Federative Republic of Brazil
Sao Paulo	Consulate General
Lima	Embassy to the Republic of Peru
Bogota	Embassy to the Republic of Colombia
Caracas	Embassy to the Republic of Venezuela
Mexico	Embassy to the United Mexican States
San Jose	Embassy to the Republic of Costa Rica
Guatemala	Embassy to the Republic of Guatemala
Quito	Embassy to the Republic of Ecuador
Port of Prince	Embassy to the Republic of Haiti
Havana	Embassy to the Republic of Cuba
Georgetown	High Commission to the Co-operative Republic of Guyana
Port of Spain	High Commission to the Republic of Trinidad and Tobago
Kingston	High Commission to Jamaica
Bridgetown	High Commission to Barbados
OAS Washington	Permanent Observer Mission of Canada to the Organization of American States

Grains and Oilseeds Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $ 10,988,000 in support of the 1985-86 Grains and Oilseeds Program. The remaining expenditures,estimated at $ 307,000 will be made under existing statutory authority as contributions to employee benefits plans.

Financial Requirements by Authority

Vote (thousands of dollars)		1985-86 Main Estimates	1984-85 Main Estimates
Grains and Oilseeds Program			
20	Operating expenditures	3,547	3,519
25	Grants and contributions	7,441	8,206
(S)	Contributions to employee benefit plans	307	282
	Total Program	11,295	12,007

Votes - Wording and amounts

Vote No.	External Affairs	1985-86 Main Estimates
	Grains and Oilseeds Program	
20	Grains and Oilseeds - Operating expenditures	3,547,000
25	Grains and Oilseeds - The grant and contributions listed in the Estimates	7,441,000

Program by Activity

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Transfer payments	Total	
Grains & Oilseeds	58	3,854	7,441	11,295	12,007
	58	3,854	7,441	11,295	12,007

Section I
Program Overview

A. Highlights

Highlights for the 1985-86 Estimates year are as follows:

- Rising production costs, depressed markets and government intervention in competing countries will exert pressure for increased Canadian government support for the grains and oilseed sector particularly in respect to credit guarantee facilities.

- Growing international instability in grain markets will necessitate increased efforts to moderate pressures on current trading relationships and trade policy mechanisms with a view to constraining undesirable marketing and protectionist polices.

- Responsibility for the Western Grain Stabilization Act (1984-85 Estimates $150 million) and the Prairie Grain Advance Payment Act (1984-85 Estimates $12 million) now resides in Agriculture Canada.

B. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Marketing	11,295	14,106	(2,811)
Authorized person-years	58		

The major change in financial requirements between 1984-85 Main Estimates and the 1985-86 Main Estimates is the transfer as stated in the last highlight above. Because of this transfer, data has been removed from 1984-85 figures to facilitate comparisons.

The decrease of $2.8 million is primarily due to decreased contributions in 1985-86 ($2.0 million decrease results from a decreased requirement for payments to facilitate sales of grains and grain products on credit to developing countries; contributions to the Goverment of Brazil for grain silos and handling equipment forecast in 1984-85 as $1.7 million may not be required in 1985-86, although obligations in the amount of $450,000 are outstanding).

C. Background

1. Introduction

The Grains and Oilseeds Program is one component of the Government's presence in the Canadian grains and oilseeds industry. Other Government components include programs supported by Agriculture Canada and Transport Canada. Grains and oilseeds represents approximately one-half of the total returns to farmers in the prairie region from the marketing of agricultural products.

This program is concerned with the study and development of more effective and economic methods for moving, storing, processing and selling Canadian grains and oilseeds, and the development and administration of programs for preparing production guidelines. As well it works on the establishment of initial payments for Canadian Wheat Board grains; provision of marketing and industrial development assistance and participation in the work of international and domestic organizations concerning grains and oilseeds.

2. Legal Mandate

The legal mandate of the Grains and Oilseeds Program derives from the External Affairs Act and the Canadian Wheat Board Act.

Statutes ascribed to Agriculture Canada and Transport Canada provide legislation influencing the Grains and Oilseeds Program.

3. Program Objective

The objective of the Grains and Oilseeds Program is "to achieve sustained market growth and to maintain an orderly marketing system for grains and oilseeds".

4. Program Organization for Delivery

The Program is located in Ottawa as a component of the Department of External Affairs.

The program is comprised of 58 persons engaged in the areas of trade development and export promotion, market and policy analysis, and policy and program development as they relate to cereal grains and oilseeds. Included in the program are the personnel complement of the Office of the Minister of State for the Canadian Wheat Board comprised of 14 person-years, the Special Advisory Group on Grains (Grains Group) comprised of 6 person-years and the department's Grain Marketing Bureau comprised of 38 person-years. The Director General of the Bureau is also the marketing advisor and departmental representative on the Special Advisory Group on Grains (Grains Group) which reports to the Minister of State for the Canadian Wheat Board.

5. Environment

The Canadian grains and oilseeds industry is large, complex and diverse. It is largely export oriented, and subject to a wide range of external, uncontrollable, and often unpredictable developments. The world grain industry is characterized by rapid changes from periods of short supply to periods of over-supply with volatile effects on prices and market returns. The Canadian grain industry, as the second largest supplier to the world market, is heavily influenced by such developments. There is a significant government involvement in both the domestic and international grains and oilseeds sector.

The sector, both nationally and globally, has demonstrated potential for significant growth throughout the 1980s, albeit at a slower rate than in the seventies, due to a slackening in export demand because of depressed global economic conditions and a supply surplus. This situation has resulted in an extremely competitive, and at times even predatory international grain trading environment which is exacerbated by depressed world market prices. Trade is further constrained by production and export incentives and non-tariff barriers in markets where Canada would otherwise have a competitive advantage. This very competitive market situation, coupled with world-wide economic problems and increasing grain production costs and little likelihood of immediate, substantial recovery, suggest that the international trading environment for grains and oilseeds could continue to be difficult through much of this decade.

D. Performance Information/Resource Justification

Grants and Contributions: Four expenditures constitute the major portion of the program's grants and contributions. These are the grain credit sales contribution ($1,800,000); the contribution to the Protein, Oil and Starch (POS) Pilot Plant Corporation ($2 million); the payments to flour millers in Western Canada on grain processed into flour for export ($1,296,000); and the contribution to the Canadian International Grains Institute ($1,508,000).

The Grain Credit Sales program provides guarantees for the financing or insurance of grain sales to developing countries on terms of up to three years. There is also provision for sales on terms in excess of three years, at fixed interest rates. The $1.8 million Estimates item "Payment to Facilitate Sales of Grain and Grain Products on Credit to Developing Countries" provides for payments to subsidize the difference between fixed interest rates negotiated with the buyer and the current market rates applicable to outstanding debts on grain sales made on concessional credit terms. There are currently payments under this item on credit sales, under agreements concluded in 1972 with two countries, on repayment terms of 10 years at concessional

rates of interest. There have been no new commitments on subsidized terms since 1972 and all payments cease with the maturity of the outstanding credit before the end of the 1987/88 fiscal year. These two countries are now major commercial markets for Canadian grains.

The POS Pilot Plant Corporation is a joint federal government/industry venture which was established in 1977 with the objective of developing new and improved processes and products (primarily grains and oilseeds based) that have export and domestic market potential. The facility translates laboratory results from food and feed processing research and development into commercially feasible market and industrial applications. This is done on a non-profit fee for service basis for industry and provincial government, member and non-member clients. The federal government provided the initial capital funding of $4.5 million and has provided an equal amount since 1976-77 towards annual operating costs. The $2 million contribution is to help off-set the projected operating deficit for 1984-85.

The Canadian International Grains Institute is a non-profit corporation offering instructional programs in grain marketing, handling, transportation and technology. The Institute's programs are designed to provide market development support for Canada's grain and oilseed industry. Working closely with the industry, the Institute provides potential buyers with a better understanding of the Canadian and world grain industry and thereby contributes to the maintenance and enlargement of markets for Canadian grains and oilseeds and their products. Since the Institute's incorporation in 1972, representatives (many with grain purchasing responsibilitites) from more than 60 different countries have been invited to attend the Institute's courses. This budget item covers the Federal Government's contribution to the operating and capital costs of the Institute. These costs are shared by the Department (60%) and the Canadian Wheat Board (40%).

The payments to Western Canadian flour millers are made to equalize the rail freight stop-off charge (for milling in transit) with that paid by eastern Canadian millers on grain processed into flour for export. The stop-off rate for eastern Canadian mills has been frozen at 3 cents per cwt under Section 272 of the Railway Act since 1966 while the western stop-off rate, which is not frozen, has been consistently increasing. Since 1973, the government has offset this freight rate inequality through a payment to western mills equal to the difference between the two stop-off charges with a view to keeping the western flour mills competitive with eastern mills with respect to their flour exports.

For additional detail on all grants and contributions refer to Section II, Supplementary Information.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Grains and Oilseeds Program expenditures by object are presented in Figure 2.

Figure 2: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel:			
Salaries and wages	2,193	2,165	1,580
Contributions to employee benefit plans	307	282	308
	2,500	2,447	1,888
Goods and Services:			
Transportation and communications	600	422	541
Information	169	21	43
Professional and special services	475	476	402
Rentals	60	37	38
Purchased repair and upkeep	8	8	4
Utilities materials and supplies	42	66	28
All other expenditures	-	-	-
	1,354	1,030	1,056
Total operating	3,854	3,477	2,944
Transfer payments			
Grants	400	400	400
Contributions	7,041	10,229	17,673
Total Expenditures	11,295	14,106	21,017

2. Personnel Expenditures

The Program's personnel costs of $ 2.5 million account for about 65% of total operating expenditures and about 27% of total program expenditures. This includes the statutory contributions to employee benefit plans. Figure 3 shows the person-years and average annual salary by category.

Figure 3: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84*			
Management			2			
Executive	2	2	-	50,350	96,300	71,803
Senior Management	3	3	-			66,439
Other	10	10	-			
Administrative and Foreign Service			28			
Administrative Services	1	1	-	13,912	57,987	34,152
Commerce	16	16	-	15,635	60,465	53,289
Technical			1			
Social Science Support	1	1	-	12,635	57,764	28,513
Administrative Support			27			
Clerical & Regulatory	11	11	-	12,932	31,743	23,957
Secretarial, Stenographic and Typing	14	14	-	12,636	31,946	21,533

* Program was under Industry Trade and Commerce in 1983-84 Main Estimates.

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 4 presents a summary of all transfer payments in the form of grants and contribution expenditures. These account for 59% of total Program expenditures.

Figure 4: Details of Transfer Payments

	Estimates 1985-86	Forecasts 1984-85	Actual 1983-84
Grants			
Canola Council of Canada to promote improvement in the manufacture of Canadian rapeseed products	400,000	400,000	400,000
Total grants	400,000	400,000	400,000
Contributions			
Fees for membership in the International Wheat Council	347,000	211,000	218,907
Canada Grains Council	90,000	90,000	89,220
Payments in accordance with terms and conditions approved by the Governor in Council to facilitate sales of grain and grain products on credit to developing countries	1,800,000	3,800,000	4,146,249
Canadian International Grains Institute	1,508,000	1,449,000	1,329,219
Payments to millers in Western Canada to equalize freight "stop-off" charges between Eastern and Western Canada on grain processed into flour for export	1,296,000	925,000	626,684

	Estimates 1985-86	Forecasts 1984-85	Actual 1983-84
Contribution to the Government of Brazil for technical and construction costs incurred relative to the acquisition and construction of grain silos and handling facilities at grain importing and distribution points in Brazil	-	1,674,000	2,349,543
Contribution to the POS Plant Corporation	2,000,000	2,000,000	800,000
Grains and Oilseeds Markets Incentive Program	-	80,000	-
Reimbursement to the Canadian Wheat Board for the 1981-82 OATS Pool Account deficit	-	-	2,370,924
Reimbursement to the Canadian Wheat Board for the 1981-82 BARLEY Pool Account deficit	-	-	5,742,523
Total contributions	7,041,000	10,229,000	17,673,269
Total transfer payments	7,441,000	10,629,000	18,073,269

B. Cost Analysis

Net Program Cost

The Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items, as well as revenue, must also be included when considering the actual costs to operate the Program.

Figure 5: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Net Cost	1984-85 Forecast
Grains and Oilseeds Program	11,295	50	11,345	11,345	14,162

The adjustments made to the estimated expenditures to arrive at a total cost include: accommodation provided without charge by Public Works, and other services provided without charge by other departments.

World Exhibitions Program
Expenditure Plan
1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $5,574,000 in support of the 1985-86 World Exhibitions Program. The remaining expenditures, estimated at $88,000 for contribution to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
30	Program expenditures	**5,574**	3,383
(S)	Contribution to employee benefit plan	**88**	77
	Total Program	**5,662**	3,460

Votes - Wording and Amounts

Vote No.	External Affairs	1985-86 Main Estimates
	World Exhibitions Program	
30	World Exhibitions -- Program expenditures and contributions	**5,574,000**

Program by Activity

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Capital	Transfer payments	Total	
World Exhibitions	16	3,548		2,114	5,662	3,460
	16	3,548		2,114	5,662	3,460

Section I
Program Overview

A. Highlights

The major highlights for 1985-86 are:

- Participation in the 1985 International Exposition at Tsukuba, Japan;
- Liaison with authorities responsible for Expo 86 in Vancouver; and
- Class grants of $2,100,000 to provide subsidies to developing countries to facilitate participation as exhibitors at Expo 86.

B. Financial Summary

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change
World Exhibitions	5,662	10,345	(4,683)
Authorized person-years	**16**	20	(4)

The decrease in 1985-86 requirements compared with the 1984-85 forecast of $4.7 million primarily reflects the completion, of Canadian participation in the 1984 Louisiana World exposition and the majority of the expenses for Expo 85 in Japan.

Figure 2: Percentage of 1985-86 Resources by Object of Expenditure ($000)

	$	%
Salaries and wages	698	12.3
Contributions to employee benefit plans	88	1.6
Transportation and communications	265	4.7
Professional and special services	2106	37.2
Rentals	221	3.9
Purchased repair and upkeep	29	0.5
Utilities, materials and supplies	130	2.3
All other expenditures	11	0.2
Transfer Payments	2114	37.3
	5662	100.

C. Background

1. Introduction

Due to the special nature of its role, the World Exhibitions Program is funded under a separate vote. The Program is managed by the International Expositions Division. The Director of the Division represents Canada at the International Bureau of Expositions (BIE) and is generally responsible for the management of Canada's relationship with the BIE. The 46-member BIE is responsible for the registration of international expositions and the administration of the 1928 Vienna Convention governing international expositions.

The Division is also responsible for coordination and management of Canada's participation in BIE registered international expositions in which participation has been approved by Cabinet, as for example Expo 84 in New Orleans. It is responsible as well for international liaison and promotion of expositions held in Canada, such as Expo 86 Vancouver, and for providing advice to domestic departments, agencies and provincial authorities responsible for the coordination and management of such expositions.

2. Legal Mandate

The World Exhibitions Program derives its mandate from the Department of External Affairs Act, Ch. 167. It is responsible for the management of Canada's relationship with the BIE, the coordination of Canadian participation in international expositions registered with the BIE and promotion abroad of BIE approved expositions held in Canada.

3. Program Objective

The objective of the Program is "to present an image of Canada that portrays the country's industrial, cultural and social development". This is done through participation in world exhibitions approved by the International Bureau of Expositions.

4. Program Organization for Delivery

As a result of its size and homogeneity of operation, the program consists of only one activity. Responsibility for the Program rests with the Director, International Expositions Division, who reports to the Director General, Cultural and Public Information Bureau, who in turn reports to the Assistant Deputy Minister, Social Affairs and Programs.

5. Environment

Demands for Canadian participation in international expositions, originating both from within Canada and from outside, have increased in recent years. The number of international expositions, actual and proposed, has grown and the interval between them has shrunk proportionally. Expositions are registered for the 1980s and into the 1990s (Expo 85, Tsukuba; Expo 86, Vancouver; Expo 88, Brisbane; Expo 92, Chicago/Seville).

D. Performance Information/Resource Justification

The operation of the World Exhibitions Program provides management and coordination of Canadian participation in selected international expositions and promotes abroad international expositions held in Canada. Resourcing is largely policy driven and based on ministerial and cabinet decisions. Membership in the International Bureau of Expositions does, to a certain extent, entail participation in expositions registered with that organization. Furthermore, participation is often undertaken on a reciprocal basis and participation in an exposition held in a foreign country is very often a precondition for attracting that country to participate in an exposition being held in Canada. Although participation itself is sometimes non-discretionary, there always exists the measure of freedom to determine the level and nature of such participation. The determining factor will be the appeal of the individual exposition's theme to Canada in terms of particular Canadian areas of expertise (e.g., Expo 85, Tsukuba on the theme of science and technology).

Resources for 1985-86 are estimated as set out in Figure 3. The program will operate in 1985-86 with 16 person-years. These person-years are required to cover such functions as liasing with and attending meetings of the BIE in Paris, liaising with authorities responsible for Expo 86, Vancouver (four P-Ys), coordinating participation in the 1985 international exposition in Tsukuba, Japan (five P-Ys). Other functions include the preparation of recommendations on Canadian participation in future expositions and providing guidance on the planning and organization of expositions to be held in Canada.

Figure 3: Application of Resources ($000)

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Future World Expositions	509	7	418	7	91	
Expo 84, New Orleans	0		2,559	4	(2,559)	(4)
Expo 85, Tsukuba	2,577	5	6,900	5	(4,323)	
Expo 86, Vancouver	2,576	4	468	4	2,108	
	5,662	16	10,345	20	(4,683)	(4)

The above resources include transfer payments in the form of a contribution of $14,000 to the International Bureau of Expositions which represents Canada's membership fee and grants totaling $2,100,000 which will be awarded to third world exhibitors in order to subsidize their participation. It is anticipated there will be approximately 10 such grants, which will be awarded by the Commissioner General of Expo 86.

The Program does not lend itself to performance measurement in a quantitative sense. It is anticipated that participation in expositions whose theme is relevant to Canadian interests and capabilities will result in economic gains. Similarly, it must be assumed that there are economic returns in the hosting of an international exposition. However, such benefits are difficult to quantify.

The level of international participation in expositions held in Canada provides some measure of Program performance as does the satisfaction of the participants, the authorities responsible and the organizers.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The World Exhibitions Program expenditures by object are presented in Figure 4.

Figure 4: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	698	735	383
Contributions to employee benefit plans	88	77	50
Other operating costs			
Transportation and communications	265	521	69
Professional and special services	2,106	7,297	2,870
Rentals	221	1,410	266
Purchased repair and upkeep	29	16	
Utilities materials and supplies	130	265	89
Other	11	10	2
Total operating	3,548	10,331	3,729
Transfer Payments	2,114	14	7
Total expenditures	5,662	10,345	3,736

2. Personnel Expenditures

The Program's personnel costs of $786 thousand account for about 22% of total operating expenditures and about 14% of total program expenditures. This includes the statutory contributions to employee benefit plans. Figure 5 shows the person-years and average annual salary by category.

Figure 5: Average Annual Salary by Category

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	1985-86	1984-85	1983-84			
Executive	1	1	1	50,350	96,300	85,073
Administrative and Foreign Service						
Foreign Service	1	1	1	15,685	66,252	53,705
Administrative Services	3	1	1	13,912	57,987	42,525
Program Administration	3	5	3	13,912	57,987	33,900
Information Services	3	3	-	13,579	57,980	40,439
Administrative Support						
Clerical and Regulatory	5	4	3	12,932	31,743	22,275

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 6 presents the transfer payments for the Program.

Figure 6: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Expo 86, Vancover	2,100	0	0
Contributions			
Canada's fees for membership in the International Bureau of Expositions	14	14	7
	2,114	14	7

B. Cost Analysis

Net Program Cost

The Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items, as well as revenue, must also be included when considering the actual costs to operate the Program.

Figure 7: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Revenue	1985-86 Net Cost	1984-85 Forecast
World Exhibition	5,662	12	5,674	0	5,674	10,357

The adjustments made to the estimated expenditures to arrive at a total cost include: accommodation provided without charge by Public Works, and other services provided without charge by other departments.

51-M

Federal Court of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Federal Court of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $8,532,000 in 1985-1986 in support of the Federal Court of Canada Program. Contributions to employee benefit plans of $770,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Federal Court of Canada		
25	Program expenditures	8,532	7,228
(S)	Contributions to employee benefit plans	770	632
	Total Program	9,302	7,860

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Federal Court of Canada	
25	Federal Court of Canada - Program expenditures	8,532,000

Extracts from Part II of the Estimates

Program by Activities

(Thousands of Dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Administration of Federal Court of Canada	184	9,139	163	9,302	7,860
	184	9,139	163	9,302	7,860

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 25 - Program expenditures	5,811,000	6,519,310	6,166,133
Statutory - Contributions to employee benefit plans	547,000	609,000	609,000
Total Program - Budgetary	6,358,000	7,128,310	6,775,133

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86, the Administration plans to focus upon the following matters, in addition to maintaining court services:

- The design and approval of a new Federal Court of Canada Building. The impact on the Federal Court of Canada during 1985-86 will be the requirement for detailed information concerning workload forecasts, predicted workflow patterns and organizational structure and size. This will require several persons to investigate and compile the data required by consultants hired by the Department of Public Works; (see page 12).

- As a result of additional judicial appointments, the capacity to process cases has been increased, and with the anticipated increase in income tax, immigration and judicial review cases an additional five person-years will be applied to the increased workload; (see page 16).

- To provide a translation unit to give the judges immediate in-house translation facilities to enable the court to comply fully with the spirit and letter of section 5 of the Official Languages Act in the issuing simultaneously of judgments and reasons for judgment in both official languages.

- To provide the members of the Press and the general public with an information service on all matters before the Court. One person-year will be required to perform this service.

2. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Administration of the Federal Court of Canada	9,302	8,855	447
Authorized person-years	184	171	13

The 1984-85 Forecast is $1 million or 13% higher than the 1984-85 Main Estimates (Extracts from Part II of the Estimates page 4). This increase funded by Supplementary Estimates is due primarily to delays in obtaining accommodation planned for 1983-84 and the need for additional accommodation as a result of the changes to the Judges Act.

Explanation of Changes: The increase of $447,000 or 5% in the 1985-86 financial requirements over the 1984-85 Forecast is due primarily to the following offsetting factors.

	($000)
• additional salary costs for 13 person-years and the continuing costs for 4 person-years included in the 1984-85 Supplementary Estimates	480
• additional costs for Contributions to Employee Benefit Plans	125
• additional salary and other operating costs	566
• reduction in capital requirements	(724)

Salaries, travel and superannuation payments to judges of the Federal Court of Canada are paid through the Office of the Commissioner for Federal Judicial Affairs.

B. Recent Performance

1. Highlights

The significant highlights of 1983-84 and 1984-85 were:

- The impact of new legislation upon the workload of the Court was reviewed and assessed, resources for this project were included in the overall budget.

- The printing of the consolidated and annotated revision of the Federal Court Rules was delayed (see page 13). A report was submitted to the members of the Judges' Rules Committee for instructions before proceeding to a final print. This project will be completed within the $25,000 budget as planned.

- New offices were opened in Winnipeg in 1983-84 and Calgary in 1984-85 at a cost of $126,620 and two person-years for each office, negotiations are taking place to open a similar office in Quebec City.

- The amendment to the Judges' Act in 1983-84 increased the number of judges by six, and with the replacement of two judges who elected supernumerary status, it was necessary to provide suitable accommodations. This and the overcrowded conditions in the Supreme Court Building led to a decision to move the Trial Division to other premises. Set-up costs for furniture, fixtures and equipment were provided at a cost of $627,000 in 1984-85.

- In order to ensure a uniform level of service and expertise throughout Canada an in-house training program was introduced to upgrade qualifications and provide officers with the specialized knowledge required to assist the judges and litigants.

- The security systems for the Court were improved in accordance with recommendations made by the R.C.M.P. (see page 13).

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983 - 84		
	Actual	Main Estimates	Change
Administration of the Federal Court of Canada	6,775	6,358	417
Authorized Person-Years	150	146	4

The 1983-84 actual figure includes the Main Estimates $6,358,000; Supplementary Estimate $708,000 and four person-years; and an authorized increase in Employee Benefit plans of $62,000; less funds lapsed.

The Supplementary Estimate covered the cost of establishing offices in Calgary, Quebec City and Winnipeg, however, due to delays in finding suitable accommodations the opening of the Calgary and Quebec City offices was delayed and funds provided for this purpose lapsed.

C. Background

1. Introduction

The program provides administrative services to the Federal Court of Canada which has jurisdiction to hear a wide variety of matters including admiralty, income tax, intellectual property, claims against and by the Crown and appeals under the Citizenship Act. It also has jurisdiction to hear appeals from the Trial Division, and to review decisions of federal boards, commissions and tribunals. The Court is a superior court of record with civil and criminal jurisdiction.

2. Legal Mandate

The Federal Court of Canada is established under the authority of the Constitution Act, 1867, by the Federal Court Act, RSC 1970 Chapter 10 (2nd Supp.).

Section 201 of the National Defence Act, which establishes the Court Martial Appeal Court of Canada, also provides that the officers of the Registry of the Federal Court of Canada are ex-officio officers of the Registry of the Court Martial Appeal Court of Canada. By order in council, all Federal Court Judges and other judges that are appointed from provincial superior courts are judges of the Court Martial Appeal Court of Canada. In addition, the judges of the Federal Court of Canada act as Umpires under the Unemployment Insurance Act, and as assessors under the Animal Disease and Protection Act and the Pesticide Residue Compensation Act.

3. Program Objective

The objective of the Federal Court of Canada is to provide a court of law, equity and admiralty for the better administration of the laws of Canada.

4. Program Description

The Administration of the Federal Court of Canada provides administrative assistance to the judges and to litigants who appear before the Court. Assistance includes providing Court facilities, scheduling hearing dates, maintaining trust accounts for monies paid into Court by litigants pursuant to an Order of the Court, Rules of the Court or Statutes, as well as other services such as providing advice on the procedures to be followed by litigants when bringing a matter to the Court.

5. Program Organization for Delivery

Activity Structure: The Program has one activity which provides for the Administration of the Federal Court of Canada.

Organization Structure: The Federal Court of Canada is organized pursuant to the Federal Court Act and Rules. The Court is composed of a Chief Justice, and Associate Chief Justice and 22 judges, all of whom are appointed by the Governor in Council. It is organized into the Trial and Appeal Divisions. The Administrator of the Federal Court is accountable to the Chief Justice for the operation of the Registry and for all administrative matters necessary for the operation of the Court. The Administrator is the Deputy Head of the staff of the Federal Court of Canada. He is assisted by federally appointed district administrators in Halifax, Montreal, Quebec City, Toronto, Winnipeg, Calgary and Vancouver, and by provincial and territorial employees in other locations. In addition to the complement of full-time judges and judges who elect supernumerary status, an added capacity to cope with the purely judicial work of the Court is provided by the authority to invite retired federally appointed Judges to act as Deputy Judges of the Court. This authority extends also to federally appointed Judges who may act as Deputy Judge with the consent of the appropriate Chief Justice or Attorney General. The Program supports the Federal Court through the work of the following units:

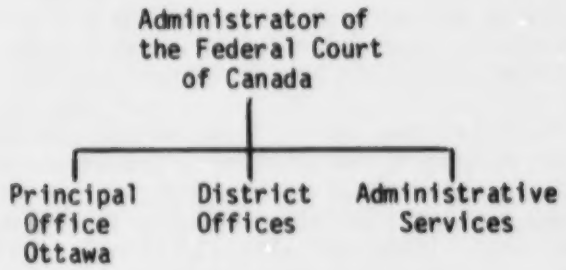
Registry: There is one Registry for all of Canada. The staff of the Registry provides administrative assistance to the Judges and to litigants to prepare for Court hearings. There are 162 person years associated with this function.

Registry Offices: All of the above services are provided at the principal office in Ottawa and at district offices, which are maintained in 16 locations across Canada. Eight of the district offices are operated by federally appointed staff and eight by provincial and territorial employees, under contractual agreements. In areas where the Registry does not have an office, access to the Court is available by means of written or telephone communications with any of the offices of the Registry.

Administrative Services: Administrative, personnel and financial services are provided to all offices of the Registry from a central location in the principal office of the Registry.

Figure 3 shows the distribution of 1985-86 resources by organization

Figure 3: Resources by Organization ($000)



				Total
Administration of the Federal Court of Canada	6,757	1,800	745	9,302
Authorized Person-Years	121	41	22	184

D. Planning Perspective

1. Environment

Several key factors affect the nature of the program.

Legislation: The introduction of new legislation has a direct impact upon the number and complexity of cases heard by the Federal Court of Canada. Recent legislative changes such as the Canadian Security Intelligence Service Act and the proposed amendments are expected to cause an increase in work load.

There have been, for example, an increase in the number of cases under the Canadian Charter of Rights and Freedoms and the Privacy Act.

Court Decisions: Decisions rendered on appeals heard by the Supreme Court of Canada or the Federal Court of Canada of a jurisdictional nature can affect the Program. One example is a recent decision by the Supreme Court which deemed that proceedings for repayment of loans under the Prairie Grain Advance Payment Act were within the jurisdiction of the Federal Court and resulted in additional Court hearings.

Social and Economic Conditions: Various social and economic factors have a bearing on the Program. For example, recent economic conditions have caused an increase in income tax and immigration litigation. The projected increase in Immigration cases will continue to have a significant impact on the Registry in 1985.

There has been an increase in the number of litigants including inmates of federal institutions, representing themselves. This places an additional workload on the Registry, as it is necessary to give detailed explanations of procedures throughout the course of proceedings. There are also additional requirements for security measures in cases involving inmates.

Growing awareness of statutory language rights including those in the new Charter of Rights and Freedoms, has led to an increased demand for simultaneous translation at Court hearings, which must be provided by the Program.

2. Initiatives

As a result of the overcrowding in the Supreme Court of Canada Building and the Federal Court of Canada Annex, additional accommodation was provided in two other locations and a third satellite will be required before 1985. The Federal Court requires a new building in one centralized location, and a Department of Public Works submission is

presently being prepared for Treasury Board wherein approval is sought for monies to complete detailed design and contract documents, specifications and definitive cost estimates for the new building. The impact on the Federal Court of Canada will be the requirement for detailed information concerning workload forecasts, predicted workflow patterns and organizational structure and size.

3. Update on Previously Reported Initiatives

In recent years the administration of the Court has initiated the following projects:

- The court has introduced additional security measures to protect material received in the Court, and its premises. The start up of these measures was accomplished during 1983-84 within the $60,000 budget as planned.

- Additional accommodations in Ottawa, Winnipeg and Calgary have been provided and negotiations are taking place to open a similar office in Quebec City. (see page 8)

- The publication of the consolidation of the Federal Court Rules has been delayed and will be completed in 1984-85 (see page 8).

- Automated retrieval and indexing systems with terminals in the Regional offices are being installed and will be completed in 1984-85 at a cost of $45,000.

- The first phase of a three-year project to bind 1,100 boxes of law reports is underway and it is expected that this project can be completed within the $50,000 annual budget as planned.

4. Program Effectiveness

The effectiveness of the Program in meeting its objectives can be gauged through its ability to provide the parties with the opportunity to have their cases heard at a location convenient to them within a reasonable period of time, and to provide litigants with the assistance and advice necessary to bring their cases to the Court.

Access: Facilities that enable litigants to have their cases heard at a location convenient to them are arranged at local offices at 16 locations across Canada and at other appropriate offices. The use of local offices is shown in Figure 4 which depicts the number of proceedings instituted at the principal office in Ottawa and at local offices from 1979 to 1984. Over the five years for which actual figures are shown, 18,326 or 42% of a total number of 43,909 proceedings were instituted in local offices.

Figure 4: Proceedings Initiated by Location 1979 - 1984

	1979	1980	1981	1982	1983	Forecast 1984
Principal Office	4,580	4,437	4,675	5,599	6,292	5,004
District Offices	2,555	2,789	2,868	5,547	4,567	3,996
Total Proceedings	7,135	7,226	7,543	11,146	10,859	9,000
Percentage at District Offices	36	39	38	50	42	44

Expeditious Processing: The time that elapses between the date that a proceeding is instituted and the day when the matter is disposed of is subject to several factors that are not within the Registry's control. For example, litigants require time to prepare their arguments or briefs, and this is particularly so for complex matters. The Court Registry, for its part, assists in arranging facilities for motions, trials and appeals at various locations and in a manner consistent with the number of days available in Court. In some instances, the matter may be so complex as to involve numerous interlocutory proceedings between the institution of the case and its final disposition. One area in which the Court has the responsibility to ensure that cases are dealt without delay is the review under section 28 of decisions of boards and tribunals, this includes immigration, labour, public service cases, etc.

Service to the Public: The Registry, through its principal office in Ottawa and district offices, provides advice and assistance about the practice and procedures of the Court to litigants. Every effort is made to eliminate any unnecessary formal steps that might create delay or expense. Parties are encouraged to deal with the Registry by letter and by telephone, where possible, to reduce or eliminate non-contentious appearances of lawyers or parties before the Court. As well, documents may be filed with the Court by sending them to the Registry by mail. While it must be stressed that it is the litigants' option to appear in Court, many judgments and orders pronounced by the Court are dealt with

without the personal appearance of counsel. Court hearings are open to the public; in camera sittings are held only in exceptional cases. Figure 5 below summarizes the number of Court appearances for recent years.

Figure 5: Number of Court Appearances

	1980	1981	1982	1983	Forecast 1984
Appearance with Counsel	3,127	3,645	4,223	4,775	6,587
Appearance without Counsel	1,819	1,561	1,463	1,961	2,060
Total Appearances	4,946	5,206	5,686	6,736	8,647
Percentage without Counsel	37	30	26	29	24

5. Performance Information/Resource Justification

Court Registry: The Court Registry performs an intermediary function between judges and litigants and in doing so, provides assistance in order to render effective the substantive law and to facilitate the advancement of cases. This encompasses responding to litigants' enquiries and informing them of practice and procedures necessary to have their cases heard by the court. It also includes providing facilities and staff when court is in session.

It is the goal of the Court Registry to continue to administer the services required by the Court, litigants, and the general public while coping with an increasing workload and new demands on resources. In so doing, it has been necessary to work with an increasing inventory of proceedings that have yet to be heard by the Court.

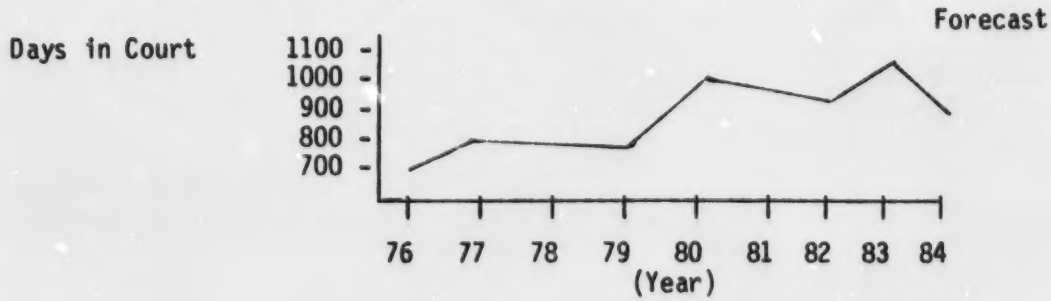
In 1985-86, 162 of a total of 184 persons employed by the Program will be directly engaged in the provision of Registry services at either the principal office in Ottawa or in district offices. Figure 6 shows the number of matters dealt with in both the Appeal and Trial Divisions of the Court, and the number of Registry operational staff for the years from 1979 to 1984 inclusive.

Figure 6: Matters Dealt With by the Registry and Staff Utilized, 1979 - 1984 Inclusive.

	1979	1980	1981	1982	1983	Forecast 1984
Matters instituted	7,135	7,226	7,543	11,146	10,859	9,000
Matters heard	4,980	4,946	5,206	5,686	6,736	8,647
Total matters	12,115	12,172	12,749	16,832	17,595	17,647
Registry staff	128	123	130	130	134	153

Another factor which has a bearing upon the workload of the Registry staff is the number of days that the Court is in session. Figure 7 shows that the number of days has increased from 699 in 1976 to 1,057 in 1983 (an increase of 51.2%). This represents the number of days the Court has held sittings across Canada.

Figure 7: Number of Days in Court - 1976-1983 inclusive.



Because of the gains in efficiency, the Registry has coped with the 51.2% increase while limiting the increase in Registry staff to 5% in 1983; however, due to the increase in judicial appointments from 16 to 22 in 1982-83, the opening of four new offices and the workload increases generated by these changes the Registry staff is being increased by 14% in 1984-85 and 1% in 1985-86.

Reporting Services: The increased workload of the Judges and the increase in Court sittings and the complexity of the issues involved in the trials, has led to an increased demand for Court reporters and transcript. As the workload of a judge often requires that he leave his consideration of a particular trial for a longer than customary period of time after hearing the evidence and argument; he must rely on the transcript of the verbatim court reporter to recall the essence of the testimony or argument. In addition, Rule 505 of the General Rules and Orders of the Federal Court of Canada requires that a transcript of evidence taken at a Reference form part of the Referees Report. $100,000 was provided for these services.

Administrative Services: In addition to the usual personnel, finance and administrative services, the administration performs a unique function maintaining trust accounts on behalf of litigants before the Court. Those accounts record the amounts paid into the Federal Court of Canada pursuant to an Order of the Court, Rules of the Court or Statutes, to be held in trust pending payment of such monies in accordance with a judgment of the Court. The value of the Trust Accounts is shown in Figure 8 below.

Figure 8: Trust Accounts 1980 to 1983

	1980 - 81	1981 - 82	1982 - 83	1983 - 84
Value, March 31	$6,989,512	$10,165,860	$11,179,901	$3,902,323
Number	421	464	532	576

As the workload in the Registry increases, the number of trust accounts increases accordingly. It is expected that this trend will continue.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Operating expenditures for the Administration of the Federal Court of Canada are presented in Figure 9.

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	5,609	4,810	3,947
Contributions to employee benefit plans	770	645	609
	6,379	5,455	4,556
Goods and Services			
Transportation and communication	710	695	604
Professional and special services	1,118	800	639
Rentals	232	140	108
Purchased repairs and upkeep	111	114	56
Materials, utilities and supplies	564	737	585
All other expenditures	25	27	12
	2,760	2,513	2,004
Total operating	9,139	7,968	6,560
Capital	163	887	215
Total expenditures	9,302	8,855	6,775

2. Personnel Expenditures

The Administration of the Federal Court of Canada is a labour intensive organization with personnel costs (including contributions to employee benefit plans) representing over 70% of total operating costs.

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management, Scientific and Professional	4	3	2	19,782 - 96,300	44,431
Administrative and Foreign service	73	65	59	12,766 - 63,870	37,597
Technical Social Science	7	3	-	12,635 - 57,764	35,310
Administrative Support Clerical	51	48	45	12,932 - 31,743	21,372
Secretarial	37	35	30	12,636 - 31,946	25,562
Operational General Services	12	13	10	13,253 - 39,988	21,036

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 11: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Retrieval and indexing systems		45	
Word processors		62	
Furniture and fixtures	113	710	159
Vehicle	12		
Other equipment	38	70	56
Total Capital	163	887	215

B. Cost Analysis

Figure 12: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Costs	Deduct Revenue	1985-86 Net Cost	1984-85 Net Cost
Administration of Federal Court of Canada Program	9,302	4,216	13,518	195	13,323	11,786

The adjustments made to the voted budgetary expenditures to arrive at the net cost include services provided without charge by Public Works ($4,079,000), Supply and Services ($13,000) and Treasury Board ($124,000). Revenues deducted from Total Costs represent filing fees from plaintiffs for matters instituted in the Court and the sale of Reasons for Judgement.

Fisheries and Oceans

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Fisheries
and Oceans

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses which the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

In 1984-85, the Department implemented a new activity structure. This year's Expenditure Plan introduces information on effectiveness and efficiency for several activities. The Department will continue to develop and refine this information for future Expenditure Plans.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $594,739,000 in support of the 1985-86 Department of Fisheries and Oceans. The remaining expenditures, estimated at $34,385,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Fisheries and Oceans		
1	Operating expenditures	450,163	431,720
5	Capital expenditures	124,684	210,364
10	Grants and contributions	19,892	16,762
(S)	Minister of Fisheries and Oceans - Salary and motor car allowance	42	41
(S)	Liabilities under the Fisheries Improvement Loans Act	3,000	4,000
(S)	Contributions to employee benefit plans	31,343	27,225
	Total Program	629,124	690,112

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Fisheries and Oceans	
1	Fisheries and Oceans - Operating expenditures, Canada's share of expenses of the International Fisheries Commissions, authority to provide free accommodation for the International Fisheries Commissions, authority to make recoverable advances in the amounts of the shares of the International Fisheries Commissions of joint cost projects	450,163,250
5	Fisheries and Oceans - Capital expenditures and authority to make payments to provinces or municipalities as contributions towards construction done by those bodies and authority for the purchase and disposal of commercial fishing vessels	124,684,000
10	Fisheries and Oceans - The grants listed in the Estimates and contributions	19,891,750

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary					Total	
		Operating	Capital	Transfer payments	Sub-total	Less Revenues credited to the vote		
Atlantic Fishery Management	2,039	139,857	29,956	262	170,075	-	170,075	174,771
Pacific and Yukon Fishery Management	1,157	89,023	17,266	-	106,289	-	106,289	103,792
Northwest Territories and Inland Fishery Management	320	20,560	1,547	8	22,115	-	22,115	23,018
Services to the Fishing Industry	1,009	91,934	47,494	22,155	161,583	3,500	158,083	204,880
Marketing and International Fisheries	61	11,626	41	-	11,667	-	11,667	17,743
Ocean Science and Surveys	1,389	98,728	26,664	465	125,857	-	125,857	125,848
Corporate Administration	378	33,320	1,716	2	35,038	-	35,038	40,060
	6,353	485,048	124,684	22,892	632,624	3,500	629,124	690,112

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Section 1
Program Overview

A. Highlights

The highlights of the Fisheries and Oceans Program for 1985-86 are as follows:

- to continue, under Economic Regional Development Agreements (ERDA), comprehensive fisheries development plans for Prince Edward Island and New Brunswick, totalling $10.1 million (see page 42);

- to review the "enterprise allocations" system in consultation with Atlantic provinces and user groups;

- to develop a new Pacific fishery management regime, in consultation with the industry, which will include measures to restore depressed salmon and herring stocks, and to improve habitat management and conservation (see page 27);

- to protect and increase markets and develop cooperation on conservation through consultations and negotiations involving nine international fisheries commissions, trade and aid organizations and foreign governments (see page 47);

- to continue projects under the Energy Research and Development program concerned with such aspects of offshore energy development as forecasting oceanic conditions and providing accelerated hydrographic charting in Arctic and offshore areas (see pages 52 and 55);

- to reduce departmental expenditures by $30 million through a variety of measures such as the termination of generic fish promotion in the U.S. market (see page 45), and the privatization of the Fishing Vessel Insurance Plan (FVIP) (see page 43); and

- to increase revenues by $8 million through cost recovery measures such as increased berthage and foreign license fees, and the introduction of fees for the use of research vessels, ocean data products and inspection services (see page 66).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Atlantic Fishery Management	170,075	172,466	(2,391)	19
Pacific and Yukon Fishery Management	106,289	111,135	(4,846)	24
Northwest Territories and Inland Fishery Management	22,115	24,104	(1,989)	29
Services to the Fishing Industry*	161,583	290,700	(129,117)	35
Marketing and International Fisheries	11,667	18,118	(6,451)	45
Ocean Science and Surveys	125,857	135,198	(9,341)	49
Corporate Administration	35,038	41,153	(6,115)	57
	632,624	792,874	(160,250)	
Less: Revenue credited to the Vote*	3,500	3,500	---	35
Total	629,124	789,374	(160,250)	
Person-years	6,353	6,592	(239)	

*Revenue credited to the Vote applies to the Services to the Fishing Industry Activity. The net expenditure of this activity is $158.1 million in 1985-86 and $283.3 million in 1984-85. For information on Revenue credited to the Consolidated Revenue Fund consult Figure 45 on page 66.

Explanation of Change: Financial requirements for 1985-86 are 20% or $160 million lower than forecast 1984-85 expenditures. This net decrease is due primarily to termination or reduction of special funding programs such as Special Recovery Capital Projects ($108 million), Fisheries Resource Employment Development for Youth ($14 million), and Fisheries Prices Support Act price stabilization activities ($12 million).

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $99 million or 14% higher than the 1984-85 Main Estimates of $690 million (Extracts from Part II of the Estimates, page 4). Major increase items include Fisheries Prices Support Act price stabilization ($12 million), Fisheries Resource Employment Development for Youth activities ($14 million), other employment-related initiaitives ($10 million) and Special Recovery Capital Projects ($29 million).

C. Background

1. Introduction

The Department of Fisheries and Oceans consists of one program which is responsible for:

- fishery management and research within Canadian waters and areas beyond these waters;
- services to the fishing industry, including the development and administration of fishing and recreational harbours and the inspection of fishing vessels, plants and products, and fisheries economic development;
- marketing support and international fisheries relations including international marketing;
- oceanographic research; and
- hydrographic surveying and charting.

Under the Constitution Act, the federal government has exclusive legislative jurisdiction over Canada's fisheries in coastal and inland waters and for hydrographic surveying and charting of marine and inland navigable waters.

The provinces have been given specific administrative responsibilities, which vary from province to province:

- in the Northwest and Yukon Territories and the eastern provinces - Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island - the Department is responsible for the management of both freshwater and marine (saltwater) fisheries;
- in Quebec, the federal government manages the marine fisheries, while the province is responsible for the freshwater fisheries;
- in the inland provinces - Ontario, Manitoba, Saskatchewan and Alberta - the management of the fisheries is a provincial responsibility; and
- in British Columbia, the marine and anadromous species (fish that migrate from freshwater to sea) are a federal responsibility while the province manages the freshwater fisheries.

In all areas of Canada, the Department is responsible for the inspection of fish and fish products imported to or exported from Canada as well as shipments from one province to another.

2. Legal Mandate

The main legislative base of the Department is the Government Organization Act (1979) and the schedule of statutes attached thereto, including the Fisheries Act, the Fisheries Development Act, the Fish Inspection Act, the Fishing and Recreational Harbours Act, the Coastal Fisheries Protection Act, the Fisheries and Oceans Research Advisory Council Act, the Territorial Sea and Fishing Zones Act, the Canada Shipping Act regarding charts and publications, regulations, and several international treaties and conventions. Under the Government Organization Act (1979), the duties, powers and functions of the Minister of Fisheries and Oceans include responsibilities for hydrography and marine sciences, and for the coordination of the policies and programs of the Government of Canada respecting oceans.

3. Program Objective

The objective of the Fisheries and Oceans Program is "to undertake, promote and co-ordinate policies and programs: for the conservation and management of the aquatic renewable resources of Canada and their habitats; for the sustained economic utilization of these resources, taking into account the dependence of Canadian communities on them; and for the conduct of surveys and research in support of Canada's economic and scientific interests in the oceans, including the safe use of Canada's navigable waters and environmentally acceptable utilization of other marine resources".

To accomplish this objective, the Department has adopted the following sub-objectives:

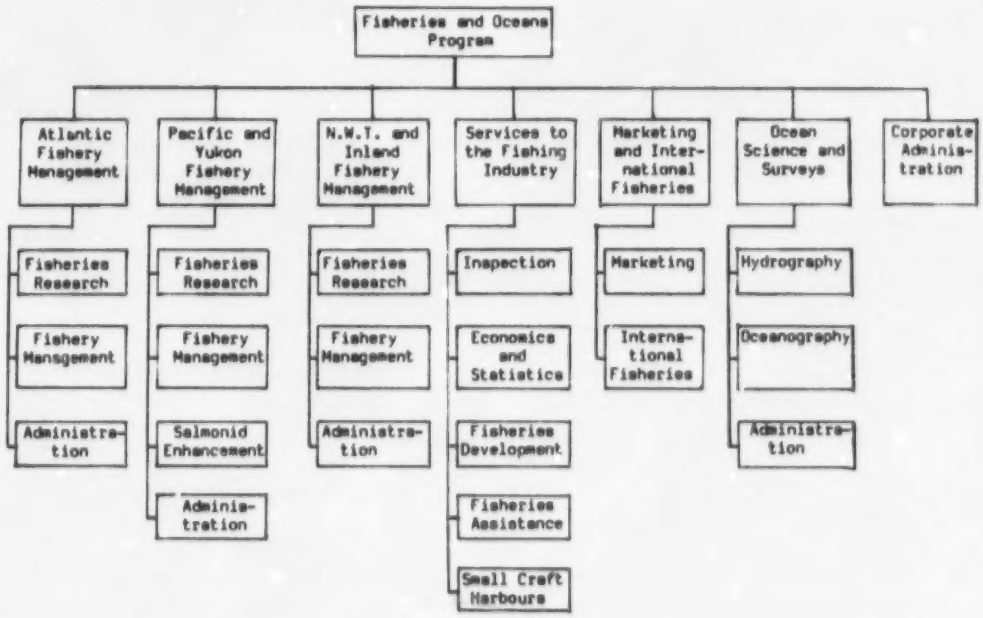
- to conserve, enhance and manage the fishery resource base and to promote the orderly development of commercial, native and recreational fisheries;
- to provide services and an infrastructure to achieve greater economic returns and social benefits from the fishery resource, the fish processing industry and the exploitation of non-renewable marine resources;
- to promote domestic and international sales for Canadian fish and fish products and to negotiate Canadian fisheries' positions in the international arena to ensure the protection and maintenance of Canadian interests; and

- to promote and facilitate the safe use of Canada's navigable waters, to provide information and advice contributing to the environmentally acceptable utilization of marine resources, and to ensure the effective coordination of the policies and programs of the Government of Canada with respect to ocean science and technology.

4. Program Organization for Delivery

Activity Structure: The Fisheries and Oceans Program is divided into seven activities which reflect the responsibilities within the Program and how it is managed to meet its stated objectives. Each activity is divided into work-activities to further refine the objectives and operation of the Program. Figure 2 illustrates the activities of the Program and their respective work-activities.

Figure 2: Activity Structure



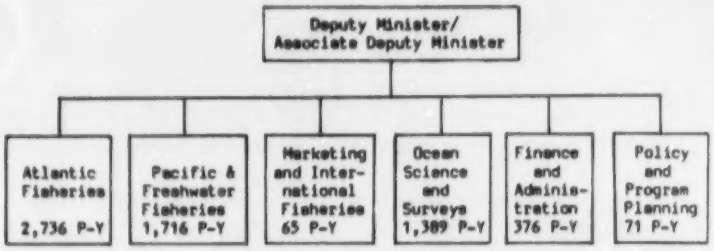
Organization Structure: The Department of Fisheries and Oceans is composed of six main organizational entities, each headed by an Assistant Deputy Minister. These are: Atlantic Fishery, Pacific and Freshwater Fisheries, Marketing and International Fisheries, Ocean Science and Surveys, Policy and Program Planning, and Finance and Administration.

National headquarters, located in Ottawa, is responsible for policy development, national planning and the monitoring of program and policy implementation. Fishery management, research and infrastructure programs are carried out in seven regions: Newfoundland, with regional headquarters in St. John's; Scotia-Fundy, with headquarters in Halifax; Gulf, with headquarters in Moncton; Quebec, with headquarters in Quebec City; Ontario, with headquarters in Burlington; Western, with headquarters in Winnipeg; and Pacific, with headquarters in Vancouver.

Field programs in Ocean Science and Surveys (OSS) are conducted from four regions whose headquarters are located at: the Bedford Institute of Oceanography in Dartmouth, Nova Scotia (OSS Atlantic); the Institute of Ocean Sciences at Sidney, British Columbia (OSS Pacific); the Bayfield Laboratory for Marine Science and Surveys, Burlington, Ontario (OSS Central); and the Champlain Centre for Marine Science and Surveys, Quebec City, Quebec (OSS Quebec).

The relationship between the departmental organization and the previously described activity structure, and the associated 1985-86 resources, is shown in Figure 3.

Figure 3: Resources by Organization and Activity ($000)



	Atlantic Fisheries 2,736 P-Y	Pacific & Freshwater Fisheries 1,716 P-Y	Marketing and International Fisheries 65 P-Y	Ocean Science and Surveys 1,389 P-Y	Finance and Administration 376 P-Y	Policy and Program Planning 71 P-Y	Activity Totals
Atlantic Fishery Management 2,039 P-Y	170,075						170,075
Pacific and Yukon Fishery Management 1,157 P-Y		106,289					106,289
N.W.T. and Inland Fishery Management 320 P-Y		22,115					22,115
Services to the Fishing Industry 1,009 P-Y	119,106	20,916	216		14,715	3,130	158,083
Marketing and International Fisheries 61 P-Y			11,667				11,667
Ocean Science and Surveys 1,389 P-Y				125,857			125,857
Corporate Administration 378 P-Y					32,848	2,190	35,038
Total	289,181	149,320	11,883	125,857	47,563	5,320	629,124

D. Planning Perspective

1. Environment

The Department acts on behalf of the nation as steward of fishery resources and of the aquatic habitat. This involves the husbandry of these fishery resources and provision for their best use through:

- the design and implementation of strategies and programs based on a reliable scientific and technical information base;
- the institution of regulatory regimes; and
- the implementation of a variety of incentive and support measures.

It also serves the Canadian and international scientific community by providing reliable scientific and technical data, navigational charts and related publications in support of scientific and other economic interests in the oceans. The design of departmental strategies and programs takes into account policies adopted by other federal agencies and provincial governments, developments in other sectors of the national and foreign economies, and international interests and obligations.

The following factors have an influence on the Fisheries and Oceans Program:

Economic Factors: The Canadian fishing industry has an important impact on regional economies and on the Canadian economy as a whole. It provided more than 100,000 jobs for fishermen and plant workers in 1983. It produced approximately 1.3 million tonnes of fish valued as landed at $874 million. The value of derived products amounted to about $2.1 billion. As well, Canada was the largest exporter of world fishery products in 1983, with exports valued at $1.6 billion.

There are more than 42,000 private fishing crafts in Canada and approximately 990 federally-registered fish processing plants.

Approximately six million anglers, including one million visitors from other countries, are estimated to spend well in excess of $1.7 billion annually on sport fishing and wholly attributable sport fisheries investment each year.

Public investment in the fishery sector includes some 2,250 federally-maintained harbours across the country, with a replacement value of about $2 billion. This includes 1,450 facilities for small craft, commercial fishing fleets and 800 facilities for recreational and sport fishing.

Common Property Resource: The fishery is a domain wherein individuals and companies lack exclusive rights to all or part of the natural resource. Since arrangements have not been made for proprietary tenure in this area, competition among fishermen tends to have a detrimental effect. In contrast to land-based industries - farming, logging or mining - competition within fisheries tends to reduce economic efficiency.

Because the total allowable catch is finite, an investment by one enterprise to improve its efficiency actually lowers the returns of others, who in turn increase their investments to remain competitive. This vicious circle actually results in higher costs and lower net returns all round.

To some extent, the same holds true in secondary industries. Processors, competing for a fixed supply of raw fish, are encouraged to expand their facilities, thereby raising overhead costs excessively.

A related problem stems from the fact that the environment itself is a common property. Other industrial activities - logging, transportation and power development - may occupy or use areas where fish are harvested. These activities are frequently in conflict with the Department's objective of preservation and enhancement of the fish habitat. The Department, therefore, must work closely with other concerned agencies and user groups, and maintain public awareness of the implication of loss or degradation of the fish habitat.

Foreign and Domestic Marketing: As in other sectors of the economy, the primary force in fisheries growth is market expansion.

Commercial fisheries development in Canada has reflected the opportunities available in the export markets. Traditionally, Canada's major export market has been the United States. The development of export opportunities in the U.S., enhancement of the domestic market, and the diversification or penetration into new or non-traditional markets must be pursued simultaneously. Market instabilities together with currency fluctuations have adversely affected market returns in the fisheries sector.

Market expansion is retarded to some extent by deficiencies in the Canadian fisheries industrial structure, uncertainty in supply, and inconsistency in product quality. The most critical issues therefore are: improvements in cost and quality competitiveness, reduction in market instability, market expansion, promotion of Canadian fisheries products, the pursuit of better international fishery management and market access arrangements.

Expanse of Aquatic Resources: Canada borders on three oceans and has the largest area of fresh water, the longest coastline and second largest continental shelf in the world. National sovereignty and defence, shipping and foreign trade, coastal transportation and

communications, energy development, and commercial and recreational fisheries are all factors of major significance. In this context, it is essential that accurate navigational charts, related publications and information and scientific advice on ocean processes be made available. This work is undertaken in conjunction with legislation administered by other government departments.

2. New and Continuing Initiatives

Given the environmental setting, the department plans to emphasize consolidation of the management of the program in 1985-86, establishing organizational focal points for relations with provincial governments and a variety of other consultations with clients. Figure 4 displays the historical and estimated costs of existing major initiatives.

Figure 4: Cost of Existing Initiatives ($000)

	Estimates 1985-86		Estimates 1984-85	
	$	P-Y	$	P-Y
Dockside and final product grading	1,943	42	2,268	42
Generic promotion campaign	1,661	5	8,189	5
Fisheries management in Quebec	7,862	100	8,012	100
Fisheries management in the Pacific	5,489	79	5,738	79
Comissioning of the C.S.S. J.P. Tully	2,569	30	---	---
East coast winter storms investigation	483	---	---	---
Laser hydrography Arctic trials	800	4	---	---

Major initiatives in support of the Fisheries and Oceans Program are:

Dockside and Final Product Grading: Introduced in 1984-85, these elements of the Quality Improvement Program are intended to improve the quality and consistency of Canadian fish products. The industry has accepted final product and dockside grading for groundfish on a voluntary basis in 1985 with mandatory application in 1986.

Generic Promotion Campaign: First introduced in 1983-84, the program in the coming year will concentrate exclusively on the domestic market.

Fisheries Management in Quebec: The Department will continue work begun in 1984-85 to extend to Quebec fishermen the same services offered in the Atlantic provinces.

Fisheries Management in the Pacific: Work continues on development of data management systems for fisheries management, upgrading of fish habitate information base, and specialized enforcement measures. These initiatives began in 1984-85.

Commissioning of the C.S.S. John P. Tully: This new vessel, beginning operation in 1985-86, provides the Department for the first time with a permanent capability on the West Coast for carrying out both hydrographic and oceanographic activities in deep ocean and Arctic areas, particularly in the Beaufort Sea.

East Coast Winter Storms Investigation: This study, launched in co-operation with Environment Canada, will examine mesoscale (100 km) and macroscale (1,000 km) winter storms on the Canadian East Coast, in conjunction with a similar project by the U.S. with respect to its eastern seaboard. The objective is to improve the forecasting of weather, storm surges, sea waves, currents and ice.

Laser Hydrography Arctic Trials: Useful for depth measurements up to 30 metres, a laser hydrography system will undergo field trials in Arctic waters as well as in more southerly areas. The system has the potential to improve greatly the productivity of in-shore surveying.

3. Program Effectiveness

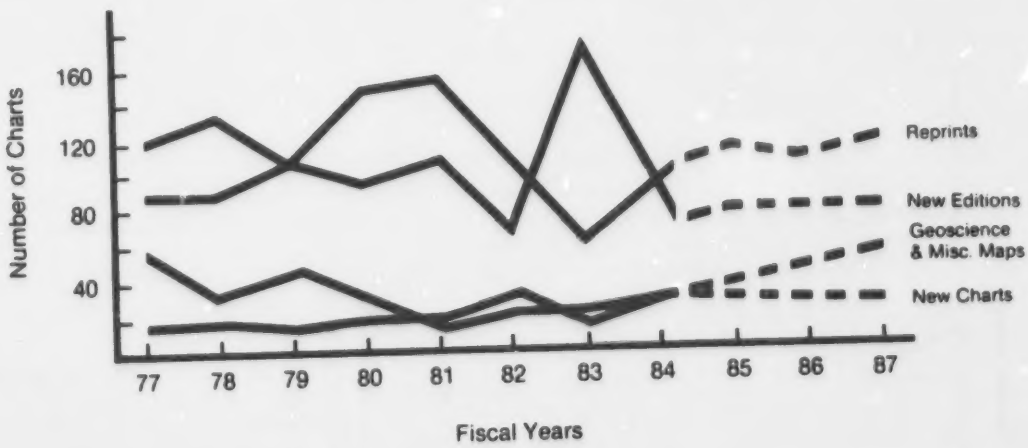
The objective of the Fisheries and Oceans Program focuses on the conservation and management of the aquatic renewable resources of Canada, the sustained economic utilization of those resources, and the undertaking of surveys and research in support of Canada's economic and scientific interests in the ocean. It is the policy of the Department to evaluate the effectiveness of the various components of the Program on a cyclical basis.

Because of the diversity of endeavours carried out by the Department, it is necessary to use several measures of program effectiveness.

- Figure 5 indicates the level of navigational charting activity carried out by the Department; see also Figure 33: Status of Surveys (page 53).
- Figures 6 to 9 illustrate the condition of those aspects of the Canadian fishing industry where the Department's endeavours have some impact.

Note: The information for Figures 6 to 9 is taken from the Canadian Fisheries Highlights 1983.

Figure 5: Navigation Charts



Total Catalogue of Navigational Charts = 1,000

Figure 6: Nominal Catches

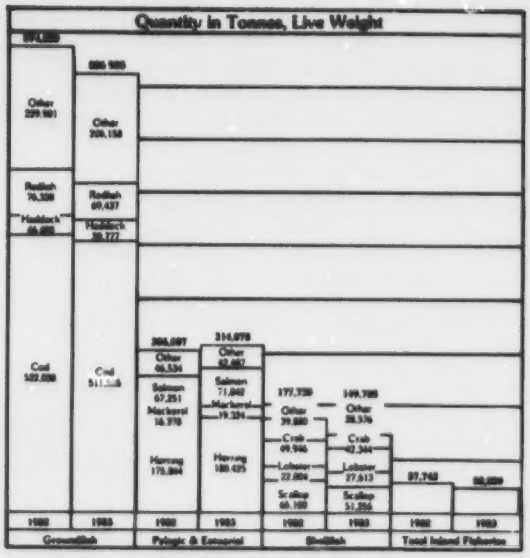


Figure 7: Landed Values

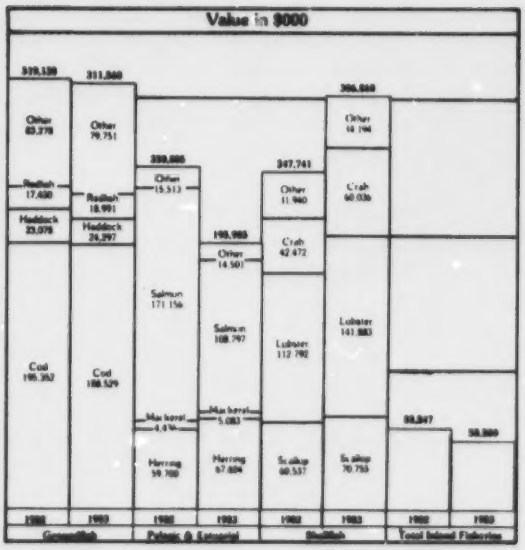


Figure 8: Landings, Production and Exports

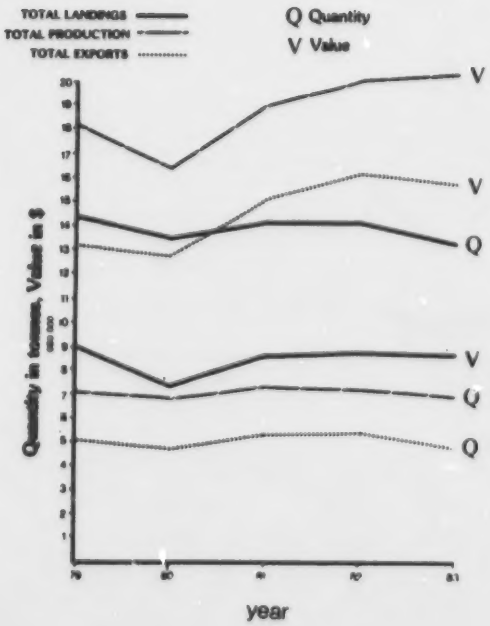
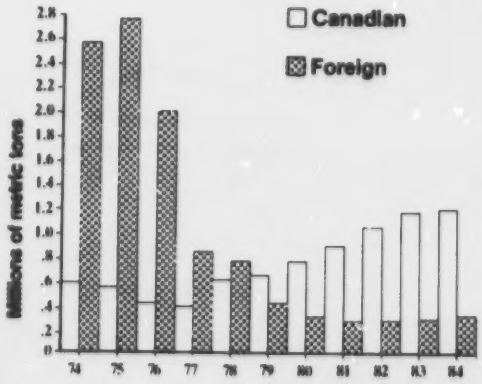


Figure 9: Canadian vs. Foreign Allocations of Atlantic Groundfish 1974-1984



Section II
Analysis by Activity

A. Atlantic Fishery Management

Objective

The objective of the Atlantic Fishery Management Activity is to conserve, enhance and manage the fishery resource and to promote the orderly development of commercial, native and recreational fisheries.

Resource Summary

The Atlantic Fishery Management Activity represents approximately 27% of total 1985-86 Program expenditures and 32% of the total person-years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84
	$	P-Y	$	P-Y	$
Fisheries Research	57,948	718	53,431	736	
Fishery Management	62,999	952	55,068	935	
Administration	49,128	369	63,967	381	
	170,075	2,039	172,466	2,052	130,598

*Figures are not available by work-activities.

Of the total expenditures, 48% are personnel related, 34% are for operating, and 18% are for capital expenditures. The Department presently administers three major institutes and seven major vessels within the Atlantic Fisheries Management Activity. An additional institute at Ste. Flavie, Quebec, and a new offshore vessel are currently under construction.

Description

Atlantic Fishery Management involves the planning and delivery of programs through which the Department manages the fisheries resource, its habitat and the primary (harvesting) sector of the Atlantic fishing industry. The term "management" refers not only to the regulation of fishing, but also to the delivery of federal policies and programs to

the primary fisheries sector, as well as interventions into the natural resource systems. This involves measures related to conservation, protection, augmentation and culture of renewable resources.

The Atlantic Fishery Management Activity encompasses fishery management and research work in Atlantic Canada and the waters adjacent to Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island and Quebec, and within Canada's 200-mile fisheries zone. It also has jurisdiction over the river systems and lakes in all of these provinces except Quebec. The Department is also responsible in the Atlantic zone for the management of 45,000 km of coastline, 300 scheduled salmon rivers where salmon regulations apply and numerous unscheduled rivers and lakes.

The Atlantic fishery affects more than 1,300 communities and employs approximately 47,000 plant workers in over 700 processing facilities. There are over 52,000 commercial fishermen operating approximately 30,000 vessels ranging in size from five to 65 metres. In addition, the Department regulates the operation of more than 300 foreign fishing vessels in Canadian waters annually. To fulfill Canada's obligations to the Northwest Atlantic Fisheries Organization, the Department must also monitor the operations of the fishing vessels from 13 countries, beyond the 200-mile limit.

To achieve effective management of the Atlantic fishery, the following work-activities are undertaken:

Fisheries Research: Research is conducted to acquire the specific knowledge needed for effective management of the fisheries and fish habitats. Projects include resource assessment, aquaculture and resource development, and habitat assessment. In addition, the Department provides scientific advice in the areas of fish health, nutrition, toxicology and physiology. The research results are published in various technical and scientific journals and form the basis for advice to clients in regulatory bodies, the fishing industry, various provincial, national and international agencies, and the general public.

The Department also provides information on environmental and human factors which influence fisheries resources and potential yields, and it produces indices of resources available for harvesting. These studies provide the basis upon which the Department can establish available management options in given circumstances. Scientific knowledge about the fishery resource and its habitat provides a foundation for policies and regulations, and is an essential element in international negotiations. The scientific data is assessed in various committees of such organizations as the Canadian Atlantic Fisheries Scientific Advisory Committee, the Northwest Atlantic Fisheries Organization and other international commissions, and through peer review as part of the publication process.

Fishery Management: The principal tasks undertaken by this work activity include:

- the establishment of the total allowable catch (TAC) levels and other regulations;
- development of management plans for the allocation of various fisheries based on consultations with various user groups;
- controlling access to various fisheries through domestic and foreign licensing regimes;
- the monitoring and surveillance of fisheries activities; and
- the conservation and protection of fishery stocks and their habitat through the enforcement of acts and regulations.

Through offshore surveillance, the Department also monitors the movements and operations of domestic and foreign fishing vessels and enforces management regulations within the 200-mile limit. This responsibility is carried out by aerial surveillance using long-range patrol aircraft, placing observers on domestic and foreign vessels, and the boarding and inspection of fishing vessels by fisheries officers operating from patrol boats.

Administration: This work-activity provides executive and general management and incorporates program coordination and planning at headquarters, as well as regional management and support services. Costs associated with the operation of office buildings, research institutes and stations, and the capital costs of vessels and buildings acquired by the Department for use within the Atlantic zone are included. The operating costs of ships and other field support are part of the Research and Fisheries Management work-activities.

Performance Information/Resource Justification

Fisheries Research: The performance of specific research projects can best be measured in terms of actual accomplishments in relation to forecast outputs. Figure 11 identifies highlights of the forecast outputs for 1985-86.

Figure 11: Fisheries Research Output Highlights

Project Category	Output Highlights 1985-86
Resource assessment (77% of work-activity resources)	Conduct fish stock surveys off Labrador and Newfoundland, on the Scotian Shelf, in the Gulf of St. Lawrence and Georges Bank and stocks beyond 200 miles in which Canada has an interest.
	Conduct research cruises and laboratory investigations to acquire or update knowledge on the abundance, biology, dynamics and ecology of fish stocks, marine mammals and marine plants.
	Conduct biological sampling of Canadian and foreign commercial catches in areas of major fishing activity.
Aquaculture and resource development (11% of work-activity resources)	Field test lobster disease control vaccine.
	Conduct pilot scale operations and technology development for the culture of oysters, scallops and salmon.
	Assess feasibility of genetic engineering applications to fish growt hormones.
Fish habitat research (12% of work-activity resources)	Evaluate results from investigations on the impact of acid rain on rivers and lakes.
	Evaluate use of lime as a local short-term remedy to conserve genetically distinct salmon stocks.

Fishery Management: The highlight outputs for 1985-86 of this work-activity include: the development of policies and programs aimed at stabilizing fisheries resources for Atlantic Canadian fishermen; implementing a management regime to conserve and rehabilitate Georges Bank stocks; re-examining the number of participants in Atlantic commercial salmon fishing through consultation with various user groups; the refinement of enterprise allocations for the offshore fishing fleet, and consultations with respect to potential applications of enterprise allocations in other fleet sectors. As part of the ongoing attempt to recover a significant portion of the management costs, the Department will be increasing license fees for foreign nations fishing in the 200-mile zone by 25% a year for the next four years.

In 1983, the lobster catch in Atlantic Canada was the highest on record since 1910; the Grand Banks and northern codfish stocks and the Newfoundland capelin stock continue to show signs of recovery.

It is estimated that 50% of the work-activity's resources are expended on offshore and coastal surveillance and enforcement, 27% on inland enforcement, 8% on licensing, 5% on allocation, 5% on fish habitat management, and 5% on stock rehabilitation.

Administration: Figure 12 shows the ratio of Administration person-years to the activity total.

Figure 12: Relationship of Administration Person-Year Requirements to Total Activity Person-Years

	Forecast 1985-86	Forecast 1984-85
Total activity	2,039	2,052
Administration	369	381
Percentage of total	18	19

B. Pacific and Yukon Fishery Management

Objective

The objective of the Pacific and Yukon Fishery Management Activity is to conserve, enhance and manage the fishery resource and to promote the orderly development of commercial, native and recreational fisheries.

Resource Summary

The Pacific and Yukon Fishery Management Activity represents approximately 17% of the total 1985-86 Program expenditures and 18% of the total person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84
	$	P-Y	$	P-Y	$
Fisheries Research	12,476	195	17,562	226	
Fishery Management	34,807	528	35,051	545	
Salmonid Enhancement	37,341	234	35,744	174	
Administration	21,665	200	22,778	287	
	106,289	1,157	111,135	1,232	89,960

*Figures are not available by work-activities.

Of the total expenditures, 44% are personnel-related, 39% are for operating costs, and 16% are for capital expenditures. The Department presently administers one major institute and three major vessels within the Pacific and Yukon Fishery Management Activity.

Description

The Pacific and Yukon Fishery Management Activity encompasses the conservation, enhancement and management of both the harvesting and the habitat of the fishery resource in and adjacent to British Columbia and the Yukon Territory. The value of the resource is $450 million (1979-1983 average wholesale value). There are approximately 17,000 commercial fishermen and 350,000 recreational fishermen within the purview of this activity.

The five species of Pacific salmon constitute the most valuable fishery resource in British Columbia and the Yukon Territory, contributing on average 64% of the total landed value of the annual

catch. The management of this resource is complicated by the thousands of distinctive stocks spawning in more than 1,500 different streams and rivers. It is harvested by the commercial, sport and native fisheries. The herring and herring roe fishery, supplying primarily the Japanese market, is the second largest contributor to the regions' fisheries in terms of landed value. This resource accounts for, on average, 16% of the total value of the annual catch. Shellfish, groundfish, and halibut account for the remaining 20% of the landed value of the annual catch, with halibut being the single largest contributor in the category.

Work-activities to achieve the management of this fishery are as follows:

Fisheries Research: This work-activity carries out research in a number of areas including:

- fisheries population biology and stock assessment, to develop better management strategies for various aquatic resources;
- culture of finfish and shellfish, to improve existing and develop new technology applicable to the commercial aquaculture sector;
- environmental biology, contaminants surveillance, and habitat impact assessment, to develop a more complete understanding of pollutant effects and habitat deterioration as a potential threat to aquatic resources; and
- fish physiology, genetics, diseases, nutrition, histology and parasitology, to conserve and revitalize the aquatic resource.

Fisheries Management: The principal tasks undertaken by this work-activity are as follows:

- to ensure the perpetuation of the fishery resource by controlling harvesting and maintaining the breeding population required to rebuild salmon stocks;
- to monitor stock abundance, distribution, composition and harvest rates to maintain and increase fish production;
- to conduct surveillance of domestic and foreign fishing vessels and industrial developers operating within the Canadian economic zone;
- to ensure compliance with conservation, habitat protection and harvesting regulations;

Salmonid Enhancement (SEP): The enhancement of salmonid stock populations involves the construction, operation, maintenance and assessment of fish culture facilities such as major hatcheries, pilot hatcheries, and spawning channels. Techniques required for the operation of remote sites and community projects are also developed and implemented. Other techniques are employed to increase the salmonid populations including the clearing of debris from natural spawning areas, the construction of fishways around obstructions and lake fertilization.

Funds have been provided for the ongoing operation and a two-year transition phase of SEP ending in 1985/86. The transition phase will support evaluations of the returns from existing projects and preparatory studies required for program continuity.

Administration: This work-activity provides executive and general management and incorporates program coordination and planning at headquarters as well as regional management and support services. Costs associated with the operation of office buildings and research facilities, the capital costs of vessels and buildings acquired by the Department for use within the Pacific Fisheries Region are included. The operating costs of ships and other field support are part of the Research, Fishery Management and Salmonid Enhancement work-activities.

Performance Information/Resource Justification

Fisheries Research: The performance of specific research projects can be illustrated in terms of actual accomplishments in relation to planned outputs. Resources are directed towards resource assessment, aquaculture and resource development, and fish habitat research. Figure 14 indicates highlights of the forecast outputs for 1985-86.

Figure 14: Fisheries Research Output Highlights

Project Category	Output Highlights 1985-86
Resource assessment (64% of work-activity resources)	Produce a stock status survey document for all species and major stocks salmon.
	Produce stock assessment reports for groundfish, herring and selected shellfish.
	Initiate programs related to the impact of the sport fishery on salmon, groundfish and shellfish.
Aquaculture and resource development (28% of work-activity resources)	Demonstrate the effect fertilization has on the in-lake survival of juvenile sockeye.
Fish habitat research (8% of work-activity resources)	Complete the analysis of the effects of municipal wastes on juvenile chinook in the Fraser River.
	Evaluate the effects on salmon of habitat loss in small streams.

Fisheries Management: Performance in this work-activity is measured in terms of accomplishments in relation to forecast outputs. Figure 15 identifies output highlights for 1985-86.

Figure 15: Fisheries Management Output Highlights

Project Category	Output Highlights 1985-86
Conservation and Protection (70% of work-activity resources)	Identify measures to ensure increased native participation in the fishery on an equitable basis and to develop the sport fishery.
Resource rehabilitation (10% of work-activity resources)	Develop a coast-wide salmon fisheries management plan designed to maximize the available catch through increased escapement made possible by enhancement and the buy-back of fishing vessels.
	Assess possibilities for future enhancement, particularly of coho chinook salmon, and natural stock rehabilitation.
Fish habitat management (20% of work-activity resources)	Complete and assess a pilot fish habitat management plan that lin fish habitat to the fisheries management plans.

Three specific indicators will be monitored to measure the performance of Fishery Management:

- as a measure of in-season management and enforcement of the commercial troll and sport fisheries, the actual harvest will be monitored against the expected harvest;

- as a measure of in-season management and enforcement of the net fisheries, the actual spawning escapement will be compared with previous actual escapement and current year target figures; and

- as a measure of surveillance, the actual number of domestic and foreign vessels boarded will be compared with pre-established targets.

In an attempt to recover part of management costs, the Department will be increasing license fees for foreign nations fishing in our 200-mile zone by 25% a year over the next four years.

Salmonid Enhancement: The Salmonid Enhancement Program (SEP) was designed with a continuous project and program evaluation feature, through the development of a five account system: the national income account, regional development account, native people account, employment account, and resource and environment account. The Department analyses impacts on national income, as well as employment and income effects related to increased salmonid production of 20 million kg annually.

The SEP contribution to the Canadian catch in 1985 is estimated at 9.1 million kg. The 1984 estimate is 4.3 million kg. The work undertaken during the transitional phase will add approximately 1.5 million kg to the Canadian catch, in addition to the production from the 23 major facilities, community economic development, and lake enrichment projects undertaken to date. The SEP contribution to the Canadian catch in 1983 was 2.9 million kg.

Administration: Figure 16 shows the ratio of Administration person-years to the activity level.

Figure 16: Relationship of Administration Person-Years to Total Activity Person-Years

	Forecast 1985-86	Forecast 1984-85
Total activity	1,157	1,232
Administration	200	287
Percentage of total	17	23

C. Northwest Territories and Inland Fishery Management

Objective

The objective of the Northwest Territories and Inland Fishery Management Activity is to conserve, enhance and manage the fishery resource and to promote the orderly development of commercial, native and recreational fisheries.

Resource Summary

The Northwest Territories and Inland Fishery Management Activity represents approximately 4% of the total 1985-86 Program expenditures and 5% of the total person-years.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84
	$	P-Y	$	P-Y	$
Fisheries Research	11,499	163	12,797	186	
Fishery Management	4,788	90	4,147	99	
Administration	5,828	67	7,160	72	
	22,115	320	24,104	357	22,360

*Figures are not available by work-activities.

Of the total expenditures, 63% are personnel-related, 30% are for operating costs, and 7% for capital expenditures. The Department presently administers two major institutes but no major vessels within the Northwest Territories and Inland Fishery Management Activity.

Description

This activity deals with federal government responsibilities for the freshwater fisheries in Ontario, Manitoba, Saskatchewan and Alberta, and the marine and freshwater fisheries in the Northwest Territories. The responsibilities vary in the different provinces and territories. In the Northwest Territories and in the Arctic Ocean, the Department has complete jurisdiction over the management of both freshwater and marine fisheries. In Manitoba, Saskatchewan, Alberta and Ontario, the management of the fisheries has been delegated to the provinces, but the federal government continues to administer programs aimed at resource protection and conservation, and maximization of returns for the fishery resource.

This activity comprises much of the Program's response to the need for new knowledge about the protection of freshwater fisheries habitats, and has developed a national and international prominence in freshwater fisheries research. In addition, applied research is conducted in the Great Lakes to meet commitments contained in the bi-lateral agreements and convention signed between Canada and the U.S.

The inland fisheries resource supports a healthy and valuable commercial and recreational fishing industry, and sustains a large traditional use by Natives. In the Northwest Territories, where the federal government manages the resource directly, the commercial fishery employs approximately 300 people and has a landed value of $1.4 million. More than 15,000 anglers participate in the recreational fisheries in the Northwest Territories. Purchases and direct expenditures on fishing-related items total over $12.8 million each year.

To ensure the well-being of the fisheries resource in Ontario, Manitoba, Saskatchewan and Alberta, the federal government carries out fisheries and habitat research and sea lamprey control. The commercial fishery has a landed value in excess of $100 million, and provides employment in areas where alternative economic opportunities are limited. The freshwater recreational fishery also contributes to the advancement of tourism and has significant impact on local economies. More than 3.1 million anglers participate in the inland recreational fisheries. Purchases and direct expenditures on fishing-related items total over $1.3 billion. Native community fisheries are important as well, given that more than half of Canada's native population lives within the jurisdiction of this activity.

In the North, there are added dimensions which are of concern to the Department including:

- a wide variety of freshwater species of fish, both anadromous and resident;
- a variety of marine fish and mammals which have not been accurately inventoried or catalogued;
- the exploitation of fishery resources for subsistence by native people; and
- commercial and recreational effects on fishery resources.

Work-activities undertaken to achieve fisheries management objectives include:

Fisheries Research: Research is carried out to acquire the knowledge necessary to manage Northern and inland fisheries and their habitat, and to provide advice to other federal departments, provincial governments, bilateral commissions and industry. Such research studies deal with the following:

- environmental problems such as acid rain and the impact of man-made reservoirs;
- enhancement and rehabilitation of fish stock populations, in cooperation with provincial governments, industry and private interest groups;
- Great Lakes research projects to fulfill federal obligations under the Water Quality Agreement and Great Lakes Fisheries Convention Act; and
- the effectiveness of water quality remedial programs, to provide technical justification for regulatory controls on pollutants and to evaluate the achievement of fishery rehabilitation goals.

Scientific information has been instrumental in the development of impact assessments in areas such as the Beaufort Sea, the MacKenzie Delta and Lancaster Sound. As well, international problems such as acid rain, phosphates in sewage, and dioxins in fish are addressed in relation to the protection and rehabilitation of the Great Lakes. The details of the research accomplishments are published in various scientific and technical journals and other publications.

Fishery Management: The Department's principal tasks in this work-activity include:

- conservation and protection of fish and marine mammal stocks through the enforcement of acts and regulations;
- the establishment of total allowable catch levels, and management systems and plans for the equitable allocation of the resource;
- monitoring and surveillance of fisheries;
- protection of fish habitat; and
- technical investigations assessing the impact of such industrial activities as hydrocarbon exploration and development, pipeline construction, hydroelectric projects, dredging and mining, and the settlement of native fishing agreements.

In the inland areas, non-delegated responsibilities for habitat protection are administered by the Department along with responsibility for fish health protection. In the Great Lakes, parasitic sea lamprey populations are controlled as part of an integrated Canada-U.S. program under the Great Lakes Fisheries Convention, to facilitate the rehabilitation of desirable fish species.

Administration: This work-activity provides executive and general management and incorporates program coordination and planning at headquarters as well as regional management and support services. Costs associated with the operation of office buildings and research facilities, the capital costs of vessels and buildings acquired by the Department for use within the Western and Ontario regions are included. The operating costs of field stations and other field support are part of the Research and Fisheries Management work-activities.

Performance Information/Resource Justification

Fisheries Research: The performance of fisheries research can best be illustrated in terms of actual accomplishments in relation to forecast outputs. Resources are directed towards resource assessment, aquaculture, resource enhancement and fish habitat research. The effectiveness of the program is evaluated by external peer reviews and assessments. Figure 18 identifies highlights of the forecast outputs for 1985-86.

Figure 18: Fisheries Research Output Highlights

Location	Output Highlights 1985-86
Inland (50% of work-activity resources)	Implement enhancement and habitat rehabilitation techniques for walleye i Dauphin Lake, Manitoba, and other inland fisheries, in cooperation with provincial governments.
	Complete a 15-year study of the impacts that a major hydro-electric development in northern Canada has on fish and fish habitat.
Northwest Territories (25% of work-activity resources)	Identify freshwater and marine habitats in the Arctic and study vessel/marine mammal interactions under the Northern Oil and Gas Action Program. Continue assessment and monitoring of fish habitats in areas of oil and g development (e.g. the Beaufort Sea, Norman Wells).
	Complete studies on the response of Arctic freshwater and anadromous fisheries (char, lake trout and whitefish) to intense exploitation.
Great Lakes (25% of work-activity resources)	Finalize a feasibility study on the rehabilitation of the Hamilton Harbour fishery.
	Identify and implement suitable diagnostic techniques to monitor contaminant effects at the individual or population level for Great Lakes fish stocks.

Fishery Management: Performance in this work-activity is measured in terms of accomplishments in relation to forecast outputs. Figure 19 identifies output highlights for 1985-86.

Figure 19: Fisheries Management Output Highlights

Location	Output Highlights 1985-86
Northwest Territories (51% of work-activity resources)	Develop a fisheries and marine mammal management program in response to land claims.
	Continue direct preventative enforcement in all areas, from Inuvik to Frobisher Bay, to curb waste caused by poor fishing, hunting and h[illegible]ng practices.
Great Lakes (49% of work-activity resources)	[illegible]vent transformation and migration of sea lamprey populations through [illegible]ical control in 33 rivers in the basin, consisting of 13 rivers in Lake Superior, 10 in Lake Huron and 10 in Lake Ontario.
	Assess abundance of larval populations, through survey of 106 streams, and adult sea lamprey trapping at 24 sites.
	Maintain sea lamprey barrier dams at 14 sites and construct an additional four barriers.
	Control infectious fish diseases under the Fish Health Protection Regulations, through testing and certification of 23 aquaculture facilities in Ontario, inspections of 50 hatchery facilities, and monitoring of 60 shipments of imported products.

Control measures applied to sea lamprey-producing streams tributary to Lakes Superior, Huron and Ontario have reduced sea lamprey populations in these lakes to about 5 to 10% of former levels. This makes possible the successful introduction of Pacific salmon and the rehabilitation of native species of trout which were virtually eliminated from the lakes in the 1940s and 1950s. Planted lake trout, Pacific salmon and other trout species continue to show excellent growth and high rates of survival in response to sea lamprey control. Additionally, natural reproduction is beginning to contribute substantially to lake trout populations in Lake Superior. Successful spawning has also been observed in Lakes Huron and Ontario. The total impact of Great Lakes angling is estimated at $1 billion annually. Without sea lamprey control the sport fishery for salmon and trout would disappear.

Administration: Figure 20 shows the ratio of Administration person-years to the activity total.

Figure 20: Relationship of Administration Person-Years to Total Activity Person-Years

	Forecast 1985-86	Forecast 1984-85
Total activity	320	357
Administration	67	72
Percentage of total	21	20

D. Services to the Fishing Industry

Objective

The objective of the Services to the Fishing Industry Activity is to provide services and infrastructure in support of the achievement of the highest practical economic returns and social benefits from the fishery resource, the fish processing industry and the exploitation of non-renewable resources.

Resource Summary

The Services to the Fishing Industry Activity represents approximately 25% of the total 1985-86 Program expenditures and 16% of the total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84
	$	P-Y	$	P-Y	$
Inspection	23,987	488	22,424	503	21,131
Economics and Statistics	11,833	181	13,096	208	11,229
Fisheries Development	57,566	161	98,378	194	34,143
Fisheries Assistance	8,227	65	25,163	71	23,725
Small Craft Harbours	59,970	114	131,639	136	110,085
	161,583	1,009	290,700	1,112	200,313
Less: revenue credited to the Vote *	3,500	-	3,500	-	957
Total	158,083	1,009	287,200	1,112	199,356

* The revenue credited to the Vote applies to the Fisheries Assistance work-activity for the sale of fish products by the Fisheries Prices Support Board. The net expenditure of this work-activity is estimated at $5 million in 1985-86 and $8 million in 1984-85.

Of the total expenditures 26% are personnel related, 31% are for operating costs, 30% are for capital expenditures and 14% are for contributions.

Description

Work-activities designed to assist both the primary and secondary fishing industry and to protect the consumer are delivered through this activity.

There are five work-activities including:

Inspection: This work-activity ensures that fish products destined for export from Canada, for import to Canada and for interprovincial trade do not present a health hazard, are of acceptable quality and are not fraudulently marketed. In addition, major emphasis is being placed on the identification and preservation of the quality of Canadian fish and fish products.

To ensure that domestically-produced fish products comply with federal regulations, departmental officials inspect fishing vessels, unloading, handling and transportation facilities, fish landings, processing plants and fish products. As well, imported fish are subjected to rigorous final product inspection upon arrival in Canada, since the foreign facilities producing these products are not inspected by the Department. Laboratory analyses are also performed on domestic and imported products.

Improvements in fish quality are achieved by certifying vessels as having met federal standards; requiring dockside grading of landings, inspecting unloading, handling and transportation facilities; rating processing plants; and requiring final product grade standards. Plans are also underway to develop standards for in-plant quality control processes.

Economics and Statistics: This work-activity has two functions:

Economic Research: This function provides economic and commercial policy analyses related to key factors affecting the future performance of the commercial, native and recreational fisheries and the effectiveness of existing and proposed fisheries policies and programs. Economic research is provided to support some significant ongoing endeavours such as: the development of new policies to improve the effectiveness of the Pacific fisheries management; the financial restructuring of major firms to improve the commercial and economic performance of the Atlantic fisheries, the development of socio-economic impact assessments including community adjustments, economic modelling, the economic impact of acid rain, and fisheries compensation related to oil and gas developments.

Much of the economic and commercial policy analysis is achieved with the active cooperation of the provinces, industry, fishermen, universities and specialized consultants.

Statistics and Analysis: This function collects, stores and analyses data required by government, industry and independent researchers with respect to the harvesting, processing and marketing sectors of Canada's fishing industry. Clients receive information in regular publications and in reports prepared for specific requirements. Ongoing publications provide statistics on fish landings, prices, production and inventory levels, exports, imports, sport fishing and key industry performance indicators. Special studies deal with the economic analyses of incomes and expenditures by fishermen, the financial and economic viability of fishing and processing enterprises under different policy régimes and forecasts of the future economic performance of the fisheries.

Fisheries Development: This work-activity comprises projects which are undertaken to provide: more efficient exploitation of fishery resources and exploration and development of new fishery resources; development, introduction and demonstration to the fishing industry of improved methods and new types of equipment for the harvesting handling and processing of fish; development and introduction of new fishery products; and identification of fisheries development needs and opportunities to design and implement appropriate regional development programs.

In the Atlantic Region, a large number of these projects are implemented through contributions to fishermen, fish processors and fisheries organizations. In the Pacific Region, projects are often carried out in co-operation with different sectors of the industry and through developmental research.

Fisheries Assistance: This work-activity has four functions:

The Fisheries Prices Support Board (FPSB): The Board was established to protect fishermen against sharp declines in prices and subsequent losses of income. It has powers: to prescribe prices for fishery products; to compensate producers for the difference between such prescribed prices and the market prices; to purchase, process, store, ship, market or otherwise dispose of fishery products; to enter into contracts and to appoint agents for the foregoing purposes. The Board also acts as a procurement agent for fishery products used in international food aid and development programs administered by the Canadian International Development Agency (CIDA) and the World Food Program.

The Fishing Vessel Assistance Plan (FVAP): This plan provides contributions for the cost of constructing new vessels to replace outdated or worn out vessels. It also provides funding for the modification or conversion of fishing vessels. The principal aims of the plan are: to assist fishermen in the initial capital outlay required in vessel replacement; to assist in vessel modification or

conversion and thereby improve quality of the landed product; and to enable fishermen to pursue a different type of fishing or improve their methods of fishing.

The Fishing Vessel Insurance Plan (FVIP): This plan makes marine insurance available to Canadian fishing vessel owners, wherever located, at the lowest possible cost. The Department plans to privatize this plan by April 1986.

The Fisheries Improvement Loans Act (FILA): This act provides a source of credit to fishermen which might not otherwise be available from the banking community. It authorizes the Minister to guarantee designated lending agencies, such as chartered banks, trust and loan companies and credit unions, against losses on term loans made to fishermen for the construction of fishing crafts and ancillary installations ashore, the purchase of vessels, engines, gear and equipment, and the major repair or overhaul of vessels, installations and equipment.

Small Craft Harbours: This work-activity provides for the operation of harbour facilities for commercial fishermen and recreational boaters in all parts of Canada. The two principal functions are to maintain and upgrade harbours and to manage them.

Harbour Maintenance: This entails the upgrading, maintenance and repair of harbour protection structures, wharves, slipways, launching ramps, breakwaters, dredging and associated services including water and electricity. Also included are cost-sharing agreements with developers and municipalities for marina development.

Harbour Operations: The Department provides for property administrative services and the overall operation of approximately 1,450 commercial fishing harbours and 800 recreational harbours to ensure their safe and economic use. Approximately 660 harbours have on-site management, 250 through leases with municipalities. Minor repairs are carried out, traffic flow is regulated, and fees for services are collected.

Performance Information/Resource Justification

Because of the diversity of tasks within this activity, performance information is displayed by work-activity.

Inspection: The Department is in the process of developing a management information system for Inspection. Parts of that system are already in place and the nature of the information being collected is reflected in the following analyses.

In order to carry out this work-activity 488 person-years and $24 million will be required in 1985-86 to perform inspections, certifications, ratings and laboratory analyses. Approximately 50 of

these person-years are used in the inspection of imported products. The Inspection work-activity is responsible for the inspection of 42,000 vessels, 2,189 landing sites and 990 registered processing plants. For the year ending December 31, 1983, there were 1,340,000 metric tonnes of fish landed in Canada and 700,000 metric tonnes of fish products produced. During 1983, 92,000 metric tonnes of fish were imported to Canada. These fish and fish products were all subject to inspection.

Beginning in 1984/85, Inspection introduced a national time reporting system. A long-term goal has been set that 55% of available inspection time will be spent on direct activities such as inspections, laboratory analyses, travel and direct supervision. The remaining time will be spent on administration, management and other support endeavours. The actual inspection effort will be reported in the 1986-87 Estimates.

An important measure of the effectiveness of the Inspection work-activity is the amount of recalled product. The majority of products have been recalled because they were aesthetically unacceptable, rather than due to health hazards. The level of recalls (Figure 22) has been relatively constant and is expected to remain at a low level.

Figure 22: Recalls

	1983-84			1982-83		
	#	Tonnes	% of Total Production	#	Tonnes	% of Total Production
Imports	4	57	0.06	2	115	0.13
Domestic product	0	0	0	0	0	0

The Department has begun rating processing plant operations to determine compliance with standards of operation, construction, sanitation and hygiene. Deficiencies have been classified as minor, major, serious or critical. An "A" plant has six or fewer minor deficiencies, while a "D" plant has a number of serious or one critical deficiency. Plants that are rated "D" have their registrations withdrawn. Plants rated "C" are subjected to more frequent inspections until improvements are completed. At this time 10% of plant operations have been rated and it is expected that all plants will be rated prior to the opening of the fishing season in each area. Figure 23 shows the percentage of plant operations in each category.

Figure 23: Plant Ratings as of October 1, 1984

A	38.3%
B	36.5%
C	15.6%
D	9.6%

Effective January, 1986, all fishing vessels will, as a condition of licensing, require certificates of compliance with federal standards. As of October, 1984, 60% of vessels had been certified. Plant and vessel requirements are only two elements that impact on the quality of fish products and suitability for consumption.

The Department has the authority to order that fish products be destroyed or not used for human consumption. As a result of an inspection, a processing plant may be closed or its certificate of registration withdrawn. Figure 24 shows the number of such actions required since 1982-83.

Figure 24: Enforcement Actions

	1983	1982
Domestic destruction (tonnes)	8,600	7,300
Import rejection (tonnes)	2,468	1,448
Plant closure and registration withdrawal*	165	98

* Closures are for varying lengths of time to permit plants to undertake corrective action.

In 1985-86, the Department will begin recovering the costs of import inspections by charging fees for its services.

Economics and Statistics: This work-activity is project-oriented. Performance can best be represented in terms of output highlights. Figure 25 identifies output highlights for 1985-86.

Figure 23: Economics and Statistics Output Highlights

Project Category	Output Highlights 1985-86
Economic analysis (82% of work-activity resources)	Conduct two studies to assess the financial health and future performance of the Atlantic and Pacific processing sectors in terms of changes in the market and potential improvements in plant productivity.
	Evaluate the economic impact on fishermen and processing companies of a comprehensive new B.C. fisheries policy and of measures to improve the economic viability of the Atlantic fisheries.
	Evaluate the structure and operation of the Newfoundland fishery in terms of future corporate plans for FPI and measures for reducing harvesting and processing costs and improving quality.
	Evaluate the economic costs associated with the impact of acid rain on fisheries resources.
	Evaluate the economic impacts of the recreational fisheries and undertake a nation-wide survey of sport fishermen in cooperation with provincial governments.
Statistics and analysis (18% of work-activity resources)	Improve fisheries statistics to more accurately reflect the financial and economic performance of the harvesting and processing sectors.

Over the past three years, the development and utilization of a computerized simulation model has assisted in the successful implementation of an enterprise allocation system by the offshore companies and the Department in the Atlantic region. The comprehensive survey and analysis, completed for Canadian fish processors and fishermen, also provided a fundamental understanding of the fisheries financial structure and performance necessary for the development of the restructuring plan for the Atlantic deep-sea fishery and the Pacific fisheries policy.

Fisheries Development: This work-activity is project-oriented. Performance information is outlined in Figure 26 showing output highlights.

Figure 26: Fisheries Development Output Highlights for 1985-86

Project Category	Output Highlights 1985-86
Fisheries development (76% of work-activity resources)	Second year of a five-year comprehensive development plan for Prince Edward Island and New Brunswick fisheries under ERDA (Economic Regional Development Agreement).
	Final year of a five-year program for development of processing sector and infrastructure in New Brunswick.
	Third year of a five-year expenditure program related to resource development, fleet upgrading and modernization, new product development and planning studies in Quebec.
Atlantic ice-making/storage (13% of work-activity resources)	Second year of five-year program to increase ice-making and storage capability in the Atlantic fisheries.
Special capital recovery projects (11% of work-activity resources)	Complete construction of bait and saltfish facilities in Quebec.

The program has recently assisted in the development of the new automated self-hauling rope reel, automated longline systems and inshore vessel holding and handling systems in the Atlantic Region. Golden Caviar, a new fishery product developed in the Western Region, won the Gordon Royal Maybee Award in 1983. The caviar adds about 30% to the value of the whitefish catch, creates seasonal employment in the processing sector and has turned a formerly discarded by-product into a valuable food.

Fisheries Assistance: The performance of this work-activity can best be described by reference to its four functions:

Fisheries Prices Support Board (FPSB): Programs are initiated only where needed to compensate for sudden price declines or other adverse events beyond the control of the industry. A major factor in the FPSB is to ensure the stability of earnings for the harvesting and processing sectors. Purchases of fishery products for international food aid programs provide an outlet for catches and production which could either find no buyers or stay in storage for many months, accumulating higher costs and deteriorating in quality. Thus, canned mackerel is purchased from processors for resale to CIDA to help meet its food fish requirements in international food aid and development programs. Total purchases are expected to amount to $3.5 million, all of which will be recouped through sales to CIDA.

Fishing Vessel Assistance Plan: In 1983-84, funding was provided to assist in the construction, modification and/or conversion of 810 vessels. Over the past five years, funding has been provided for 2,650 fishing vessels. This program has had considerable effect on fishing communities and fishermen in terms of both job creation and the ability of fishermen to replace their vessels. It is estimated that funding will be provided for some 600 to 800 vessels in 1985-86.

Fishing Vessel Insurance Plan: The Fishing Vessel Insurance Plan insures approximately 20% of the registered fishing vessels in Canada while private insurance companies insure approximately 12%, primarily the more expensive offshore fleet. The Department plans to privatize this plan by April 1986.

Fisheries Improvement Loans Act: Under this program, loans totalling $16 million were guaranteed in 1983-84. Guarantees with lenders historically have claims of 0.75% of amounts guaranteed. With the recent downturn in the economy, claims have increased to over 5% of amounts guaranteed. Approximately 1% of 80,000 registered Canadian fishermen take advantage of this program annually.

Small Craft Harbours: Standards relating to the condition of the harbour facilities and the level of services provided have now been established in Departmental Guidelines on Accommodation. Work in 1985-86 will finalize the review of all harbour facilities and operations for two principal concerns; the need for harbour facilities and a determination of the level of service to be provided. Results of these examinations will be used to allocate the resources for harbour upgrading, reconstruction, and operations and maintenance. In 1985-86, the Department will be increasing berthage fees in an attempt to recover part of the management costs.

Approximately 85% of the expenditures are spent on commercial fishing harbours, with the remaining 15% being spent on recreational harbours, primarily in Ontario, British Columbia and Quebec. Figure 27 illustrates Small Craft Harbours expenditures by fisheries regions.

Figure 27: Small Craft Harbours Expenditures by Fisheries Regions ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Pacific	7,091	13,184	17,613
Western	785	715	807
Ontario	3,289	19,678	17,607
Quebec	18,777	32,071	16,875
Gulf	9,900	27,053	23,569
Scotia-Fundy	6,575	23,968	19,497
Newfoundland	6,184	11,537	10,918
Headquarters	7,369	2,798	1,648
	59,970	131,004	108,534

It should be noted that resource levels, particularly during the period from 1983-84 to 1985-86, have been enhanced by special economic recovery and job creation programs. For example, in 1984-85, the Department anticipates it will spend over $100 million through special program funds to maintain and develop harbours.

Information on the effectiveness of this work-activity will show the vessels' utilization of departmental harbours complying with minimum standards for both physical condition and the level of service and will be reported in the 1986-87 Expenditure Plan.

Major capital projects for this work-activity are shown on page 62 of this Expenditure Plan.

E. Marketing and International Fisheries

Objective

To increase domestic and international sales for Canadian fish and fish products, maximizing the financial returns from the marketplace and preparing and negotiating Canadian fisheries positions in the international arena to ensure the protection and maintenance of Canadian interests.

Resource Summary

The Marketing and International Fisheries Activity represents approximately 2% of the 1985-86 total Program expenditures and 1% of the total person-years.

Figure 28: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84
	$	P-Y	$	P-Y	$
Marketing	4,860	37	11,410	31	
Intenrational Fisheries	6,807	24	6,708	21	
	11,667	61	18,118	52	12,178

*Figures are not available by work-activities.

Of the total expenditures, 26% are personnel-related, 73% are for other operating costs and 1% is for capital. All personnel under this Activity are located at headquarters.

Description

This activity comprises two work-activities: Marketing and International Fisheries.

Marketing: This work-activity has three functions:

Promotions: Strategies are developed for promotion and advertising on the basis of extensive consumer research, market trends, and industry and trade consultation. Promotional programs are designed to improve the image of Canadian fish and seafood products and to increase fish consumption and market returns to the industry.

Marketing Programs and Extension Services: The Department develops and implements pilot projects and programs designed to improve market performance, product competitiveness and returns in the fishing industry.

Market Intelligence and Planning: A variety of services are provided to enhance the capability of the industry and government to make better marketing decisions based on more accurate, timely and relevant market intelligence.

International Fisheries: Work is carried on in the following areas:

Atlantic and Pacific Relations: These functions are accountable for policies, strategies and programs aimed at developing and protecting Canada's interests through international fisheries agreements, as well as boundary delineation. They manage fisheries' relations with countries bordering on and near the North Atlantic Ocean and Pacific Ocean. To achieve national fisheries conservation and development objectives, these functions deal with lowering of tariffs and removal of non-tariff barriers, expansion of access to foreign markets, and protection of existing fish stocks and markets.

Aid and Technical Assistance: This area is accountable for policies, strategies and programs, in cooperation with other departments and agencies such as CIDA, relating to technological development of Third-World fisheries, promotion of new commercial markets in South East Asia and Africa and the provision of food and technical aid through international agencies.

International Commissions: The Department participates in nine international fisheries scientific and conservation commissions, which are non-discretionary obligations on behalf of Canada.

Performance Information/Resource Justification

Marketing: This work-activity is project-oriented and its performance is best assessed in terms of forecast outputs. Figure 29 identifies output highlights for 1985-86.

Figure 29: Marketing Output Highlights

Project Category	Output Highlights 1985-86
Promotions (60% of work-activity resources)	Develop, produce and distribute promotional materials (e.g. recipe booklets, posters, food photography), including development of two publications and reprinting of six.
	Coordinate industry and government participation in four domestic and 10 international shows, exhibitions and missions.
	Generic advertising program aimed at consumers, trade and industry to increase awareness and sales of fish and seafood products in the domestic market.
	Implement Neptune Awards for exemplary merchandising by the retail an food service trade.
Market intelligence and planning (25% of work-activity resources)	Four market assessment trade missions, to Japan, Denmark, France and the Caribbean.
	Develop and implement species marketing plans for cod, herring and capelin.
Programs and extension services (15% of work-activity resources)	Install Mico-Plan systems, micro-computer-based costing and planning systems, in 15 fish plants across Canada.

International Fisheries: This work-activity is primarily concerned with various international negotiations. Highlights of the forecast outputs for 1985-86 are shown in Figure 30.

Figure 30: International Fisheries Output Highlights

Project Category	Output Highlights 1985-86
Atlantic relations (4% of work-activity resources)	Establish fisheries agreements with bilateral partners (Eastern and and Western Europe) involving market expansion, improvement in market access and cooperation on conservation.
	Improve conservation and market positions with the U.S. on east coast (Gulf of Maine) fisheries issues and improve position with France on boundary and fisheries issues.
Pacific relations (5% of work-activity resources)	Develop strategies affecting Canada's fisheries interests with respect to Pacific and Arctic coasts boundary areas under dispute with the U.S.
	Expand South American markets for Canadian fish products.
	Expand markets and improve access for Canadian products to Japanese markets.
Aid and technical assistance (1% of work-activity resources)	Establish new commercial markets in South East Asia and Africa.
	Increase Canada's fish contribution to the Third World Food Aid program.
International commissions (90% of work-activity resources)	Implement Canada's commitments to nine international fisheries commissions and other multilateral institutions.

International negotiations carried out by this work-activity result in the continued maintenance of markets for Canadian fish products and the ongoing cooperation of bilateral fisheries partners in conservation measures. Over the past three years, the Portuguese market has expanded from minimal trade to a $50 million market. New markets have been developed in Cuba ($1.5 million), and the German Democratic Republic ($2.0 million). In other cases, such as Japan and the European Economic Community (EEC), agreements are designed to expand market access for well-developed markets (in excess of $200 million each).

F. Ocean Science and Surveys

Objective

The objective of the Ocean Science and Surveys Activity is to promote and facilitate the safe use of Canada's navigable waters and to provide information and advice contributing to the environmentally-acceptable utilization of marine renewable and non-renewable resources, and to ensure the effective coordination of the policies and programs of the Government of Canada with respect to ocean science and technology.

Resource Summary

The Ocean Science and Surveys Activity represents approximately 20% of the total 1985-86 Program expenditures and 22% of the total person-years.

Figure 31: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84
	$	P-Y	$	P-Y	$
Hydrography	41,440	541	43,024	542	
Oceanography	50,432	584	48,048	584	
Administration	33,985	264	44,126	274	
	125,857	1,389	135,198	1,400	96,943

*Figures are not available by work-activities.

Of the total expenditures, 47% are personnel-related, 32% are for operating costs and 21% are for capital expenditures. The Department presently administers two major institutes and nine major vessels within the Ocean Sciences and Surveys Activity. This activity will also share the new institute presently under construction in Ste. Flavie, Quebec with the Atlantic Fishery Management.

Description

This activity comprises three work-activities: Hydrography, Oceanography and Administration.

Hydrography: Hydrographic endeavours have been organized as a separate entity, called the Canadian Hydrographic Service (CHS), since 1883.

The major tasks undertaken by the Hydrography service include:

- the preparation, maintenance and distribution of corrected Canadian navigation charts, geoscience maps, and related navigational publications; Sailing Directions; Small Craft Guides; tide, current and water-level tables; and Notices to Mariners;

- hydrographic surveys which are carried out in Canada's navigable waters and the processing of data collected to produce charts, and related publications;

- the measurement of tides, currents and water levels, and the processing of data to produce tide and current tables, current atlases and water level bulletins in cooperation with the Department of the Environment;

- research and development, primarily through contracts with industry, for improved surveying, positioning and charting methodology and equipment, and the transfer of the resulting technology to Canadian industry;

- the provision of data, information and expertise relevant to the delineation of marine boundaries; and

- the provision of ships, positioning data and bathymetric measurements, and the subsequent production of geoscience maps, providing bathymetric, magnetic, gravimetric, geomorphological and surficial geological information, through a long-standing Memorandum of Understanding with the Department of Energy, Mines and Resources.

Oceanography: Increased knowledge and understanding of ocean properties, processes and phenomena are obtained through continuing research programs in physical and chemical oceanography and marine ecology. Oceanographic research addresses existing and potential problems in such areas as fishery management, defence, shore-based and offshore industrial developments, marine pollution control, marine transportation, and climate prediction. The research is concerned with coastal waters, continental shelves and the deep oceans, with a particular concern for Arctic waters. While it concentrates on Canadian waters or international waters of Canadian interest, there is also participation in international programs. The major tasks of the Oceanography work-activity include:

- provision of science services such as: the acquisition, recording and storing of all oceanographic, tidal and water level data collected in Canadian waters; the processing and provision of oceanographic data and information products as a national service; the publication of scientific papers and reports; and the provision of scientific advice and expertise to the marine community;

- research in physical oceanography, encompassing the study of the physical properties, processes and phenomena in marine waters;

- research in chemical oceanography, including the study of the flux, distribution and behaviour of organic and inorganic materials from natural and man-made sources;

- research in marine ecology, including the study of marine ecosystems and their relationship with the physical and chemical environment;

- technology development and transfer, involving development of methods, techniques and instrumentation for ocean sciences, and the transfer of ocean technology to the Canadian business sector and developing countries;

- participation in ocean science and technology programs in domestic and international organizations concerned with ocean sciences and policies; and

- the provision of grants and ship and facility support on a negotiated cost recovery basis for ocean-related research and research training in Canadian universities, and the provision of ship and facility support to other interested government departments and agencies.

Administration: This work-activity provides executive and general management and incorporates program coordination and planning at headquarters as well as regional management and support services. Costs associated with the operation of office buildings and research facilities, the capital costs of vessels and buildings acquired by the Department for use within the activity are included. The operating costs of ships and other field support are part of the Hydrography and Oceanography work-activities.

Performance Information/Resource Justification

This activity provides support to various economic and scientific interests, such as fisheries, the environment, energy, defence and marine transportation.

Hydrography: Several factors have been identified as indicators of the effectiveness of the Hydrography activity in meeting its objectives:

- the provision of high quality charts and navigation publications have resulted in fewer marine accidents. Potential navigational problems in coastal channels and harbour developments are identified;

- the provision of hydrographic and navigational information meets the needs of fishermen, boaters and defence;

- offshore surveys with the Department of Energy, Mines and Resources provide resource developers and geoscientists with bathymetric, geological and geophysical data, and assist in the delineation of marine boundaries; and

- major improvements in both surveying and chart production have improved the quality of survey and cartographic services.

Highlights of hydrography outputs for 1985-86 are provided in Figure 32.

Figure 32: Hydrography Output Highlights

Task	Output Highlights 1985-86
Navigational charts (note 1):	New 25 New editions 94 Reprints 120
Geoscience maps*:	5 natural resource maps (1:250,000). 22 sheets of regional resource maps series. 3 marine science papers. Maintenance of digital bathymetric data base.
Sailing directions:	6 English, 7 French editions.
Notices to mariners**: (34% of work-activity resources)	600
Field surveys:	The annual survey program covers approximately 20,000 km^2 (see note 2).
Tides, currents, water Level measurements: (57% of work-activity resources)	Maintenance and data collection for 120 permanent gauges, data collection for 25 temporary gauges.
Research and development (9% of work-activity resources)	Programs concerned with improvements in both surveying and chart production (see note 3).

* Jointly with the Department of Energy, Mines and Resources
** Jointly with the Canadian Coast Guard, Transport Canada.

Note 1: A new edition requires the replacement of previous charts; a reprint does not.

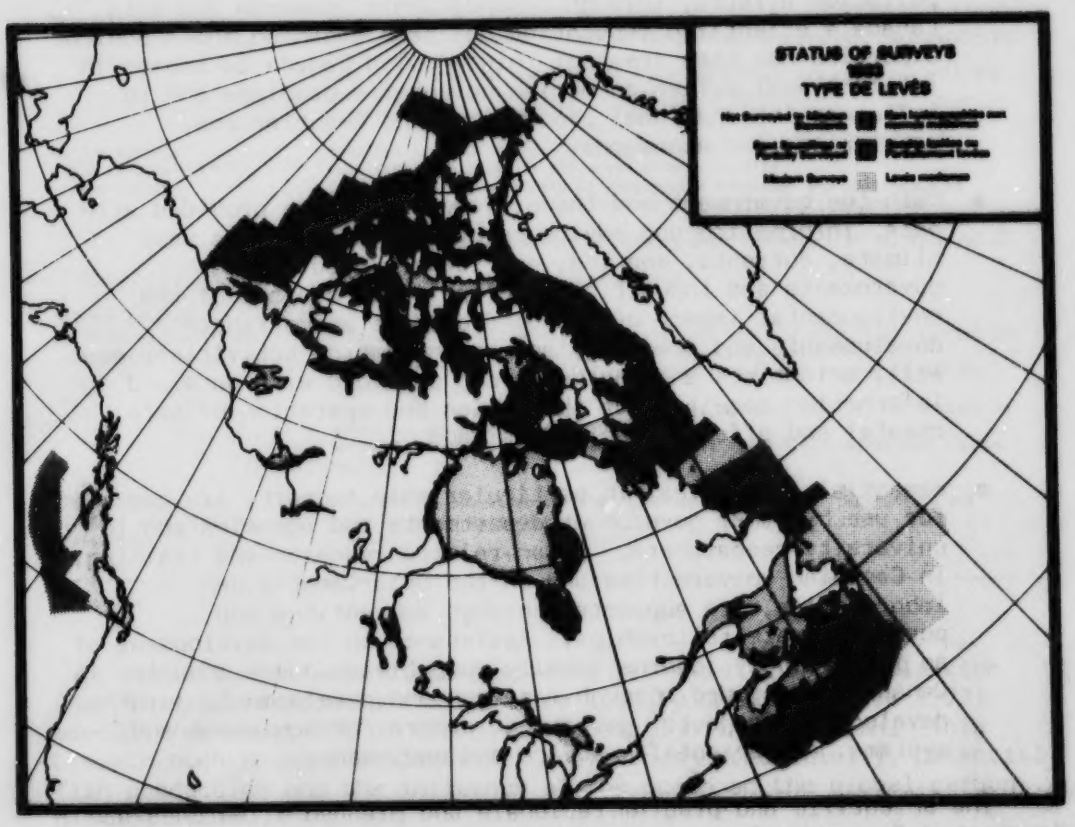
Note 2: The Canadian Hydrographic Service maintains an annual survey program. The areas to be surveyed in 1985-86 are:

- Atlantic Region: Eastern shore, Nova Scotia; Pt. Lepreau, New Brunswick; North West Coast, New foundland; Labrador Coast and Hudson Strait; Jones Sound; and Wellington Channel.
- Quebec Region: Iles-de-la-Madeleine; and North Shore of Gulf of St. Lawrence.
- Central Region: Gulf of Boothia and Eastern Hudson Bay; Lake Erie Harbours; North Channel, Lake Huron, and Upper St. Lawrence.
- Pacific Region: Mackenzie River; West Coast, Queen Charlotte Islands; Dolphin and Union Strait; Tofino Inlet, Vancouver Island; and Loran-C calibration of inshore charts.

Note 3: DOLPHIN, the new remotely-controlled semi-submersible hydrographic vessel, will begin normal production operations. The new laser hydrography system will be used under normal operating conditions in Arctic surveying and the Global Positioning System will begin to be used on survey vessels and in calibrating the Loran-C system.

The complete delineation of Canada's navigable waters requires about 1,000 charts. Approximately 50% of southern waters are charted to modern standards and only 18% of northern waters are charted at all. Currently the situation in both areas is improving at about 3% annually. Because of the requirement to convert all charts to the metric system while maintaining those charts still in the imperial system, the present capacity to produce new charts or editions is about 25 per year. This implies that, on average, a new chart or new edition will be prepared once every 40 years. If economic developments and the use of deeper draught shipping require updating charts more frequently in certain areas, other areas will not be charted adequately for much longer periods of time. The present status of Canadian charting is shown in Figure 33.

Figure 33: Status of Surveys



Priorities for hydrographic surveys and chart production are based on such factors as the numbers of requests from non-governmental users, vessel traffic in given areas, the adequacy and accuracy of existing data, and the stability of the ocean bottom. There are four priority

classes: urgent information to ensure safety and aid commerce; revisory surveys and cyclic chart revisions; future economic development, defence and political requirements; and systematic surveys to update charts to modern standards. An independent assessment has indicated that CHS has widespread support and is satisfying the needs of its clients in all sectors although CHS is not able to respond quickly enough to specific requests.

Oceanography: Effectiveness in Oceanography can be measured by the quality of research and the provision of adequate scientific data, information and advice to government and the private sector. The results of this work-activity are described below:

- there is an increased understanding of ocean processes and phenomena and of the influence of physical and chemical factors on biological productivity and the food chain, including pollution effects, through oceanographic research and data. Canada's scientific reputation has been enhanced and a pool of expertise has been created; this enables Canada to engage in international action on marine scientific problems and to influence international proceedings and negotiations, regulations and standards;

- both the government and the private sector are provided with data, information and advice on sea states, such as wave climate, currents, sea ice, and iceberg predictions; governments and industrial developers are advised of the environmental impact of proposed onshore and offshore developments and dredging, and ocean dumping activities; as well, scientists and engineers are provided with data and information required for the design and operation of safe coastal and offshore facilities; and

- essential facilities, in particular ship support, are provided for use by other government departments and agencies and to university researchers. Ocean-related research and training, in Canadian universities and in the Department's own laboratories, are supported through subventions and post-doctorate fellowships. Assistance in the development of an increasingly internationally-competitive ocean industry in Canada is provided through research and development, joint development projects, government orders for equipment and systems, and scientific advice and assistance.

The scientific and program rationale and planned milestones are documented for each of the several hundred projects. These endeavours are subject to internal annual review, periodical peer review, and regular scheduled program evaluation studies.

Highlights of forecasted outputs of the three research disciplines, physical and chemical oceanography and marine ecology, as well as science service and support to others for 1985-86, are illustrated in Figure 34.

Figure 34: Oceanography Output Highlights

Function	Output Highlights 1985-86
Physical oceanography (34% of work-activity resources)	Complete large-scale heat budget calculations in North Atlantic/Labrador Sea. Conduct long-term current studies of Labrador Shelf and Slope. Conduct preliminary description of currents and water properties off the west coast of Queen Charlotte Islands. Conduct studies of water circulation and of river plumes in Hudson's Bay. Operate a National Wave Climate study. Conduct studies of large scale ocean circulation in relation to atmospheric behaviour. Conduct study of dynamics of Arctic Ocean.
Chemical oceanography (10% of work-activity resources)	Assess chemical conditions in northern Hudson's Bay and Strait. Complete field studies on cadmium exchange among dissolved, particulate and biological phases. Complete a chemical model of Alice Arm and Kitimat Arm concerned with the interaction of pollutants and sedimentary processes. Assess chemical contamination in the Gulf of St. Lawrence.
Marine ecology (21% of work-activity resources)	Complete study of marine invertebrate detoxification mechanisms and of sub-lethal bioassays of pollution effects on fish. Conduct laboratory studies of zooplankton behaviour and physiology to compare feeding rate, metabolism and motility to field-determined population growth. Conduct study of the effect of oceanographic parameters on the survival of fish larvae. Publish studies on Arctic zooplankton.
Science services (15% of work-activity resources)	Produce standard products (tables, atlases). Conduct special analyses from computerized bases of wave, tide, current and water level data, physical and chemical oceanographic data. Archive all industry-supplied oceanographic data and respond to 800-900 requests per year. Conduct full operational use of the image analysis facility for processing satellite and other oceanographic data. Adopt the Seabed II Deep Ocean Mapping System as fully operational equipment.
Support to others (20% of work-activity resources)	Provision of ship-time and ancillary services to other Departments and to university researchers.

Departmental scientists have recently shown that picoplankton (bacteria-sized organisms which were largely unknown before 1979) account for about 50% of the plant production in the ocean. This breakthrough changes estimates of world ocean productivity, potential fish production and the influence of the ocean on the global carbon dioxide cycle.

Progress has also been made relating to the CO_2-climate problem. In 1983, measurements showed that in one of the peak periods, lasting about three weeks, 10 to 20% of daily surface plant production was precipitated to the deep ocean. Generally, global carbon studies have assumed a 1% rate of carbon loss from surface water. These results

suggest that the precipitation process is very efficient and/or productivity has been underestimated in the past. This is an important finding on the global study of the CO_2-climate problem.

The Department has contributed significantly to the support and development of government regulatory functions and environmental assessment and review process for several gas and oil developments, and nuclear power stations. The technical and policy positions presented by the Department have been strongly reflected in the conclusions and recommendations of the review panels. Timely acquisition of the knowledge relevant to Arctic and offshore exploration has been achieved by a shift in research priorities and by the use of supplementary funding from other programs and agencies, such as the National Energy Program and Northern Oil and Gas Activity Program.

Administration: Figure 35 shows the ratio of Administration person-years to the activity total.

Figure 35: Relationship of Administration Person-Year Requirements to Total Activity Person-Years

	Forecast 1985-86	Forecast 1984-85
Total activity	1,389	1,400
Administration	264	274
Percentage of total	19	20

G. Corporate Administration

Objective

The objective of the Corporate Administration Activity is to provide management direction, policy and planning coordination, and corporate administrative services for the Program.

Resource Summary

The Corporate Administration Activity accounts for approximately 6% of the total 1985-86 Program expenditures and 6% of the total person-years.

Figure 36: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84
	$	P-Y	$	P-Y	$
Corporate Administration	35,038	378	41,153	387	57,642

Approximately 45% of this activity's total expenses relate to personnel costs, 50% to operating costs and 5% to capital expenditures.

Description

Corporate Administration provides executive management services to the Program as well as corporate administrative and support services. The following operations are included in this activity: the offices of the Minister, Deputy Minister and Associate Deputy Minister; office of the Assistant Deputy Minister, Finance and Administration, together with corporate finance, planning, information technology and systems and administrative services; office of the Assistant Deputy Minister, Policy and Program Planning, together with strategic policy and planning, federal/provincial relations, program planning, and program evaluation; communications, personnel, internal audit, legal and translation services; and the Chairman of the Fisheries and Oceans Research Advisory Council. Regional administrative services are not included here, but are under the Administration work-activity within each activity.

Performance Information/Resource Justification

Figures 37 and 38 show the ratio of Corporate Administration expenditures and person-years to the Program's total.

Figure 37: Relationship of Corporate Administration Person-Years to Total Program Person-Years

	Forecast 1985-86	Forecast 1984-85
Department total	6,353	6,592
Corporate Adminstration	378	387
Percentage of total	6	6

Figure 38: Relationship of Corporate Administration Expenditures ($000) to Total Program Expenditures

	Forecast 1985-86	Forecast 1984-85
Department total	632,624	792,874
Corporate Adminstration	35,038	41,153
Percentage of total	6	5

Section III

Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The expenditures of the Fisheries and Oceans Program are presented by object in Figure 39.

Figure 39: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	223,917	215,547	199,276
Contributions to employee benefit plans	31,343	27,225	27,579
Other personnel costs	4,964	4,022	4,676
Goods and services			
Transportation and communications	32,200	31,050	27,118
Information	2,031	12,533	5,313
Professional and special services	74,715	70,661	71,355
Ship charters	16,547	22,813	15,168
Other rentals	10,801	16,063	9,793
Maintenance of small craft harbours	14,018	16,297	12,774
Other purchased repair and upkeep	13,381	10,554	11,407
Fuel	13,329	18,246	12,252
Other utilities, materials and supplies	43,640	38,887	39,698
International commissions - Canada's share	5,200	16,602	4,460
All other expenditures	947	947	784
Total operating costs	487,033	501,447	441,653
Capital			
Construction and aquisition of land, buildings and works	74,954	155,431	97,535
Construction and aquisition of machinery and equipment	47,745	81,996	42,937
All other expenditures	-	3,450	-
Total capital	122,699	240,877	140,472
Transfer payments	22,892	50,550	27,869
Total expenditures	632,624	792,874	609,994
Less: receipts and revenues credited to the Vote	3,500	3,500	957
Net expenditures	629,124	789,374	609,037

2. Personnel Expenditures

Figure 40: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	150	125	109	50,350 - 96,300	63,127
Scientific and Professional					
Biological Sciences	398	388	337	16,161 - 68,070	40,402
Chemistry	33	41	43	15,724 - 68,070	36,613
Economics, Sociology and Statistics	75	66	56	14,570 - 65,080	43,483
Engineering and Land Survey	98	109	96	23,306 - 76,130	46,890
Physical Science	85	78	78	15,304 - 68,070	45,254
Scientific Regulation	91	87	77	14,786 - 68,070	40,649
Scientific Research	297	298	317	28,176 - 67,720	52,332
Other	17	18	18	15,003 - 54,221	34,844
Administration and Foreign Service					
Administrative Services	202	188	177	13,912 - 57,987	35,883
Commerce	119	106	66	15,635 - 60,465	48,487
Computer Systems Administration	98	99	87	18,766 - 61,433	35,524
Financial Administration	77	71	68	13,853 - 57,980	36,281
Information Services	57	60	43	13,579 - 57,980	39,417
Organization and Methods	4	5	9	13,520 - 57,980	35,872
Personnel Administration	82	72	74	13,330 - 63,870	38,483
Program Administration	202	228	190	13,912 - 57,987	38,588
Purchasing and Supply	32	35	29	12,766 - 57,980	33,155
Technical					
Drafting and Illustration	138	130	140	15,557 - 40,310	29,762
Electronics	87	89	93	16,619 - 51,950	37,157
Engineering and Scientific Support	661	631	716	14,041 - 50,866	29,546
General Technical	750	743	647	12,635 - 55,682	30,517
Primary Products Inspection	236	251	240	18,971 - 48,380	29,079
Ships Officers	347	300	339	20,486 - 51,531	30,308
Social Science Support	69	63	65	12,635 - 57,764	32,954
Other	4	4	5	14,411 - 33,978	26,579
Administrative Support					
Clerical and Regulatory	634	606	558	12,932 - 31,743	21,029
Data Processing	45	53	36	13,352 - 37,130	23,887
Secretarial, Stenographic, and Typing	351	306	295	12,636 - 31,946	21,628
Other	13	6	6	12,665 - 29,041	20,543
Operational					
General Labour and Trades	180	204	198	14,776 - 40,676	21,609
General Services	135	169	136	13,253 - 39,988	24,764
Heating Power and Stationary Plants Operation	31	27	30	18,242 - 35,598	25,105
Printing Operations	5	6	6	15,340 - 39,895	32,368
Ships Crew	550	532	502	18,840 - 29,988	22,317

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 41 summarizes the Program's capital by activity.

Figure 41: Capital Summary by Activity ($000)

	Estimates 1985-86	Forecast Expenditures 1984-85	Actual Expenditures 1983-84
Atlantic Fishery Management	29,718	34,239	---
Pacific and Yukon Fishery Management	17,127	14,389	---
Northwest Territories and Inland Fishery Management	1,547	2,740	---
Services to the Fishing Industry	45,886	145,003	---
Marketing and International Fisheries	41	37	---
Ocean Science and Surveys	26,664	38,396	---
Corporate Administration	1,716	6,073	---
Total	122,699	240,877	140,472

Figure 42 shows the details of major capital projects.

Figure 42: Details of Major Capital Projects ($000)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years' Requirements
Atlantic Fishery Management					
Gulf Region Fisheries Centre, Moncton, N.B.	10,876	11,396	6,041	5,355	---
Maurice Lamontagne Institute, Ste-Flavie, Quebec	9,935	19,800	8,686	8,842	2,272
Fisheries Patrol Vessel Leonard J. Cowley, (Cape Freels Replacement) B.C.	26,000	26,000	20,500	5,000	500
Northwest Atlantic Fisheries Centre, St. John's	27,060	27,060	26,966	94	---
Northwest Atlantic Fisheries Centre Addition, St. John's, N.B.	---	13,575	41	246	13,288
District Fisheries Building, Shippegan, N.B.	---	192	15	11	166
Scotia Fundy Fisheries Centre, Halifax, N.S.	---	1,239	359	440	440
Design for Two Fisheries Research Vessels	---	1,620	250	1,120	250
Pacific and Yukon Fishery Management					
Fish culture facilities, Nanaimo, B.C.	1,254	954	742	212	---
Fisheries Laboratory, West Vancouver, B.C.	8,030	8,030	360	2,350	5,320
Fisheries Patrol Vessel, Bajo Reef (FD 202 Vessel, B.C.)	1,700	1,700	1,650	50	---
Northwest Territories and Inland Fishery Management					
Water treatment system, Winnipeg, Manitoba	2,536	2,536	2,096	440	---
Services to the Fishing Industry					
Northwest Atlantic Fisheries Centre, St. John's	5,940	5,940	5,919	21	---
Northwest Atlantic Fisheries Centre Addition, St. John's, N.B.	---	2,980	9	54	2,917
Gulf Region Fisheries Centre, Moncton, N.B.	2,387	2,501	1,326	1,175	---
Saltfish facilities, Quebec	6,000	1,500	1,104	396	---
Fish unloading system, Quebec	15,000	15,000	12,720	2,280	---
Marine Station, Prince Rupert, B.C.	2,377	2,377	2,113	264	---
M.V. Tsekoa replacement, B.C.	2,700	2,700	2,675	25	---
District Fisheries Building, Shippegan, N.B.	---	1,555	125	89	1,341
Scotia Fundy Fisheries Centre, Halifax, N.S.	---	168	48	60	60
Bait Storage Facilities, Quebec	---	8,700	7,500	1,200	---
Small Craft Harbours Storm Damage, Quebec					
- Percé	---	3,575	80	3,495	---
- Riviere-au-Renard	---	3,000	---	3,000	---
- L'Anse-au-Griffan	---	2,250	300	1,950	---
Small Craft Harbours					
- Steveston, BC Packers	---	11,344	8,040	3,304	---
Ocean Science and Surveys					
Canadian Science Ship, (C.S.S.) F.C.G. Smith, (Electronic Survey Vessel), Dartmouth, N.S.	5,600	5,600	3,360	2,130	110
Maurice Lamontagne Institute, Ste-Flavie, Quebec	7,065	24,200	10,614	10,808	2,778
C.S.S. John P. Tully, (Wm. J. Stewart Replacement) Sidney, B.C.	26,500	26,500	21,000	5,000	500

4. Transfer Payments

Figure 43: Details of Transfer Payments

	Estimates 1985-86 $	Forecast 1984-85 $	Actual 1983-84 $
Grants			
Atlantic Fishery Management			
Grant to biology students capable of taking instruction and working in the French language	112,000	92,000	---
Marine Sciences Research Laboratory of Memorial University, Newfoundland	150,000	150,000	150,000
Grant to assist seal pelt fishermen with respect to 1983 Seal Harvest	---	---	726,000
Grant to Interuniversity Group for Oceanographic Research in Quebec	---	---	6,000
	262,000	242,000	882,000
Services to the Fishing Industry			
Special Assistance to self-employed Atlantic and Labrador Fishermen affected by abnormal ice conditions	---	5,180,000	---
Ocean Science and Surveys			
Membership fee-International Hydrographic Organization	22,000	22,000	20,000
Intergovernmental Oceanographic Trust Fund	15,000	15,000	15,000
Sea Use Council	15,000	15,000	15,000
Canadian universities and scholarships to individual research investigators in support of marine and aquatic research and fisheries and marine economic research	360,000	360,000	360,000
Grant to A.G. Huntsman Foundation, Dartmouth, N.S. to support an annual award for excellence in the marine sciences	---	---	15,000
Grant to the Canadian Institute of Surveying to finance the operation of the bureau of the Fédération Internationale des Géomètres	53,000	---	---
	465,000	412,000	425,000
Total grants	727,000	5,834,000	1,307,000
Contributions			
Atlantic Fishery Management			
Assistance to the Committee on Seals and Sealing	---	111,000	106,000
Contribution towards the defrayal of expenses for the operation of a fishery research camp - Memorial University of Newfoundland	---	3,600	---
Contribution to the World Wildlife Fund (Canada) for a study of Arctic cetaceans	---	22,500	45,000
Contribution to biology students capable of taking instruction and working in the French language - University of Moncton, N.B.	---	---	60,000
Contribution to buy back Atlantic commercial salmon fishing licences		703,000	
	---	840,100	211,000
Pacific and Yukon Fishery Management			
Contribution to the Council of Forest Industries of British Columbia	---	50,000	50,000
Summer Canada - Summer Employment Program	---	---	133,000
	---	50,000	183,000
Northwest Territories Inland Fishery Management			
Contribution to the Inuit Circumpolar Conference	---	---	15,000
Contribution to defray costs of an International Symposium on Acid Rain	---	---	6,000
Contribution to the Canadian National Committee of the International Association on Water Pollution Research and Control to defray costs of the International Conference on Arctic Water Pollution Research	8,000	---	---
	8,000	---	21,000

	Estimates 1985-86 $	Forecast 1984-85 $	Actual 1983-84 $
Services to the Fishing Industry			
Assistance in accordance with terms and conditions approved by the Governor in Council, for the construction of fishing vessels in respect of which capital subsidies are not payable pursuant to any other federal authorization	1,980,000	1,980,000	7,702,000
Contribution towards Fisheries Development Programs in P.E.I.	—	399,000	2,357,000
Contribution towards Fisheries Development Programs in Labrador	—	1,740,000	1,400,000
Contribution towards Fisheries Development Programs in S.E. N.B.		420,000	568,000
Contribution in respect of the New Employment Expansion and Development (NEED) Program		405,815	8,012,000
Contribution towards the cost of installing bait, fish unloading ice-making and water and power facilities approved under the Special Recovery Capital Projects Program	300,000	10,009,000	450,000
Contribution to commercial licensed fishermen of North Shore and Lower St. Lawrence and the Magdalen Islands	5,556,250	4,288,700	10,000
Contribution to commercial licensed fishermen and Fisherman's Association of the Magdalen Islands	—	250,000	136,000
Contribution to indigenous persons or groups of Northern Quebec related to their hunting and fishing activities	260,000	250,000	---
Contribution for Atlantic Fisheries Technological Development and Information Transfer	1,362,000	1,362,000	1,259,000
Contribution to the International Game Fish Association to assist in the defrayal of costs of the First World Angling Conference	10,000	---	---
Contributions towards the cost of installing ice-making and ice-storage facilities under the Atlantic Fisheries Ice-Making/Storage Infrastructure Program	3,227,000	---	---
Contribution to purchase New Brunswick based herring purse seiners	---	3,000,000	---
Contribution for the development of marinas and for dredging	---	720,000	---
Contribution towards installation of ice facilities in Atlantic Canada	---	2,649,000	---
Contribution under the Fishing Vessel Assistance Program	---	6,520,000	---
Contribution to the Canadian operation of Chefs de Cuisine			7,000
Contribution to the Corporation de la Marina Lotbinière Inc. for the development of a marina		834,000	
Contribution to registered fish plants, corporations, single individual enterprises or groups of individuals, involved in the harvesting, processing, marketing or transportation of fish in Prince Edward Island	810,000	---	---
Contribution to the Club nautique d'Eschaillons for the development of a marina	—	562,000	---
Contribution under the New Brunswick Fishery subsidiary agreement for the Development of the New Brunswick Fisheries	5,630,000	---	---
Contribution to the Town of Fort Frances, Ontario to assist in the defrayal of the capital costs of rehabilitating a wharf	—	---	30,000
Contribution towards the development of Transboundary River Fisheries	—	---	245,000
(S) Liabilities under the Fisheries Loans Act	3,000,000	4,000,000	3,960,000
	22,155,250	39,389,515	26,136,000
Ocean Science and Surveys			
Contribution to the Auto-Carto Six conference on computer assisted cartography	—	---	10,000
Corporate Administration			
Contribution to the Canadian Science Writer's Association to defray the cost of an annual award for science writing in the area of science and natural resources	1,500	1,500	1,000
Contribution for the Fisheries Resource Employment Development for Youth		4,434,885	
Total contributions	22,164,750	44,716 000	26,562,000
Total grants and contributions	22,891,750	50,550,000	27,869,000

B. Cost Analysis

The 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Program on a full-cost basis. Also to be taken into account are any revenues generated by the Program that are credited directly to the Consolidated Revenue Fund. Other costs shown consist of the cost of accommodation services provided by the Department of Public Works ($12,620,000) and other services provided without charge by other departments ($462,000) but do not include accommodation provided without charge by this Department.

Figure 44: Net Operating Cost of Program by Acitivity for the Year 1985-86 ($000)

	1985-86 Operating Costs	Add Other Costs	Total Cost	Deduct Revenue	1985-86 Net Cost	1984-85 Forecast
Atlantic Fishery Management	170,075	4,551	174,626	9,986	164,640	171,319
Pacific and Yukon Fishery Management	106,289	4,383	110,672	7,318	103,354	109,746
Northwest Territories and Inland Fishery Management	22,115	631	22,746	125	22,621	24,958
Services to the Fishing Industry	161,583	1,282	162,865	14,835*	148,030	285,424
Marketing and International Fisheries	11,667	1,010	12,677	---	12,677	18,313
Ocean Science and Surveys	125,857	112	125,969	3,846	122,123	138,128
Corporate Administration	35,038	1,113	36,151	30	36,121	42,068
	632,624	13,082	645,706	36,140	609,566	789,956

*Includes $3,500K - Revenue credited to the Vote.

C. Revenue Analysis

Figure 45: Revenue by Class ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Revenue credited to the Vote			
Sale of fish products by the Fisheries Prices Support Board	3,500	3,500	957
	3,500	3,500	957
Revenue credited to Consolidated Revenue Fund			
Licences and permits	11,408	9,595	8,782
Return on investment	3,400	3,200	3,083
Small craft harbours revenue	4,202	3,038	2,501
Sportfish licences	2,800	1,700	1,662
Sale of bait, fish and fish eggs	1,840	1,535	1,579
Sale of charts and publications	1,639	1,250	1,194
Fines and forfeitures	835	749	804
Rental of insulated containers	1,000	600	815
Refund of previous years' expenditures	133	291	1,602
Rental of land, buildings and equipment	370	335	316
Sale of sealskins	30	20	15
Other service and service fees	91	91	121
Charges for Oceanographic Services	75	---	---
Import inspection fees	1,000	---	---
Cost recovery of university ship time	2,000	---	---
Sale of land and buildings	1,800	---	---
Miscellaneous	17	17	210
	32,640	22,421	22,684
Total revenue	36,140	25,921	23,641

As part of the ongoing attempt to recover a significant portion of the management costs, the Department will be increasing berthage fees and foreign license fees; and will be initiating research services fees and inspection fees on imported products.

D. Fisheries and Oceans' Fleet

Fisheries and Oceans operates an extensive marine fleet made up of its own vessels and chartered vessels. The vessels are used for fisheries research, fisheries surveillance, oceanographic research, hydrographic surveys, and also the provision of platforms in support of the programs of other departments, agencies and institutions. Included is the provision of a search and rescue capability. The total cost of the marine fleet is $43 million and 1,100 person-years with an additional $21 million in vessel charters.

There are approximately 242 vessels in the fleet of Fisheries and Oceans. Figure 46 shows particulars of the major ships in the fleet.

Figure 46: Major Vessels of Fisheries and Oceans

Name	Primary Purpose	Year Built	Life Expectancy	Vessel Length (metres)	Home Port
L.J. Cowley	Fisheries patrol	1984	25	72	St. John's, Nfld.
Cape Roger	Fisheries patrol	1977	25	62	St. John's, Nfld.
W. Templeman	Fisheries research	1982	25	51	St. John's, Nfld.
Chebucto	Fisheries patrol	1966	20	55	Halifax, N.S.
Cygnus	Fisheries patrol	1982	20	62	Halifax, N.S.
Louisbourg	Fisheries patrol	1977	20	37	Halifax, N.S.
A. Needler	Fisheries research	1982	25	50	Halifax, N.S.
E.E. Prince	Fisheries research	1966	25	40	Halifax, N.S.
Baffin	Hydrography/oceanography	1956	35	87	Dartmouth, N.S.
Dawson	Oceanography/hydrography	1967	30	65	Dartmouth, N.S.
Hudson	Oceanography/hydrography	1963	30	91	Dartmouth, N.S.
Maxwell	Hydrography/oceanography	1961	30	35	Dartmouth, N.S.
Pierre Fortin	Fisheries patrol	1975	20	30	Quebec City, P.Q.
Louis Lauzier	Oceanography/hydrography	1977	20	37	Quebec, City, P.Q.
Bayfield	Limnology/hydrography	1960	22	31	Burlington, Ont.
Limnos	Limnology/hydrography	1968	30	45	Burlington, Ont.
James Sinclair	Fisheries patrol	1980	20	37	Vancouver, B.C.
Tanu	Fisheries patrol	1968	25	52	Victoria, B.C.
G.B. Reed	Fisheries research	1962	20	51	Nanaimo, B.C.
Parizeau	Hydrography/oceanography	1967	30	65	Sidney, B.C.
Vector	Oceanography	1967	25	40	Sidney, B.C.
J.P. Tully	Hydrography	1984	25	69	Sidney, B.C.

Foreign Investment Review Agency

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Foreign Investment Review Agency

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the proposed Investment Canada program as well as information on the present Foreign Investment Review Agency program. The overview of the proposed Investment Canada program includes a general description, information on its background and objectives and a planning perspective. The information on the Foreign Investment Review Agency program includes a brief description and background as well as performance information. Section II provides further information on costs and resources as well as special analyses.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $6,421,083 in support of the Foreign Investment Review Agency in 1985-86. The remaining expenditures, estimated at $763,292 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Foreign Investment Review Agency		
50	Program expenditures	6,421	6,283
(S)	Contributions to employee benefit plans	763	682
	Total Program	7,184	6,965

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Foreign Investment Review Agency	
50	Foreign Investment Review Agency - Program expenditures	6,421,083

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person years	Budgetary Operating	Budgetary Capital	Total	
Administration	136	7,159	25	7,184	6,965
	136	7,159	25	7,184	6,965

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Section I
Program Overview

A. Highlights

On December 7, 1984, the Government tabled Bill C-15, the Investment Canada Act, in the House of Commons. The proposed legislation would establish a new Agency, Investment Canada, which is intended to encourage and facilitate investment in Canada and to review larger acquisitions by non-Canadians of Canadian businesses (see page 8). On promulgation of the Investment Canada Act, the Foreign Investment Review Act would be repealed.

As a result of this important new initiative by the government, the Program would undergo radical changes in 1985-86. The new legislation would require a redefinition of the existing Program in response to a different mandate. It would be necessary to develop and implement new policies and procedures to effectively carry out its new responsibilities and the current organization structure would be changed to meet the needs imposed by the new legislation.

B. Financial Summary

Until such time as the legislation is enacted and the Program specifically defined, it is not possible to develop detailed resourcing requirements. Consequently, current resourcing plans provide for funding to March 31, 1985 based on the forecasted level of ongoing FIRA activities and the continuation of funding at this level for 1985-86. Any necessary adjustment to resourcing requirements is expected to be made through the normal Supplementary Estimates process when more detailed information is available. Figure 1 summarizes the current financial requirements.

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Administration	7,184	6,955	229
Person-years	136	136	-

* There has been no significant change from the 1984-85 Estimates. The 1984-85 forecast is $10,000 less than the 1984-85 Estimates of $6,965,000 (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The increase of $229,000 or 3.3% in financial resources requested for 1985-86 is made up of the following major items:

	($000)
• an increase of 3.9% in salary costs	217
• an increase in statutory payments to Employee Benefit plans	81
• a decrease in operating costs	(69)

C. Planning Perspective

1. Environment

As part of its strategy to help generate economic renewal in Canada, the Government announced in the Speech from the Throne on November 5, 1984 that "initiatives will be taken to stimulate both domestic and foreign investment". The Government is of the view that there are benefits to Canada from Canadian and non-Canadian investment and that all steps should be taken to encourage and facilitate the flow of Canadian and non-Canadian capital to create job opportunities, to attract specialized technology and know-how, and access to worldwide marketing. While Canada is fundamentally attractive to non-Canadian investors, in recent years, its reputation as a host to international investment has been called into serious question. The Foreign Investment Review Act has been cited as a major irritant that has coloured the international investment community's perceptions of Canada as a place to do business.

Bill C-15, the Investment Canada Act, represents a major step by the Government to change those perceptions. The new Bill reflects a new attitude. Unlike the Foreign Investment Review Act, Bill C-15 recognizes the positive contribution that non-Canadian capital can make to Canada.

2. Introduction to Investment Canada Proposal

Background: On December 7, 1984 the Government tabled Bill C-15, the Investment Canada Act, in the House of Commons. This Bill reflects the Government's intention to establish a climate that will encourage investment in Canada by both Canadian and non-Canadian investors. The Bill provides for the establishment of a new agency, Investment Canada, to help to carry out the Government's objective in this regard.

In concert with the private sector and provincial governments, Investment Canada would work with trade services in Canada and abroad to encourage and facilitate investment in Canada. Using this network of contacts and resources in the public and private sectors, the Agency would identify investment opportunities

and help investors to transform these opportunities into jobs, new technology and real economic growth.

The new legislation also recognizes the contribution that small and medium-sized business can make in providing employment, establishing new businesses and markets and introducing new technology and products. It is anticipated that Investment Canada would have a special responsibility to encourage this kind of investment.

While the government intends to retain the authority to ensure that major acquisitions by non-Canadians are of benefit to the economy, the process by which such acquisitions are reviewed would be dramatically altered. As well, although Investment Canada would continue to review important acquisitions, the total number of investments subject to review would be substantially reduced and the process would be faster and simpler. The proposed changes would:

- eliminate from review almost all investments to establish new business in Canada;
- eliminate from review most acquisitions of businesses in Canada by non-Canadians except for major acquisitions that can have an important impact on the economic, industrial or cultural interests of Canada;
- provide the authority to review smaller acquisitions and the establishment of new businesses in culturally sensitive sectors such as book publishing, film production and distribution;
- recognize the difference between acquisitions of businesses in Canada where the majority of assets in the transaction are located in Canada, and those where the Canadian assets are only part of a larger transaction which occurs outside Canada; and
- ensure speedy decisions on proposals that require review by establishing firm deadlines, by simplifying the decision-making process and by providing advance consultation to potential investors.

Program Objective: Some general statements of the nature of the objective of the proposed new Program are as follows:

- to contribute to economic growth and employment opportunities in Canada by encouraging and facilitating investment in Canada by Canadians and non-Canadians and by ensuring that important new investment by non-Canadians is of net benefit to Canada;
- to increase the awareness and understanding of the objectives of Parliament and the Government with respect to investment in Canada by Canadians and non-Canadians;

- to encourage and assist Canadian businesses to exploit opportunities for investment and technological transfer;
- to provide investment information and other services to facilitate growth in the level of economic activity in Canada;
- to encourage and assist non-Canadian investors in the development of investment proposals, compatible with the interests of Canada;
- to ensure that non-Canadian investors and their proposals are dealt with courteously, fairly, adequately and expeditiously;
- to contribute to and be in concert with relevant policies and objectives of the Government; and
- to ensure a high standard of service to the Minister, to Parliament and to all other persons who have occasion to deal with the Agency.

Program Description: In carrying out Investment Canada's new positive mandate to encourage and facilitate new business investment, it is anticipated that the new Agency would work with Canadian posts abroad and industrial regional offices across Canada and would operate in concert with provincial governments and the private sector. Through this network it would serve as the focal point for the Government's effort to identify investment opportunities, to transfer technology and to put Canadian businesses in need of capital in touch with investors seeking opportunities to invest in Canada. It is also anticipated that it would offer information and other investment services and provide tools to assist others to promote Canadian investment interests at home and abroad.

As regards the review process envisioned in Bill C-15, it is estimated that only about 10% by number and two-thirds by asset size of the investments by non-Canadians that are currently reviewable under the Foreign Investment Review Act would be reviewable under the Investment Canada Act. All other non-Canadian investors would be required only to notify the Government of their investment intentions.

3. Comparison of the FIR Act and the Investment Canada Bill

A comparison of the key features of the existing Foreign Investment Review Act and the current proposals outlined in Bill C-15 is described in Figure 2.

Figure 2: Comparison of FIR Act and Investment Canada Bill

Key Features	Existing FIR Act	Investment Canada Bill
Purpose	Level of foreign control a matter of national concern	Investment by Canadians and non-Canadians presumed to be of benefit to Canada
Scope of Review		
. New Businesses	All	Not reviewed
. Direct Acquisitions	All	Reviewed if $5M or more
. Indirect Acquisitions	All	Reviewed if $50M or more, or $5M or more if Canadian subsidiary is more than 50% of total transaction
Scope of Notification	No separate provision as all investment reviewed	All new businesses and acquisitions below thresholds indicated above
Reserve Power to Review	None required	Any investment regardless of size in prescribed culturally sensitive sectors
Benefit Test	Significant benefit to Canada	Net benefit to Canada
Assessment Factors	Impact on: . economic activity . Canadian participation . efficiency and technology . competition . compatibility with federal and provincial economic and industrial policies	Impact on: . economic activity . Canadian participation . efficiency and technology . competition . compatibility with federal and provincial economic and industrial policies . compatibility with cultural policy . international competitiveness
Review Process		
. Consultation with	. Provinces affected . Departments affected	. Provinces affected . Departments affected
. Cabinet	In sensitive cases	In sensitive cases
. Decision by	Governor in Council	Minister
. Time frame	60 days with unlimited extension by Government	45 days with extension beyond 75 days only with agreement of investor
Definition of Foreign Investor	Complex rules based on control-in-fact with presumptions biased against investor. No incentive for investors to Canadianize.	Simpler rules which take account of extent of Canadian ownership and employing more balanced presumptions. Modest incentive for investors to Canadianize.
Penalties	Criminal penalties	Civil penalties except for breach of confidentiality
Positive Role	None	Specific mandate to: . encourage investment for growth . provide information services . advise on opportunities and contacts

D. Summary of FIRA Operations

1. Legal Mandate

The Foreign Investment Review Act, which came into force in 1974, was enacted by Parliament to provide a mechanism to screen certain foreign direct investment proposals to determine whether or not these investments are likely to be of significant benefit to Canada. The Act applies to two, and only two, forms of foreign investments:

- the acquisition of control of a Canadian business enterprise by foreign individuals, corporations, governments, or groups containing foreign members, through the acquisition of shares or of the property used in carrying on the business; and
- the establishment of a new business in Canada either by foreign persons who do not already have an existing business in Canada, or by foreign persons who have an existing business in Canada, if the new business or expansion is unrelated to the existing business.

Section 7(1) of the FIR Act provides for the establishment of an agency, the Foreign Investment Review Agency, to advise and assist the Minister responsible for the administration of the Act. The responsible Minister is the Minister of Regional Industrial Expansion.

2. Program Objective

The objective of the Program is "to ensure that acquisitions of control of Canadian business enterprises and the establishment of new or unrelated businesses by non-Canadians are, or are likely to be, of significant benefit to Canada".

3. Program Description

The Program provides for the assessment of proposals by non-Canadians regarding acquisition of control of Canadian business enterprises; the establishment of new businesses and expansion into unrelated businesses in Canada; negotiation of undertakings and the co-ordination and development with provincial governments and other federal departments of recommendations as to whether such proposals provide significant benefits to Canada; the provision of legal and administrative support to assist the assessment process; preparation of ministerial rulings as required by the statute; the performance of monitoring, investigatory and enforcement measures to ensure compliance with the legislation; and the provision of research and analytical support needed to administer the statute.

When a notice outlining an investment proposal is received by the Agency, it is examined and evaluated on the assessment factors outlined in the Act. The notice is also c[illegible]ated to the province or provinces significantly affected by

the proposal for their views and comments. Once all the necessary information has been assembled, the case is then referred to the Minister, together with an assessment by the Agency of the perceived effects of the investment. The Minister then decides whether or not to recommend to the Governor in Council that the investment be allowed and the applicant is informed accordingly. Following allowance or disallowance, the Agency monitors whether or not foreign investors are acting in a way which is consistent with the provisions of the FIR Act.

4. Program Organization for Delivery

Activity Structure: The current FIRA Program consists of one activity, Administration, which is broken down into five sub-activities: determining whether or not proposed foreign investments are reviewable or non-reviewable under the FIR Act; assessing whether or not reviewable investment proposals are or are not likely to be of significant benefit to Canada; monitoring compliance with the FIR Act; policy development and research; and administration.

Figure 3: Activity Structure

Organization Structure: The Foreign Investment Review Agency is located entirely in Ottawa. It is headed by a chief executive officer (Commissioner) who is appointed by the Governor in Council and is responsible to the Minister for the work of the Agency. The Agency has four operational units: Compliance Branch; Assessment Bureau; the Policy, Research and Communications Branch; and the Personnel and Administration Division.

5. Program Effectiveness

The Foreign Investment Review Agency is concerned mainly with its effectiveness in dealing with foreign investors, the quality of advice it provides to the Minister on investment proposals and its efficiency in dealing with foreign investment applications. Each investment proposal allowed by the government is expected

to yield significant benefit in terms of the industrial and economic development of Canada. Investment proposals which are not likely to be beneficial are refused. The Agency does not attempt to measure the differences in economic development that occur by virtue of the review process compared to the effects, if any, that would occur in the absence of the FIR Act and related process.

Planned new investment and employment are the only readily quantifiable benefits associated with foreign investment proposals under the Act. Though great care must be taken in using or interpreting these figures - one large case during a year can distort the figures - they do provide some measure of the benefits likely to result from allowance under the Act. Figures 4 and 5 provide a detailed breakdown of planned investment and employment benefits resulting from allowed cases for the fiscal years 1981-82, 1982-83 and 1983-84.

Figure 4: Comparison of Planned Investment Resulting from Allowed Cases ($ million)

	Actual 1983-84	Actual 1982-83	Actual 1981-82
Administration	1,737.6	1,514.5	704.9
New businesses	2,395.9	1,531.7	904.9
Total	4,133.5	3,046.2	1,609.8

Figure 5: Comparison of Planned Employment Resulting from Allowed Cases (number of jobs) for 1981-82, 1982-83, and 1983-84

	1983-84			1982-83			1981-82		
	Jobs Saved	New Jobs	Total Jobs	Jobs Saved	New Jobs	Total Jobs	Jobs Saved	New Jobs	Total Jobs
Acquisitions	1,927	10,234	12,161	5,670	7,822	13,492	3,521	9,284	12,805
New businesses	-	11,928	11,928	-	17,723	17,723	-	6,620	6,620
	1,927	22,162	24,089	5,670	25,545	31,215	3,521	15,904	19,425

Fiscal year 1982-83 was a record year for new investment and employment benefits with planned new investment up 89 percent and saved or planned jobs up 61 percent. In 1983-84 planned new investment continued to increase; it rose over 35 percent to $4.1 billion. Both acquisitions and especially new business proposals contributed to the increase; planned new investment rose over 14 percent in the former and 56 percent in the latter. Though the total number of jobs planned and saved reached 24,089, it was, nonetheless, 23 percent less than the record 31,215 jobs recorded in 1982-83. There was, however, a 31 percent increase in the number of new jobs planned in acquisition cases.

Further details of operations under the Act are contained in the Agency's Annual Report which was tabled in Parliament in November 1984.

6. Performance Information/Resource Justification

Following the introduction in mid 1982 of changes streamlining the review process, a large number of cases which were in the Agency became eligible for review as small business proposals. This, together with a concentrated effort made to resolve outstanding cases, resulted in a higher than usual number of cases being decided by the Governor in Council during the 1982-83 fiscal year. In 1983-84 the number of applications resolved, while 9.3% below that of 1982-83, was nevertheless 25.5% above the 1981-82 level. It is forecast that a further rise of 5.8% is likely to occur in 1984-85.

Over 80% of all reviewable investments are now being processed through to a final decision in less than 60 days. Many are decided in about half that amount of time. By contrast, only 55% of all investments reviewed in the year prior to the introduction of the new measures were dealt with in less than 60 days.

Figure 6 provides information on the actual and projected status of all applications by fiscal year.

Figure 6: Status of Applications

	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Applications carried forward	193	223	426	456
Applications received	1,000	1,010	943	799
Total applications	1,193	1,233	1,369	1,255
Governor-in-council decisions (G.I.C.)	975	885	984	594
Applications withdrawn prior to G.I.C. dec.	66	76	95	125
Certified applications resolved	1,041	961	1,079	719
Applications withdrawn prior to certification	34	78	65	104
Non-reviewable applications	8	1	2	6
Total applications resolved	1,083	1,040	1,146	829
Closing inventory of applications	110	193	223	426

Figure 7 provides a breakdown of the disposition of cases by the Governor in Council.

Figure 7: Analysis of Applications Decided by Governor in Council

	Actual 1983-84	Actual 1982-83	Actual 1981-82
Cases allowed	858	924	513
Cases disallowed	27	60	81
Total decided	885	984	594

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	5,452	5,235	4,836
Contributions to employee benefit plans	763	682	729
Other personnel costs	6	6	1
	6,221	5,923	5,566
Goods and Services			
Transportation and communications	353	354	297
Information	162	203	162
Professional and special services	222	239	178
Rentals	45	44	42
Purchased repair and upkeep	16	23	28
Utilities, materials and supplies	140	126	77
	938	989	784
Total operating	7,159	6,912	6,350
Capital	25	28	18
Transfer Payments	-	15	40
Total expenditures	7,184	6,955	6,408

2. Personnel Expenditures

Personnel costs constitute approximately 87% of total Program expenditures.

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	16	16	16	50,350 -96,300	68,819
Scientific and Professional					
Economics, Sociology, and Statistics	6	5	5	14,570 -65,080	52,907
Administration and Foreign Service					
Administrative Services	7	6	5	13,912 -57,987	34,471
Commerce	40	41	41	15,635 -60,465	50,103
Information Services	3	3	3	13,579 -57,980	45,897
Programme Administration	5	5	3	13,912 -57,987	30,441
Other	3	3	3		41,332
Technical					
Social Sciences Support	4	4	3	12,635 -57,764	34,374
Administrative Support					
Clerical and Regulatory	16	15	16	12,932 -31,743	21,800
Secretarial, Stenographic Typing	33	35	33	12,636 -31,946	22,049
Other	3	3	2		22,123

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

The 1985-86 Estimates include only authorities to be voted and statutory items. The cost of accommodation provided free of charge by Public Works ($726,374) and services provided without charge by other departments ($127,000) make up the total cost of the Program.

Figure 10: Total Program Costs ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Total 1984-85
Foreign Investment Review Program	7,184	853	8,037	7,855

P1-M

Grain Transportation Agency

1985-86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Grain Transportation Agency

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $2,820,000 in 1985-86 in support of the Grain Transportation Agency Administrator Program. The remaining expenditures, estimated at $193,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Grain Transportation Agency Administrator		
110	Program expenditures	2,820	...
(S)	Contributions to employee benefit plans	193	...
	Total Program	3,013	-*

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Grain Transportation Agency Administrator	
110	Grain Transportation Agency Administrator - Program expenditures and contributions	2,820,000

* The Agency was designated a department effective July 1, 1984 and funding for the nine-month period to March 31, 1985 was requested in 1984-85 Supplementary Estimates. The first quarter of that fiscal year was funded by Transport Canada Surface Administration and the Canadian Transport Commission.

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer Payments		
Grain Transportation Agency Administrator	34	2,925	85	3	3,013	-*

* The Agency was designated a department effective July 1, 1984 and funding for the nine-month period to March 31, 1985 was requested in 1984-85 Supplementary Estimates. The first quarter of that fiscal year was funded by Transport Canada Surface Administration and the Canadian Transport Commission.

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Section I
Program Overview

A. Highlights

The Grain Transportation Agency is a newly created organization under the Western Grain Transportation Act (WGTA). The Agency takes over functions related to the movement of grain to export and domestic positions that were previously performed by the Grain Transportation Authority, a temporary body established in late 1979 (see page 8). The new Agency is headed by an Administrator, a position created by the WGTA.

Highlights of the Grain Transportation Agency's plans for its operations during 1985-86 are:

- the Agency will pursue its objectives with a budget of $3 million and a staff of 34 persons (see page 7);

- during 1985 the Minister will initiate a thorough review of the WGTA legislation; the Agency will have a major input to the review process with respect to those sections of the Act which relate to performance objectives (see page 13);

- key areas of emphasis to be undertaken by the Agency, some of which began in 1984-85 but will carry through the 1985-86 fiscal year, include (see pages 14 and 15):

  - preparation of a set of recommendations on the legal basis for car allocation functions;
  - development of car allocation procedures for specialty crops;
  - preparation and execution of operating agreements with the railways on government-owned hopper cars and development of procedures for monitoring their use;
  - identification of lists of potential projects to improve efficiency in the grain handling and transportation system and, where possible, commencement of work on study and/or implementation;
  - development of a notional system of performance objectives with awards and sanctions as specified in the WGTA;
  - preparation of a complete report on the performance objective system, and on such other matters under the Agency's jurisdiction as may be required, for the 1985 Review.

B. Financial Summary

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Grain Transportation Agency Administrator	3,013	2,220	793
Authorized person-years	34	26	8

* There is no change from 1984-85 Supplementary Estimates. The Agency was designated a department effective July 1, 1984 and funding for the nine-month period to March 31, 1985 was requested in 1984-85 Supplementary Estimates. The first quarter of that fiscal year was funded by Transport Canada Surface Administration and the Canadian Transport Commission.

Explanation of Change: The financial requirements for 1985-86 are $.8 million or 36% higher than the 1984-85 forecast expenditures. The increase is due primarily to:

	($000)
• 12 months of operation rather than 9 as in 1984-85	600
• contributions to employee benefit plans not required for 1984-85	193
• accommodation charges paid by Public Works in 1984-85	120
• decreased capital requirements	(130)

The change in person-years is the result of 12 months of operation in 1985-86 compared to 9 the previous year. The authorized person-years for 1984-85 are therefore 75% of a full year.

C. Background

1. Introduction

The Grain Transportation Agency (GTA) was created with the passage of the Western Grain Transportation Act (WGTA) in November, 1983. The Agency supercedes the Grain Transportation Authority, which was established in 1979.

The Grain Transportation Agency is charged with the development, co-ordination and management of specific aspects of the grain handling and transportation system.

The Agency, under the direction of the Administrator, is responsible for promoting transportation system efficiencies, monitoring railway performance relative to grain, allocating grain cars in co-operation with the Canadian Wheat Board and the Canadian Grain Commission, and generally co-ordinating the handling and transportation of grain.

The first full year of operation for the new Agency will be 1985-86.

2. Legal Mandate

The Western Grain Transportation Act contains provisions for the establishment of a Grain Transportation Agency Administrator and sets out the powers of the Administrator. The legal mandate thus provided by the Act became effective March 1, 1984 with the appointment of the GTA's first Administrator.

Specific authority for the GTA's car allocation activities is derived from the Canada Grain Act.

3. Program Objective

The objective of the Program is to ensure that, for specified aspects of the grain handling and transportation system, western grain moves to domestic and export positions in a prompt, efficient and orderly manner.

4. Program Description

The Grain Transportation Agency is responsible for the development, co-ordination and management of specific aspects of the grain handling and transportation system which includes: the primary elevator system; railway transportation; the terminal elevator system; and the transfer elevator system of the St. Lawrence River and the Maritimes. The responsibilities of the Canadian Grain Commission respecting the handling of grain in elevators and of the Canadian Wheat Board respecting the purchasing and selling of grain are, however, not restricted by the duties and functions of the GTA. Specific responsibilities of the GTA include:

Car Allocation: Car allocation has been a primary responsibility of the GTA since March, 1980. It involves the weekly determination of the number of railway grain cars required and available to move western grains to export and domestic destinations, and the subsequent division of those cars by destination, grain, shipper, shipping block or train run, and delivery point. Although there is a shared responsibility for allocation with other agencies, the GTA is designated with primary responsibility for determining on a weekly basis the need for railway cars to meet sales, determining in weekly negotiation with the railways, the number of cars available, reconciling, in the negotiation process, any differences between car requirements and car availability, and finally allocating cars between Canadian Wheat Board and non-Board grains and among shippers of non-Board grains. Grain cars available for allocation including both boxcars and government and railway owned hoppers total approximately 30,000. The weekly allocation process is illustrated on page 18.

Co-ordination: The GTA has a responsibility for overall co-ordination of grain movement, working with the railways, the elevator companies, the marketing organizations and the other regulatory agencies to ensure that grain movement occurs in an orderly way. This overall co-ordination involves identifying potential bottlenecks and working in a facilitating, expediting, and mediating role with system participants to ensure resolution of difficulties which could impede grain movement.

In addition to the general co-ordination, the Agency also has specific co-ordinating responsibilities at Vancouver and Thunder Bay. GTA offices in these port locations work with railways, terminal elevator managers, and port authorities to expedite grain movement through these very congested locations. These offices will be required to take greater responsibility in the marine interface as well.

Efficiency Measures: With producer objectives in mind, the GTA has the responsibility to identify, assess, promote and, if possible, implement measures to improve the efficiency of the grain handling and transportation system. Areas for further study will include branch line and elevator configuration, truck versus rail operations, and rail car management techniques. Options will be analyzed; proposals will be developed; the adoption of feasible measures will be promoted; and accepted proposals will be implemented.

Performance Objectives: The GTA is required to develop and implement procedures for setting performance targets for the railways and other system participants including elevator companies and marketing organizations. Means will be developed for measuring performance against the targets, and systems of awards and sanctions will be developed to reward or penalize participants for their success or failure in meeting targets assigned to them. Until the end of the 1985-86 crop year the systems will be notional; that is, they will be applied in theory only, to determine what is workable. If a practical system can be developed, it will come into force following Parliamentary approval. The GTA would then monitor and administer the system on an on-going basis.

Transportation Administration: The Administrator is responsible for a number of transportation administration tasks, such as:

- railway operating agreements - to review and renegotiate agreements for existing and new cars;
- grain car purchases - to prepare agreements and study purchase requirements;
- alternative use of grain fleet - to monitor capacity and develop regulations regarding use of the grain fleet for other purposes;
- reciprocal and interchange agreements - to assess the need for and negotiate agreements in conjunction with the railways;
- government hopper cars - to monitor and administer use of cars to ensure they are used efficiently and in accordance with operating agreements; also, to determine policies and procedures for alternative uses;
- trucking agreements - to negotiate and administer agreements for the movement of grain by motor vehicle; and
- investment plans - to review railway investment plans relative to grain and advise the Minister and the Canadian Transport Commission as to their adequacy with respect to system requirements.

Secretariat Function: Because of the inter-relationships between the GTA and the Senior Grain Transportation Committee (SGTC, see page 11) on matters affecting the transportation, handling and shipment of grain, the Agency, at the Committee's request, acts as Secretariat to the SGTC. In addition to providing administrative support, GTA staff provide technical research on such issues as efficiency, performance objectives, car allocation, etc.

Due to the developmental nature of many of the GTA responsibilities, the requirement for system planning and development is increased. As well, staff efforts to analyze industry data, develop information systems, and distribute information throughout the industry are being expanded.

Overall, the GTA endeavours to secure the co-operation and participation of all segments of the transportation and handling industry. Contact and liaison are maintained at senior levels. Co-ordination is achieved through the monitoring of key operating indicators, followed by appropriate action.

A significant public information function is carried out through reports to the industry, to producers and to the general public on grain handling and transportation issues and performance.

5. Program Organization for Delivery

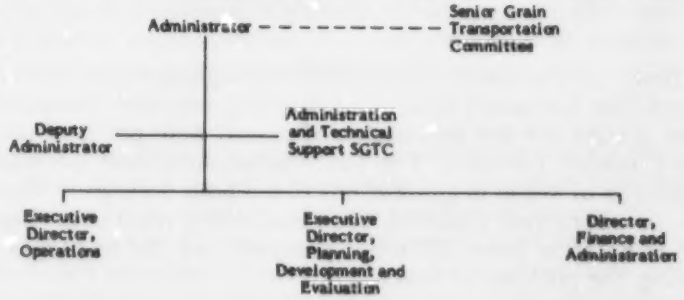
Activity Structure: The Grain Transportation Agency has one Activity which is synonymous with the Program.

Organization Structure: The Grain Transportation Agency reports to Parliament through the Minister of Transport.

The Grain Transportation Agency's offices are located in Winnipeg, Thunder Bay and Vancouver. The Administrator is located in the Winnipeg Head Office and is responsible for fulfilling the Program's objective. The Deputy Administrator takes executive responsibility for directing the day-to-day activities of the Agency. The Agency is supported by an Executive Director of Operations with a staff of 13, an Executive Director, Planning, Development and Evaluation with a staff of 9, and a Director, Finance and Administration with a staff of 4. These officers are responsible for the functions displayed in Figure 2. The offices in Thunder Bay and Vancouver deal with Port Co-ordination and are part of the Operations structure.

A Senior Grain Transportation Committee (SGTC) was established under the WGTA to advise the Minister and the Administrator on any matter affecting the transportation, handling and shipping of grain including performance objectives, measures to improve capacity and efficiency, and allocation of railway cars for grain movement. The Committee is made up of senior representatives from all facets of the grain trade.

Figure 2: Organization Structure and Functions



Executive Director, Operations	Executive Director, Planning, Development and Evaluation	Director, Finance and Administration
- railway car allocation	- efficiency measures	- financial and administrative services
- co-ordination - general - port	- special studies/analysis	- personnel services
- control of government hopper car fleet	- information systems	- secretarial/clerical support
- transportation administration	- development of performance objectives systems	- material management
- public information		

					Total
Person-Years	14	6	11	3	34

D. Planning Perspective

1. Environment

The Agency operates in an extremely sensitive environment. It occupies a central role in the grain industry, and the Administrator and Agency staff must respond to a wide variety of forces within the industry. Among those are:

Production and Marketing Levels: Production of the six principal crops (wheat, barley, oats, canola, rye, and flaxseed) is currently running in the 42 million tonne (m.t.) range. Grain movement is generally in the 32 m.t. range. This movement is comprised of the six major grains and one to two m.t. of "minor statutory" grains (e.g., corn, buckwheat, sunflower, etc.). In any given year, the actual production and movement can vary, plus or minus, up to five m.t. from these figures depending on production and marketing experiences, which in turn are influenced most heavily by weather and worldwide supply and demand. Continued growth can be expected to take production up to about 46 to 47 m.t., and movement to 35 to 36 m.t. by the end of the decade.

Commercial Forces: The Agency is privy to confidential grain sales information from both the Canadian Wheat Board and private grain interests. Commercial confidentiality is a much more critical issue in the grain industry, where prices can change on an hourly basis, than in other industries.

Industry Structure: The Canadian grain industry is unique in its amalgam of private and public marketing organizations, private entrepreneurs and co-operatives in the grain handling sector, and free market and regulatory situations in marketing, handling and transportation. The Agency's role is at the centre of this very mixed industry.

Socio-political Environment: Grain industry organizations such as the Canadian Wheat Board, the Canadian Grain Commission, elevator companies and a myriad of producer groups are the expression of deeply held political and social beliefs of western Canada's farmers. The farm community, and the management and directing boards of these organizations often hold divergent views: left vs. right; private vs. co-operative; state vs. open marketing methods. The Agency's role requires it to balance these different perspectives and to play a neutral role in implementing the policies of the WGTA.

Economic Climate (Domestic and International): The Agency is affected by events in the economic scene, both domestically and internationally. Interest rates, world trade, supply of and demand for grains and foodstuffs all effect the movement of western Canadian grain, and as a result, the Agency responsibilities.

2. Initiatives

In 1985-86 the GTA will pursue a number of significant initiatives including: car allocation for specialty crops; preparation and execution of grain car operation

agreements; efficiency measures; monitoring use of government hopper cars; and participation in the 1985 review process of the WGTA.

The comprehensive review, to be carried out by the Minister in consultation with such system participants and other persons as deemed appropriate, will review the operation of the Act and its effects on the transportation, shipping and handling of grain. This is to include an evaluation of the advisability of implementing a system of awards and sactions for any system participants by regulations under Section 21.

These initiatives, which are each described elsewhere in the document, are a result of the expanded mandate provided under the WGTA. They reflect the developmental emphasis of the GTA in its first few years of operation.

3. Program Effectiveness

There are a number of key indicators in the areas of promptness, efficiency and orderliness that will help in measuring program effectiveness on an ongoing basis.

Promptness: The Agency's role in ensuring that grain movement is prompt will lie in the performance objectives system. The "targets" or "objectives" which are expected to be established by the Agency will reflect the need to put grain in position to meet sales commitments.

The Agency will publish the "targets" in advance of requirements. The measure of success will be the degree to which each system participant's "target" is met.

Efficiency: The GTA has a legislated responsibility to improve efficiency in the grain handling and transportation system. This will generally be approached on a project-by-project basis; certain broad efficiency objectives, however, will also be defined.

The measurement of sucess in achieving this objective will be the documentation of dollar savings and/or measurable performance improvement related to specific projects. In addition, certain key indicators are monitored on an ongoing basis. Two of these are car cycles, and number of days that stocks remain in store. Both are sensitive to everyday operating conditions and the impact of a particular efficiency initiative would require specific measurement.

Orderliness: The process of car allocation entails not only the allocative aspect of ensuring fair and equitable access to transportation but also a logistical aspect ensuring that the right grain moves to the right place at the right time. While clearly related to "promptness", it is also important to ensure that the grain moves in an orderly fashion as well. Every allocation decision is also, inseparably, a logistical decision as well.

Certain key indicators, which are measured on an ongoing basis, indicate the degree to which orderly movement is being achieved. The three most important indicators are stocks in store by specific grain type, number of loaded grain cars, and lead time to vessels.

4. Performance Information/Resource Justification

Operations: As depicted in Figure 2 there are a number of functions involved within the Operations sphere. Chief among those, in terms of plans and resources for 1985-86, are the following:

Car Allocation: The GTA continually reviews its railway car allocation procedures for all grains to improve the ability to match car arrivals with vessels, to control stock levels, and to ensure that cars are allocated to all users on an impartial basis. The two performance indicators therefore are the degree to which access is fair and equitable, and the level of co-ordination. Feedback from system participants would be forthcoming if allocations were less than impartial, and allocation audits provide assurance of week to week consistency and accuracy.

In addition, there is an ongoing effort to identify problems in various sectors of the industry that could impact on car allocation decisions. Car allocation staff, with the assistance of Planning and Evaluation, will review the car allocation process for specialty crops for which the WGTA extends new statutory rates. Also, a set of recommendations on the legal basis for car allocation functions will be prepared. Resource requirements for all car allocation functions are three person-years.

Co-ordination: The general co-ordination function of the GTA requires constant monitoring of and liaison with system participants at all levels. The objective is to maintain good relationships and prevent problems from occurring. The Port Co-ordination function has been in place for 10 years under the CTC. During 1985-86 the integration of the Port Co-ordination offices at Thunder Bay and Vancouver will be completed, including a rationalization of the management (data) information linkages and services. The role of these offices in marine co-ordination will be defined and implemented. Eight person-years are involved in Port Co-ordination responsibilities.

Hopper Car Control: In order to have the government-owned hopper car fleet under the effective control of the GTA, first, ownership of the cars will be transferred to the GTA as provided for under the WGTA, and then, formal operating agreements with the railways to cover all cars will be negotiated. The preparation, negotiation and execution of the agreements will involve two person-years.

The GTA is also responsible for informing Canadian grain producers, grain handling and transportation industry and agricultural organizations on provisions, implications and applications of the WGTA through news releases, reports, brochures, etc.

Planning, Development and Evaluation: This group is responsible for planning much of the newly mandated workload of the Agency. This includes development of information systems, efficiency measures, and a plan for performance objectives as described below together with participating in evaluations and modifications of operational functions.

Efficiency Measures: The Agency will develop measures to improve efficiency in the industry and, in co-operation with the Senior Grain Transportation Committee, act to see that such measures are thoroughly studied and, where feasible, implemented. The Agency has a long-term objective to reduce the annual operating costs of the overall transportation and handling system by $100 million. It is expected that savings through reduced car cycles, specific changes in system configuration, and savings in government programs (e.g., branch-line subsidies) will be obtained at an average rate of $20 million per annum. Resource requirements are three person-years and $250,000 for contract work.

Information Systems: Management information systems will be developed to further enable the Agency and other system participants to utilize compatible statistical and data processing systems for use in meeting their planning, operational and evaluating requirements. These development responsibilities will require four person-years.

Performance Objectives: The Agency will develop and implement a plan of performance objectives and a notional scheme of sanctions and awards pursuant to these performance objectives, as specified under Section 18 of the WGTA. Resource requirements will be three person-years and $100,000 for contract work.

Secretariat to the Senior Grain Transportation Committee: The GTA provides research support to the Senior Grain Transportation Committee. GTA staff also provide public information support by drafting the four public reports that are required under the WGTA. Resources wil be drawn from other areas as required.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 3: Expenditures by Object ($000)

	Estimates 1985-86	Forecast* 1984-85
Personnel		
Salaries and wages	1,382	1,000
Other personnel costs	15	
Contributions to employee benefit plans	193	
	1,590	1,000
Goods and services		
Transportation and communications	321	233
Information	170	104
Professional and special services	539	419
Rentals	175	131
Purchased repair and upkeep	15	31
Utilities, materials and supplies	110	83
All other expenditures	5	4
	1,335	1,005
Total operating	2,925	2,005
Capital	85	215
Transfer payments	3	
Total expenditures	3,013	2,220

* The Agency was designated a department effective July 1, 1984 and funding for the nine-month period to March 31, 1985 was requested in 1984-85 Supplementary Estimates. The first quarter of that fiscal year was funded by Transport Canada Surface Administration and the Canadian Transport Commission.

2. Personnel Expenditures

Figure 4 displays the number of person-years and average salary of each category of employees.

Figure 4: Authorized Person-Years and Salary Provision

	Authorized Person-Years		Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85*		
Administrator	1	1		
Management	4	3	50,350 - 96,300	62,728
Scientific and Professional	5	4	13,609 - 88,120	46,503
Administrative and Foreign Service	12	9	12,766 - 66,252	41,726
Administrative Support	12	9	12,636 - 37,130	22,104

* The Agency was designated a department effective July 1, 1984 and person-years for the nine-month period to March 31, 1985 were requested in 1984-85 Supplementary Estimates. The authorized person-years for 1984-85 are therefore 75% of a full year.

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

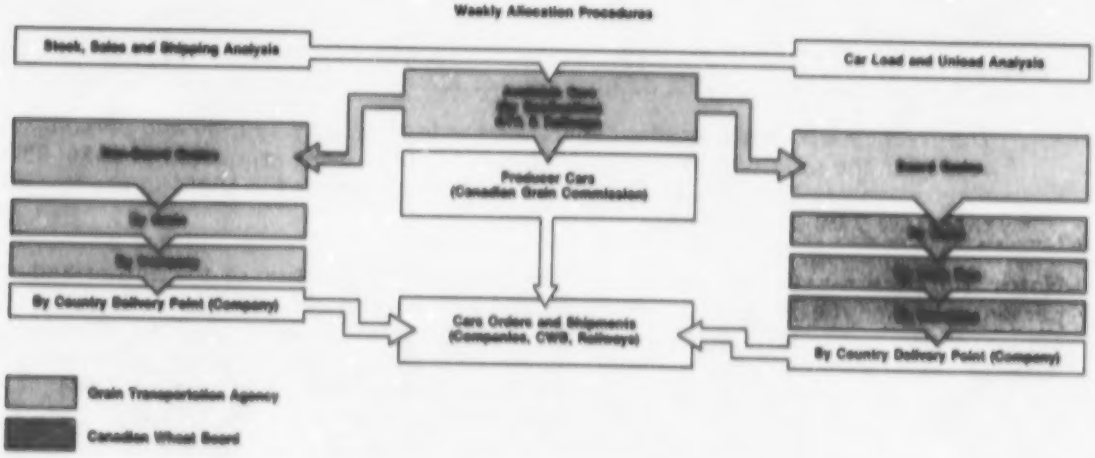
Net Program Cost

Figure 5: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs*	Total Cost	1984-85 Total Cost
Grain Transportation Agency Administrator	3,013	23	3,036	2,275

* Services provided without charge by Treasury Board for the employer's share of insurance premiums and other employee benefits. Accommodation costs (normally paid by Public Works) for 1985-86 have been provided for by the Grain Transportation Agency.

C. Car Allocation Process



Health and Welfare Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Health and Welfare Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are nine chapters in this document. The first provides an introduction to the Department. The other eight present the Expenditure Plans for the Department's programs.

Each chapter begins with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents.

Each Program Expenditure Plan is divided into three sections. Each provides increasing levels of detail. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analysis that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within each Program Expenditure Plan, a schedule of Financial Requirements provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

Role and Responsibilities

The Department of National Health and Welfare is responsible for matters related to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the Parliament of Canada has jurisdiction. These responsibilities include but are not limited to administration of legislation relating to the health, social security, and welfare of the people of Canada; investigation and research into public health and welfare; supervision of health facilities on all forms of transportation; information services relating to health conditions and practices; health services for federal government employees, immigrants, civil aviation personnel, seamen, Indian and Inuit peoples, and residents of the Yukon and Northwest Territories; public health matters affecting boundary waters and other cross-jurisdictional health questions with the United States; cooperation and coordination with provincial governments on matters of health, social security and welfare; and collection, publication and distribution of information relating to public health.

Additional responsibilities for specific health and welfare matters have been assigned to the Department through other acts, regulations, and orders. These authorities are outlined in each Program Expenditure Plan which follows.

A significant amount of departmental activity involves collaboration with provincial and territorial authorities in efforts to preserve and improve the health and social well-being of all Canadians. The need for joint activity in certain areas arises from the constitutional division of responsibilities and the existence of federal programs which assist provinces and territories to maintain their own health and social service programs.

Departmental responsibilities focus on the following objective areas: income security for individuals and families; essential social services, particularly for socially and economically disadvantaged Canadians; universal access for all Canadians to quality health services; protection against disease and environmental hazards; promotion of healthy lifestyles; excellence in amateur sport; and support of the planning and staging of the XV Olympic Winter Games.

The major strategies through which the Department carries out its responsibilities are: transfers to individuals, transfers to provincial and territorial governments, regulation and surveillance, research, direct service to specific groups, advice, consultation, information and promotion.

Program Structure

Two changes have taken place in the program structure of the department. The Health and Social Services program has been divided into two programs - the Health Services and Promotion Program and the Social Services Program. The other change is to establish the XV Olympic Winter Games as a distinct program rather than as a part of the Departmental Administration Program. These changes have been made to better reflect the manner in which the programs are managed.

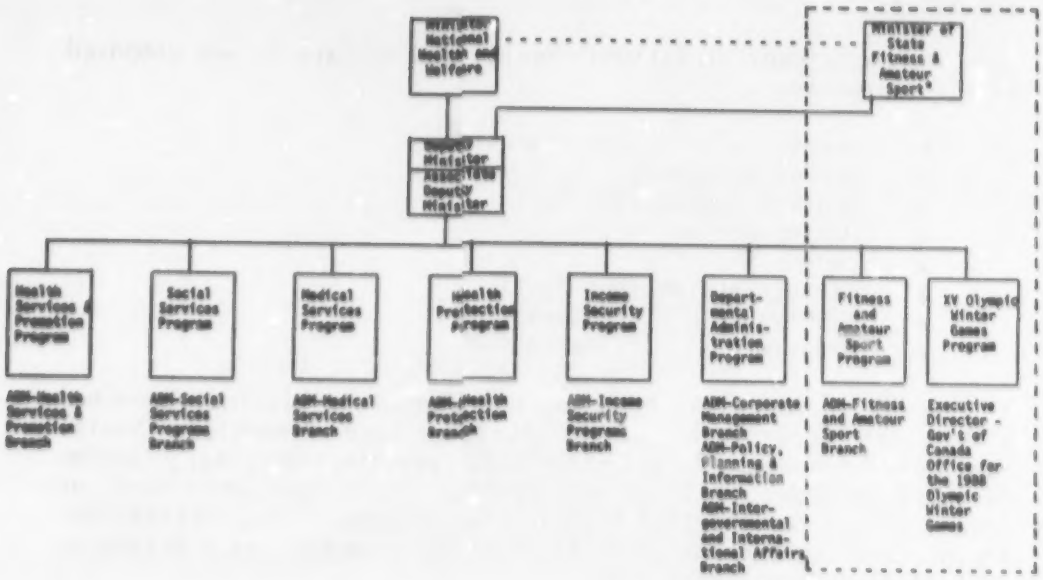
The Department of National Health and Welfare is now composed of eight programs:

- Health Services and Promotion;
- Social Services;
- Medical Services;
- Health Protection;
- Income Security;
- Fitness and Amateur Sport;
- XV Olympic Winter Games;
- Departmental Administration.

Seven of the eight programs correspond to distinct branches within the department: Health Services and Promotion, Social Services Programs, Medical Services, Health Protection, Income Security Programs, Fitness and Amateur Sport and Government of Canada Office for the 1988 Olympic Winter Games. The Departmental Administration Programs consists of three Branches, each headed by an Assistant Deputy Minister.

The Program and Organization structures are outlined in the following diagram:

Figure 1: Program and Organization Structures



*The Minister of State for Fitness and Amateur Sport is responsible for assisting the Minister of National Health and Welfare in relation to the Fitness and Amateur Sport Program and federal participation in preparations for the 1988 Olympic Winter Games in Calgary.

Program Descriptions

Health Services and Promotion: This program provides financial and technical support to the provinces and territories for insured health care services and certain extended health care services. The program also promotes the adoption and maintenance of healthy lifestyles and fosters public health research.

Social Services: This program supports the provision of social assistance and services to persons whose economic circumstances are inadequate to meet their basic needs or whose social circumstances expose them to the risk of poverty, isolation or dependency.

Medical Services: This program provides health services to several client groups. The major activities are directed towards registered Indians and Inuit throughout Canada and all residents of the Yukon and Northwest Territories. A variety of health services are also provided to immigrants and temporary residents, international travellers, federal public servants, civil aviation personnel, the physically handicapped and disaster victims.

Health Protection: This program endeavours to eliminate health hazards associated with the natural and man-made environments that lead to illness and untimely death. Principal activities include: assessment and control of the quality and safety of food and safety and effectiveness of drugs and medical devices; the identification and assessment of environmental hazards; the surveillance of diseases; and the provision of specialized laboratory services.

Income Security: This program is responsible for maintaining and improving the income security of the people of Canada. It administers three major income security programs: the Canada Pension Plan, Old Age Security and Family Allowances.

Fitness and Amateur Sport: This program contributes to the increased fitness of Canadians and the promotion of excellence in domestic and international amateur sport by Canadians.

XV Olympic Winter Games: This program contributes to the successful planning and staging of XV Olympic Winter Games by providing direct funding, participation on various Boards and coordination of all federal services.

Departmental Administration: This program provides executive direction and management services to the Department.

Departmental Spending Plan

A summary of the department spending plan is shown below.

Figure 2: Financial Summary by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	%
Health Services and Promotion	6,580,073	6,155,937	394,136	6.2
Social Services	4,043,664	3,776,796	266,868	7.1
Medical Services	390,233	382,839	7,394	1.9
Health Protection	115,583	114,351	1,232	1.1
Income Security	15,087,110	13,919,377	1,167,733	8.4
Fitness and Amateur Sport	62,436	105,001	(42,565)	(40.5)
XV Olympic Winter Games	49,891	45,908	3,983	8.7
Departmental Administration	44,156	43,790	366	0.8
Total budgetary	26,333,146	24,543,999	1,789,147	7.3

Statutory expenditures represent 96.7% of total departmental expenditures.

Health Services and Promotion Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $48,598,000 for operating expenditures and grants and contributions to operate the Health Services and Promotion Program during the 1985-86 fiscal year. Statutory authority exists for the Program's expenditures on Health Care payments, which are estimated at $6,490,000,000 for 1985-86. Additionally, contributions to employee benefit plans of $1,475,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousand of dollars)		1985-86 Main Estimates	1984-85 Main Estimates
	Health Services and Promotion Program		
5	Operating Expenditures	21,873	21,865
10	Grants and Contributions	26,725	24,969
(S)	Payments for insured health services and extended health care services	6,490,000	5,600,000
(S)	Contributions to employee benefit plans	1,475	1,341
	Total Program	6,540,073	5,648,175

Votes-Wording and Amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Health Services and Promotion Program	**$**
5	Health Services and Promotion - Operating Expenditures	21,873,000
10	Health Services and Promotion - - The Grantslisted in the Estimates and contributions	26,725,000

Program by Activity

(thousand of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorised	Budgetary				
	person Years	Operating	Capital	Transfer payments	Total	
Health Insurance	13	768		6,490,000	6,490,768	5,601,138
Health Services and Resources	73	6,519		3,176	9,695	9,339
Extramural Research	19	1,132		19,309	20,441	19,123
Health Promotion	113	12,249		4,240	16,489	15,791
Program Administration	58	2,664	16		2,680	2,784
TOTAL	276	23,332	16	6,516,725	6,540,073	5,648,175

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

Vote	Program	Main Estimates	Total Appropriations	Actual Use
	Health Services and Promotion Program	$	$	$
5	Operating expenditures.	21,870,000	20,880,058	20,375,732
10	The grants listed in the Estimates and Contributions.....	21,875,000	24,210,280	24,197,886
Stat	Contributions to provinces and territories for hospital insurance, medical care and extended health care services under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977.....	4,788,300,000	5,563,689,000	5,563,689,000
Stat	Contributions to employee benefits plans.....	1,337,000	1,488,000	1,488,000
Stat	Refunds of amounts credited to revenue in previous years.....	-	808	808
	Total program	4,833,382,000	5,610,268,146	5,609,751,426

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Over the next year Branch activities will be directed in the following areas (see page 2-14):

- Implementation and administration of the Canada Health Act including development of regulations.
- Advancement of National Health Research and Development Program (NHRDP) including targetting research to priority needs.
- Assistance to the provinces and territories in improving, enhancing and modifying their health care delivery services.
- Strengthening the thrust in health promotion and disease prevention as a means to moderate growing use of the health system.
- Developing a national blood policy in concert with interested provincial and national governmental and non-governmental bodies.
- Implementation of a Management Information System to improve program management.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

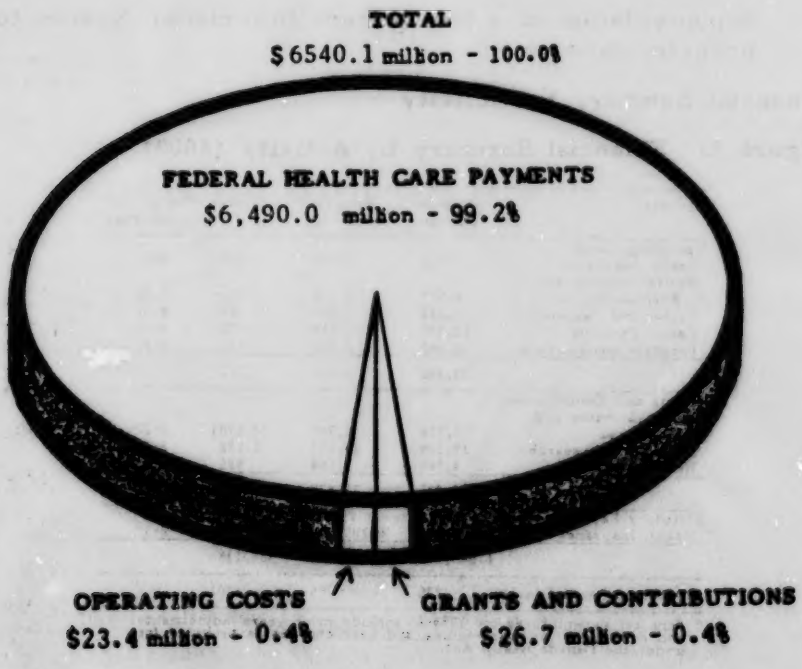
Activity	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Operating Costs				
Health Insurance	768	1,137	(369)	2-17
Health Services and Resources	6,519	6,338	181	2-22
Extramural Research	1,132	1,045	87	2-28
Health Promotion	12,249	12,158	91	2-32
Program Administration	2,680	2,782	(102)	2-39
	23,348	23,460	(112)	
Grants and Contributions				
Health Services and Resources	3,176	5,746	(2,570)	2-22
Extramural Research	19,309	18,077	1,232	2-28
Health Promotion	4,240	3,654	586	2-32
	26,725	27,477	(752)	
Statutory Payments				
Health Insurance	6,090,000	6,195,000*	105,000	2-17
	6,140,073	6,255,937	104,136	
Authorized Person-Years	276	286	(10)	

* Forecast expenditures for 1984-85 include prior years' adjustments, and deductions for extra-billing and user charges as provided for under the Canada Health Act.

The increase in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	($000)
• Operating Costs	
- Net decrease as a result of 1984-85 approved resources for the implementation of the Canada Health Act, which are not included in our 1985-86 requirements and restrain measures - partially offset by approved workload increases	(112)
• Grants and Contributions	
- Net decrease due to the deletion of items not required in 1985-86 and the elimination of a grant program - partially offset with increases in other programs	(752)
• Statutory Payments	
- Increases in Health Care payments as a result of formula adjustments	385,000
• Person-Years	
- Net reduction of 10 person-years due mainly to resources approved in 1984-85 for the implementation of the Canada Health Act which are not included in 1985-86 requirements.	

Figure 2: Gross Expenditures by Expense Category



B. Recent Performance

1. Highlights

- The program coordinated the preparation of the Canada Health Act legislation for the review and approval of the Minister and Cabinet Committees. Technical support was also provided to the Minister during its legislative review.

- Program thrusts in lifestyle improvement continued through its activities in smoking: Generation of Non-Smokers, and Time to Quit; alcohol: Dialogue on Drinking and National Training System; and Nutrition: Nutrition for Children, Nutrition Recommendation for Health Professionals and Industry, Canada's Food Guide Tear Sheet and Canada's Food Guide Handbook.

- The Secretariat of the Canadian Blood Committee became a component of the program.

- Health Services Productivity Improvement Program continued, the funding capabilities of the Grants to National Voluntary Health Organizations were expanded and involvement in human organ procurement and exchange (H.O.P.E. conference) became more active.

2. Review of Financial Performance

Figure 3: 1983-84 Financial Performance ($000)

	1983-84		
Activity	Actual	Main Estimates	Change
Operating Costs			
Health Insurance	1,644	719	925
Health Services and Resources	5,701	6,275	(574)
Extramural Research	949	1,021	(72)
Health Promotion	11,113	12,339	(1,226)
Program Administration	2,457	2,853	(396)
	21,864	23,207	(1,343)
Grants and Contributions			
Health Insurance	233	-	233
Health Services and Resources	3,977	1,591	2,386
Extramural Research	16,044	16,044	-
Health Promotion	3,944	4,240	(296)
	24,198	21,875	2,323
Statutory Payments			
Health Insurance	5,563,689	4,788,300	775,389
	5,609,751	4,833,382	776,369
Person-Years	279	290	(11)

The increase in 1983-84 actual expenditures over the 1983-84 Main Estimates is made up of the following major items:

	($000)
• **Operating Costs**	
- Additional resources required for the implementation of the Canada Health Act	1,068
- Lapses as a result of restraint measures and managerial efficiencies	(2,411)
• **Grants and Contributions**	
- Additional resources required for various grants and contributions programs	3,535
- Lapses as a result of restraint measures	(1,212)
• **Statutory Payments**	
- Increases in Health Care payments as a result of formula adjustments	775,389
• **Person-Years**	
- Lapse of 11 person-years as a result of restraint measures	

C. Background

1. Introduction

The Health Services and Promotion Program contributes to the achievement of two departmental objective areas: equity of access to adequate health care; and the promotion of healthy lifestyles.

Through its varied activities, the Program has established effective inter-relationships with the provinces and providers of health care services. Statutory payment mechanisms and cost-sharing arrangements require a co-operative environment with the provinces and territories. Important links are also maintained with other branches of Health and Welfare; with other federal departments; with professional and voluntary organizations at the national and international levels; and with the voluntary/private sector.

2. Legal Mandate

The mandate for the program is derived from the National Health and Welfare Act which governs all matters relating to the promotion and preservation of the health of the Canadian people. Administration of the following legislation and authorities is the responsibility of the program:

- Canada Health Act
- Federal-Provincial Fiscal Arrangements and Federal Post Secondary Education and Health Contributions Act 1977.

3. Program Objective

The objective of the Health Services and Promotion Program is to develop, promote and support measures designed to preserve and improve the health and well-being of Canadians. Within this broad objective, activities are designed to:

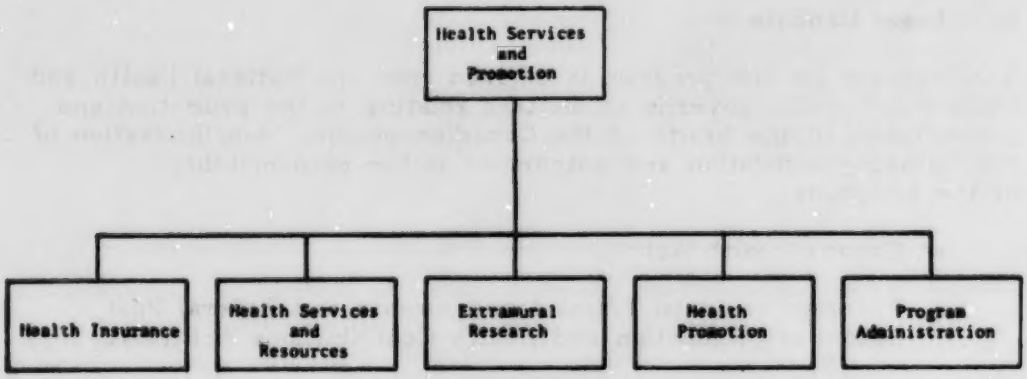
- Improve the quality, accessibility, delivery, and cost-effectiveness of community health, mental health, institutional and professional services and facilities.
- Ensure that all residents of Canada have reasonable access to insured hospital and medical care services on a pre-paid basis by assisting all provinces and territories to maintain health insurance programs and by assisting in the development of extended health care services.
- Help Canadians achieve healthy lifestyles.
- Support scientific activities relevant to the concerns and objectives of the Department and to provide for the training, placement and maintenance of needed research personnel in the areas of health services and public health.

- Provide overall direction to and coordination of program activities by providing policy advice and direction; planning, financial and administrative services.

4. Program Organization for Delivery

Activity Structure: Figure 4 displays the program's new structure. It now has five activities, increased from three in previous years when the program and Social Service program were combined. The new structure more accurately reflects the program's composition and allows for greater accountability and increased reporting capabilities.

Figure 4: Activity Structure

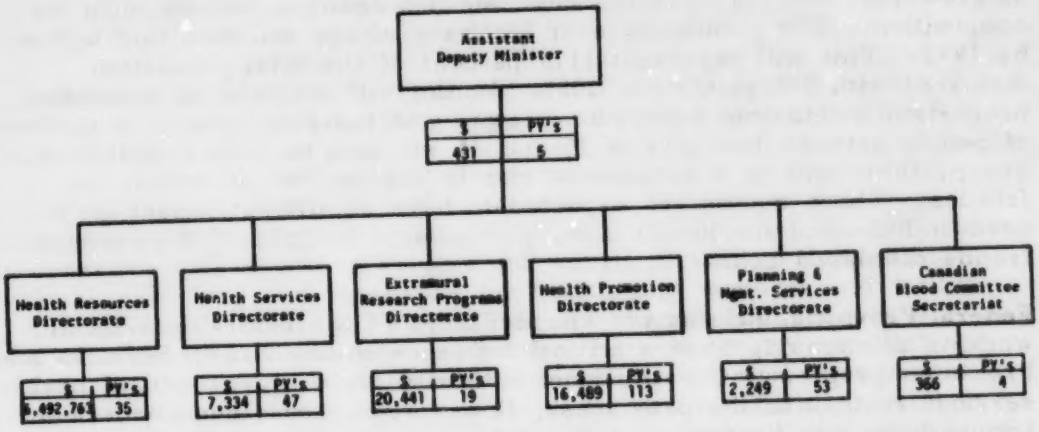


The Program is structured to provide direct and indirect support to the health services environment. Payments in direct support of the provincial and territorial health programs are administered through the Health Insurance Activity. Financial support for initiatives in the non-governmental sector constitutes the majority of expenditures in the Health Promotion and Extramural Research Activities. Indirect support is extended by all Activities within the program through its consultative, co-ordinative and informational services.

Health Promotion ensures a closer client relationship by maintaining regional operations in Halifax, Montreal, Toronto, Winnipeg and Vancouver. This accounts for 11.6 percent of the program's person-years with the balance required for functions within the National Capital Region.

The following chart displays the program organization structure by Directorate and states their respective resources.

Figure 5: Organization Structure and 1985-86 Resources ($000)



D. Planning Perspective

1. Environment

The following factors have significant implications for the Health Services and Promotion Program.

Demographic Trends: Although the Canadian population is not expected to grow very quickly over the next decade, changes will occur in its composition. The population over 65 years of age will rise to 3 million by 1991. This will represent 11.3 percent of the total population compared with 9.5 percent in 1980. Women will comprise an increased proportion within this population sector. At the same time, the number of people between the ages of 25 and 44 will also increase. Within this group, there will be a substantial rise in the number of mother-led families. These trends are expected to have significant impact on the need and demand for health care, particularly in light of the economic trends discussed below.

Federal-Provincial Relations: The dynamics of the federal-provincial working relationship have a critical influence on the Health Services and Promotion program. Constitutional authority for the provision of health services rests with the provinces. However, economic conditions and trends have significant impact not only at the provincial level, but also at the national and international levels. A comprehensive and co-ordinated response from both federal and provincial governments is therefore required to develop and maintain an adequate level and range of health services throughout Canada. Responsibility for the design and delivery of programs rests with each province, while the federal responsibility includes financial and consultative support. Federal-provincial mechanisms have been developed to enable close collaboration, and their effectiveness relies heavily upon a continued commitment to co-operate in this sector.

2. Initiatives 1985-86

The major initiatives for the Program during 1985-86 will be:

The Canada Health Act, which has been developed after two independent reviews of the program, the Health Services Review 1979 (the Hall Report) and the Parliamentary Task Force on Federal Provincial Fiscal Arrangements in 1981, and discussions and consultations with the provinces, was given Royal Assent on April 17, 1984.

The Act clarifies the program criteria and conditions for contributions and payments to the provinces in respect of insured health services (hospital and physician services) and extended health care services. A major activity for the Health Services and Promotion Program during 1985-86 will be comprised of the implementation of the Canada Health Act and the development of regulations and information systems to support the Act.

Advancement of National Health Research and Development Program (NHRDP) in support of scientific research and the training, placement and maintenance of research personnel. The Program operates on five priority themes:

- organization and delivery of health care;
- illness prevention and health promotion;
- environmental hazards;
- habilitation and rehabilitation; and
- the health of native peoples.

During 1985-86, NHRDP will add a new dimension to research funding by employing targetting (eg. the Elderly) across the five priority themes.

Provincial health care delivery services, their improvement, enhancement and modification is a major Branch activity. In 1985-86, co-operative liaison with provinces will result in the development of national guidelines and standards for health care services and facilities, and the Productivity Improvement Program will result in more cost-effective procedures and programs. National health care delivery is impacted by a national information exchange program consisting of consultation and advisory services; reports, studies and publications; conferences, symposia workshops and seminars, and by the granting of monies to health service organizations.

Health promotion and disease prevention through Branch activities in smoking, nutrition, alcohol and drug abuse to reduce the use of health services. Groups including children and youth, women, the elderly, and the disabled, have been targetted for special attention within these activities. Healthier lifestyles are promoted through informational programs, print materials, community programs and financial support to community groups, health agencies and voluntary organizations.

The Federal/Provincial Canadian Blood Committee in cooperation with the Canadian Red Cross Society will approach elements of the health and health related industries at provincial, national, and international levels, for input into a national blood policy.

Improved program management is a key 1985-86 activity. There is a need for a fully integrated financial and planning information system that is acceptable and manageable for Branch and Departmental purposes. Branch plans for 1985-86 call for full implementation of a Management Information System.

3. Update of Previously Reported Initiatives

- monitoring conditions of funding under the proposed Canada Health Act (for details please see page 2-20)
- promotion of Healthy Lifestyles (for details please see page 2-35)

4. Program Effectiveness

The Health Services and Promotion Program has a major impact on publicly provided services to Canadians. This Program touches all Canadians at one time or another through such activities as hospital and medical insurance, nursing homes, and homes for the aged.

There are however, two major constraints on the development of precise effectiveness measures for the Program. First, its major endeavours involve transfer payments which assist provincial/territorial governments to provide health services. Secondly, the Program represents a part of the much wider health system which includes: other federal initiatives providing health services, support for non-governmental involvement; provincial/territorial and municipal health services and policies other than those directly assisted by this program; and voluntary agencies providing health services in their communities.

Section II
Analysis by Activity

A. Health Insurance

To ensure that all residents of Canada have reasonable access to insured health care services on a pre-paid basis by assisting all provinces and territories to maintain health insurance programs and to develop extended health care services.

Resource Summary

Health Insurance accounts for approximately 99.2 percent of 1985-86 total program expenditures and 4.7 percent of the total person-years.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	768	13	1,137	18	1,644	23
Contributions	6,490,000		6,105,000*		5,563,922	
	6,490,768	13	6,106,137	18	5,565,566	23

* Forecast expenditures for 1984-85 include prior years' adjustments, and deductions for extra-billing and user charges as provided for under the Canada Health Act.

Figure 7: Financial Performance 1983-84 ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	1,644	23	719	13	925	10
Contributions	5,563,922		4,788,300		775,622	
	5,565,566	23	4,789,019	13	776,547	10

Major variances are explained in the program overview (page 2-10)

Description

This activity provides payments to Provinces and Territories in respect of the cost of insured health services, and certain extended health care services as provided under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977; and monitors compliance of provincial and territorial health care insurance plans in relation to the program criteria and conditions of payment of the Canada Health Act, which received Royal Assent on April 17, 1984.

The insured health services supported by these contributions (consisting of both tax transfers and cash payments) include all medically necessary hospital and physician services, and those surgical-dental services which must be provided in a hospital. The extended health care services payments assist in the development of such services as nursing home intermediate care, adult residential care, the health aspects of home care and certain ambulatory care services.

Federal payments for insured health services are conditional on provincial programs meeting five program criteria (public administration, comprehensiveness, universality, portability, and accessibility), and on provinces meeting three conditions of payment.

The conditions of payment are:

- the provision of such information as the Minister may reasonably require to administer the Act;
- the recognition of federal contributions in public documents relating to the program; and
- that a province will not permit extra-billing and user charges in respect of insured health services (except user charges for certain long-term chronic care patients deemed to be permanent residents of an institution).

Payments for extended health care services are conditional only upon provinces meeting the conditions of payment relating to the provision of information and recognition of federal contributions.

The condition of payment relating to extra-billing and user charges came into effect on July 1, 1984, following the development of an interim regulatory framework in consultation with the provinces. Regulations with respect to the other conditions are presently under development in consultation with the provinces.

Performance Information/Resource Justification

The Minister of National Health and Welfare, under the Canada Health Act, is responsible to Parliament for ensuring that payments are made in respect of provincial health plans that meet national program conditions. This obligation, therefore, requires continued monitoring of the provincial plans, and extensive federal-provincial review and consultation.

Program staff therefore review provincial health legislation, regulations, and administrative procedures, program information and relevant data, including public reports regarding provincial plans. They also disseminate health insurance data and program information, provide secretariat services to federal-provincial advisory committees, sub-committees and working groups and provide expert advice on technical and policy issues.

This activity has the following direct and indirect impacts on the health care system:

- support of provincially administered health insurance plans that meet national program conditions;
- coverage provided for a comprehensive range of medically required insured hospital and medical care services;
- insured benefits made available to all eligible residents of a province on uniform terms and conditions;
- reasonable access provided to insured services without preclusion or impediment, financial or otherwise;
- portability of coverage and benefits;
- administration through a public authority on a non-profit basis;
- response to public requests for advice and information;
- support for the development of extended health care services; and
- collaboration of federal-provincial efforts and exchange of information in health care.

Recent Performance - 1983-84

During 1983-84, the staff responsible for this Activity

- **coordinated the preparation of the legislation in draft format for the review and approval of the Minister and Cabinet Committees;**

- **provided technical support to the Minister during the legislative review of the Act, which was tabled on December 12, 1983, and received Royal Assent on April 17, 1984. This support included the preparation of briefing material and analyses of policy options, as well as the review and analyses of briefs and submissions to the committees of both Houses of Parliament during their review of the bill;**

- **carried out the ongoing tasks related to monitoring and reviewing provincial health insurance programs with respect to the existing legislation; provided secretariat support to federal-provincial advisory committees and working groups; responded to an increased demand for information on health issues (stimulated by the public interest in the new legislation); and provided policy advice and briefs on general health issues to the Minister and Senior Management as required.**

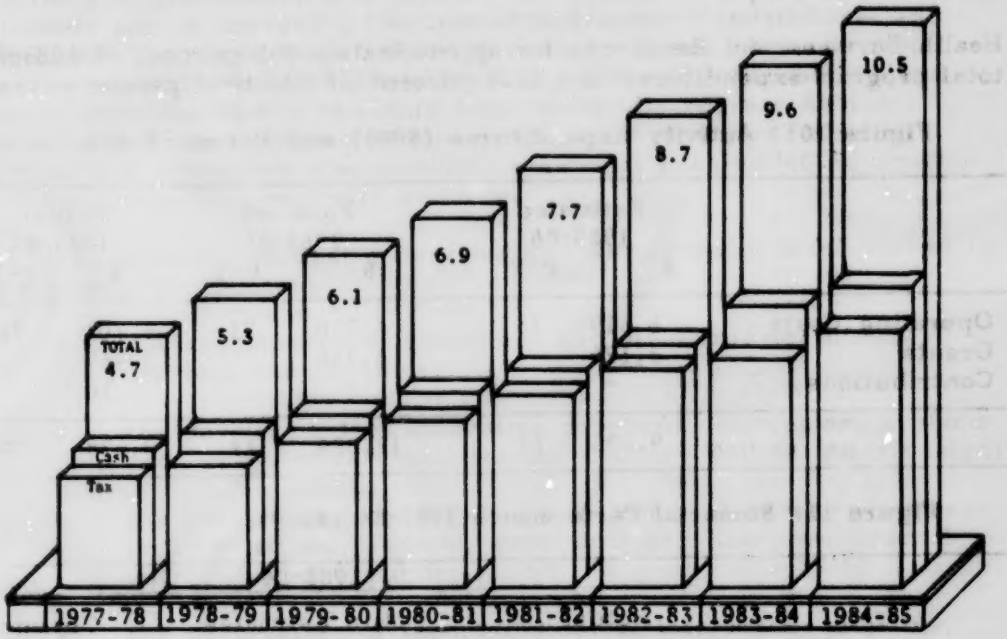
Figure 8: 1983-84 Federal Health Care Contributions

($thousands)

Province	Insured Health Services			Extended Health	Total Program		
	Cash	Tax Transfers	Total	Cash	Cash	Tax Transfers	Total
[illegible]	[illegible]	[illegible]	[illegible]	21,226	[illegible]	[illegible]	[illegible]
Prince Edward Island	25,815	17,953	43,768	4,866	30,671	17,953	47,624
Nova Scotia	178,970	121,642	299,612	31,576	208,546	121,642	330,188
New Brunswick	145,411	100,040	245,451	25,968	171,379	100,040	271,419
Quebec	916,534	1,340,544	2,256,078	229,641	1,146,175	1,340,544	2,486,719
Ontario	1,691,570	1,370,283	3,061,853	323,947	2,015,517	1,370,283	3,385,800
Manitoba	215,472	148,241	363,713	39,680	255,152	148,241	403,393
Saskatchewan	234,712	130,072	364,784	36,478	271,190	130,072	401,262
Alberta	338,612	477,589	816,201	86,353	424,965	477,589	902,554
British Columbia	410,489	481,296	890,785	103,785	523,236	481,296	1,004,981
Northwest Territories	8,880	7,930	16,810	1,778	10,638	7,930	18,568
Yukon	3,609	4,095	7,704	819	4,489	4,095	8,584
TOTALS	4,375,665	4,280,180	8,640,746	914,897	5,290,163	4,280,180	9,569,343

The following table displays federal health care contributions from 1977-78 to 1984-85.

Figure 9: Federal Health Care Contributions 1977-78 to 1984-85 ($billions)



($thousands)

Fiscal Year	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Cash	2,573,035	2,966,917	3,374,058	3,686,649	4,121,195	4,613,710	5,290,153	5,957,139
Tax	2,099,798	2,377,997	2,719,597	3,176,154	3,604,425	4,053,450	4,269,180	4,523,002
TOTAL	4,672,833	5,344,914	6,093,655	6,862,803	7,725,620	8,667,160	9,559,343	10,480,141

B. Health Services and Resources

Objective

To improve the quality, accessibility, delivery, and cost effectiveness of community health, mental health, and institutional and professional services and facilities.

Resource Summary

Health Services and Resources for approximately 0.2 percent of 1985-86 total program expenditures and 26.4 percent of the total person-years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	6,519	73	6,338	73	5,701	72
Grants	3,176		5,746		3,967	
Contributions	-		-		10	
	9,695	73	12,084	73	9,678	72

Figure 11: Financial Performance 1983-84 ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	5,701	72	6,275	74	(574)	(2)
Grants	3,967		1,591		2,376	
Contributions	10		-		10	
	9,678	72	7,866	74	1,812	(2)

Major variances are explained in the program overview (page 2-10)

Description

This activity provides assistance to provincial and federal health care services and national and international health organizations and provides secretariat support to the Canadian Blood Committee. There is a need for national guidelines and standards for institutional, professional, and community services and facilities. Health Services and Resources further assists the provinces in developing a certain degree of uniformity in the quality and quantity of health services and facilities in Canada and in improving the cost-effectiveness of procedures and programs. The development of services in the areas of prevention, intervention and rehabilitation is encouraged to reduce disability and prevent untimely deaths resulting from health disorders. As the provincial programs operate within a national environment, Health Services and Resources also provides a national program of information used by the health community at large.

The objective of Health Services and Resources is accomplished by undertaking the following:

- the development of guidelines and standards for health services and facilities;
- the development of innovative programs, strategies, systems and models of care and service delivery and facilities design;
- the provision of consultative and technical advisory services to international, federal, provincial and non-governmental entities and the public;
- the preparation of reports, studies, information bulletins, and publications;
- attendance at sponsoring conferences, workshops, seminars, and symposia; and
- the granting of monies to national voluntary health organisations.

Performance Information/Resource Justification

The relationship of results to resources is largely dependent on the development of cooperative mechanisms which ensure joint policy planning and development among the federal and provincial governments.

While many of the goals and initiatives originate from the Federal/Provincial Advisory Committee structure, a good proportion arise from continuing liaison with federal and provincial departments, professional associations, and other health organizations. This work is carried out in the areas of Mental Health, Community Health, Health Facilities Design, Health Manpower, Health Assessment, and Institutional and Professional Services.

Health Services activities have the following impacts on the health care system:

- **agreement among federal, provincial and non-governmental entities on priorities and courses of action;**
- **implementation of guidelines and standards by provinces, professionals and institutions;**
- **incorporation of technological and institutional design and program advancements by provinces, institutions, and professions;**
- **shifts in provincial health care service thrusts from curative to preventive services and from institutional to community programs;**
- **evaluation and dissemination of information on health technologies, health care services, health manpower, and the improvement of physical settings in which health care is provided;**
- **acquisition of new information for application in policy and program development; and**
- **continued and improved operation of National Voluntary Health Organizations.**

Recent Performance - 1983-84

Development of Guidelines and Standards

- Federal/Provincial Working Groups and Task Force were involved in the preparation and/or revision of clinical guidelines in the areas of occupational therapy, childhood hearing impairment, the health surveillance of workers, the treatment of obesity, the practice of dental hygiene and the clinical use of apheresis.

- A major, joint Federal/Provincial Hospital Productivity Improvement Program was initiated and encompassed such areas as National Workload Measurement Systems and Staffing Methodologies and Guidelines. In all, nineteen hospital departments are now in various stages of systems development.

- To guide the development of design guidelines for facilities for the elderly, in other than a hospital setting, an ad hoc federal/provincial interdisciplinary committee was established.

- The unique feature of this group whose activities are supported by the federal/provincial Deputy Ministers, is its three areas of participation: health services, social services and CMHC.

- Post-Occupancy Evaluation Methodologies - A prototype methodology for evaluating the design effectiveness of Emergency Departments (the first in the series) was developed. This is a valuable contribution because it examines both technical effectiveness and the impact of spatial layout and amount of space of staff functioning and patient comfort.

Innovative Programs and Strategies

- Pilot trials of a Child Health Record were started in Nova Scotia, Prince Edward Island and New Brunswick. In addition, the Record was issued to all babies born in Canadian Forces Hospitals in Lahr, West Germany and Cold Lake, Alberta. The Record is designed to provide a child's parent with a permanent record of significant health-related events in the child's life. The pilots are intended to investigate the feasibility of the Record.

Reports

The following reports were completed:

Physician Manpower in Canada 1980-2000; Mental Health Manpower (Supply and Requirements); Provincial Incentive Programs for Health Occupations based on geographical and functional shortages; Baccalaureate Training on Nursing; Enrolment and Graduation: Canadian Faculties of Medicine 1983-84; Survey of Post-M.D. Clinical Trainees (Interns and Residents) 1983; Relationship Between the Output of Canadian Medical Schools and the Size of the Physician Supply in Canada; Three reports on the

Optimum Energy Use in Hospital Processes - Dietary, Sterilization, Laundry and Energy Recovery from Sanitary Effluent; A National Cancer Survival Data System (Female Cancers); A working paper on The Utility and Uses of Cancer Survival Data; The Report of the Federal/Provincial Working Group on the Prevention and Control of High Blood Pressure; Rationalization of Graduate Training for Physicians in Community Medicine (the report of the March 1983 workshop); Canada's Mental Health/Santé mentale au Canada - highly acclaimed quarterly journal, reached over 100,000 people in the mental health field; Psycho-Social Impacts of Resource Development in Canada; Prevention Now Alzheimer's Family Manual; The Periodic Health Examination; Working Patterns of Rehabilitation Teams; The Impact of Customs Tariffs on the Cost of Providing Dental Care; A National Study on Dental Care Programs in Canada.

Studies

The following were supported and/or completed:

- **The first stage of the feasibility study for the Nova Scotia/Saskatchewan Cardiovascular Disease Project was completed**
- **The Financial Health of Canadian Hospitals (joint with C.H.A.)**
- **The Hospital of the Future (joint with C.H.A.)**
- **Surgical Treatment of Morbid Obesity**

Conferences, Workshops, Seminars and Symposia

The following were partially and/or fully supported and/or convened by the Department:

- **The Northeast Canadian-American Health Conference**
- **Annual federal/provincial conferences in nursing and dietetics**
- **Federal/Provincial Advisory Committees on Community Health and Health Manpower and their sub-committees and working groups**
- **Symposium "Research Findings Significant to Priority Setting in Mental Health Services"**
- **Symposium "Services for Children Affected by Separation and Divorce"**

- Colloquium on care of the disturbed elderly was held, co-sponsored with Canadian Psychiatric Association

- Design and Technology International Conference. The results of the deliberations of the participants, largely disabled persons, were published as the state-of-the-art manual to be used in planning of "barrier-free environments".

- Energy Audit and Workshop was conducted in 15 hospitals in Manitoba. The results indicated that an energy conservation potential ranging from 15 percent to 20 percent exists in all hospitals in Canada. This potential energy saving could be trapped by implementing a minor number of moderate cost retrofit measures.

- Regional workshops were supported by the Mental Health Division and work on epidemiology of mental retardation initiated with National Institute for Mental Retardation.

- National Seminar on Hospital Lighting.

Grants and Contributions

- Family Planning grants totalling $174,000 were awarded in order to continue projects funded in the previous fiscal year.

- Sustaining Grants to National Voluntary Health Organizations in the amount of $2,793,000 were awarded to 44 organizations to partially offset the operating costs of their national offices.

C. Extramural Research

Objective

To support scientific activities relevant to the concerns and objectives of the Department and to provide for the training, placement and maintenance of needed research personnel in the areas of health services and public health.

Resource Summary

Extramural Research accounts for approximately 0.3 percent of 1985-86 total program expenditures and 6.9 percent of the total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	1,132	19	1,045	17	949	19
Contributions	19,309		18,077		16,044	
	20,441	19	19,122	17	16,993	19

Figure 13: Financial Performance 1983-84 ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	949	19	1,021	18	(72)	1
Contributions	16,044		16,044		-	
	16,993	19	17,065	18	(72)	1

Major variances are explained in the program overview (page 2-10)

Description

Extramural Research: This activity is responsible for directing and managing the National Health Research and Development Program (NHRDP), which is the Department's major source of funding for health research performed extramurally. Any institution, corporation or society capable of conducting activities falling within the terms of reference of the NHRDP, with the exception of departments, agencies

and corporations of the Government of Canada, may apply for support under the Program. Applications from governments of provinces or municipalities or departments thereof may also be considered.

Particular emphasis is currently placed on research dealing with environmental health hazards, illness prevention and health promotion, the availability, accessibility and quality of health care, the health of Native peoples, and rehabilitation. Training and career awards are concentrated in research fields dealing with the health of populations, including epidemiology, biostatistics, medical sociology and health economics.

Performance Information/Resource Justification

Comprehensive Program Guides are prepared and circulated to recipients and potential applicants and funding competition are announced via newsletter.

Project proposals are first reviewed by program staff for completeness and conformity to the terms of reference of the NHRDP. All eligible proposals are then assessed by experts within the Department of National Health and Welfare for their relevance to Departmental objectives and programs. A review of the scientific significance of each is conducted by appropriate external appraisers. The final step in the review process is a thorough evaluation by one of a series of peer review committees comprising experts in methodology and subject matter. To be approved for funding, a proposal must be judged satisfactory against all review criteria. All applications, except those from national organizations, are sent to the health ministry in the province of origin for the opportunity to assess the relevance of the research to provincial needs and priorities.

Approximately one-third of the proposals received by the NHRDP are eventually funded, the majority after the applicants have agreed to changes recommended at one point or other in the review process, either to enhance the relevance of the work or to improve its scientific quality. Contribution agreements are entered into with successful applicants: on average, these cover three years of research; and all contain provisions for monitoring of progress, reporting of findings and use of funds, and communication with Departmental officials who have an interest in the project.

The communication of research outcomes also constitutes an important part of this activity (financed through the operating budget, not contributions). The objective is to ensure that all potential users of research findings - the Department, the provinces, the health professions, and others - have ready and timely access to results. In addition to publishing a biennial inventory of research, the NHRDP provides general access to all final project reports, and actively pursues direct exchanges between funded researchers and potential users of the information.

To support the long-term capacity of Canadian researchers to undertake research in areas of interest to Canadian health authorities, the NHRDP provides post-graduate research training fellowships, and career awards to scientists judged by their peers to be leaders in the conduct and generation of significant research. The NHRDP has also recently introduced the first national health research competition for young Canadians, with the collaboration of the Youth Science Foundation, to encourage greater awareness of, and participation in, the health research field.

Recent Performance - 1983-84

The majority of resources used by this activity are in the form of contributions (prior to April 1, 1982 in the form of both grants and contributions). Figure 14 presents the specific areas to which resources are directed, with the exception of 1985-86 for which allocations have not been completed.

Figure 14: Grants and Contributions ($000) - National Health Research and Development Program

	1985-86	1984-85	1983-84
Projects			
Environmental Health Hazards		2,285	2,276
Biological Determinants of Health		2,622	2,342
Health Consequences of Human Behaviour		1,309	925
Health Care Organization		7,629	6,946
Modification of Human Behaviour Patterns		722	600
		14,567	13,089
Awards			
Training		1,251	1,026
Career		2,172	1,809
		3,423	2,835
Conferences		87	120
	19,309	18,077	16,044

In addition to being the only federal government funding agency in the domain of public health research, and research on the organisation, economics and operation of the national health care system, the NHRDP has assumed a leading role on such issues as rehabilitation, AIDS, UFFI, and occupational health.

The NHRDP celebrates its 10th anniversary of operation in the 1984-85 fiscal year.

In 1983-84, the NHRDP managed 342 research project contribution arrangements, 96 training awards, 65 career awards, and a variety of research conference awards. The total value of these in the year was $16,044,000. A sampling of these projects follows:

- A National Health Knowledge Survey Among Canadian School Children; A.J.C. King, Social Program Evaluation Group, Faculty of Education, Queens University at a cost of $141,950 over a one year period.

- Etiological Study of Malignant Melanoma in Western Canada; R.P. Gallagher, Division of Epidemiology and Biometry, Cancer Control Agency of British Columbia, at a cost of $85,450 over a two year period.

- Adult Day Care for the Elderly - An Evaluation; N.L. Chappel, Department of Social and Preventive Medicine, University of Manitoba, at a cost of $59,570 over a one year period.

- A Comparison of Influenza Vaccine and Amantadine in the Prevention of Influenza; Dr. F.Y. Aoki, Department of Medical Microbiology, University of Manitoba, at a cost of $85,100 over a three year period.

D. Health Promotion

Objective

To help Canadians achieve healthy lifestyles

Resource Summary

Health Promotion accounts for approximately 0.3 percent of 1985-86 total program expenditures and 40.9 percent of the total person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	12,249	113	12,158	114	11,113	109
Contributions	4,240		3,640		3,805	
New Employment Expansion and Development Program			14		139	
	16,489	113	15,812	114	15,057	109

Figure 16: Financial Performance 1983-84 ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	11,113	109	12,339	118	(1,226)	(9)
Contributions	3,805		4,240		(435)	
New Employment Expansion and Development Program	139		-		139	
	15,057	109	16,579	118	(1,522)	(9)

Major variances are explained in the program overview (pages 2-10)

Description

Health Promotion: The concept of health implied in the Health Promotion activities is one of "physical, mental and social well-being". Attainment of this positive state of health by Canadians requires:

- creation of a general public interested in and informed about health and health issues;
- active citizen involvement in the improvement of their health status;
- active support for health promotion and disease prevention amongst health professionals;
- government and other organizational policies that support the aims of health promotion.

To improve the health status of Canadians, direct communication with the public has become the major health promotion effort of the Department and this Program. It is a key component of the Program to address social norms and the marketing and consumer product environment which exert a negative influence on the lifestyles of Canadians. Promotional activities encompass television, radio, newspaper and magazine advertising, distribution of printed materials offering practical health information and appearance at fairs and exhibitions. The five regional Health Promotion offices facilitate access to educational materials and increase public awareness of the Federal Health Promotion Program.

Of the issues or problems that figure prominently as factors in sickness and premature death, program priorities are concentrated on smoking, nutrition, alcohol and drug abuse. Certain groups have been given special attention because of the specific nature or the consequences of their health problems. These include special programs for children and youth, women, the elderly and the disabled.

Contribution payments are made to citizen groups and individuals, national health associations, organizations of health workers and occasionally provinces. Their purpose is to encourage self-help and citizen participation in health promotion, increase the commitment and skill of health workers, improve the quality of programs and stimulate experimentation and innovation. Contributions are used to produce information and education materials, to undertake training, to assist sponsors in strengthening their organizations and to support demonstration projects. Figure 18 in the recent performance section presents the specific areas to which resources are directed.

Health promotion uses four lines of action: public information, promoting public support for healthy lifestyles, encouraging self-help and citizen participation and placing greater emphasis on health promotion through health care programs.

Figure 17: Health Promotion Approach

Strategies or Lines of Action	Program Outputs
Informing and equipping the public to deal with lifestyle issues.	Production of information and educational material concerned with the health significance of lifestyle, the factors affecting lifestyle and material suggestions for change.
Promoting a social environment that supports healthy lifestyles.	Government advertising to promote health and policies to discourage commercial advertising that may lead to harmful consumptions.
Encouraging self-help and citizen participation in health promotion.	Contribution funding of community, regional and national groups to develop innovative health promotion projects.
Stimulating adoption of health, education, welfare and other policies and programs that support health promotion.	Goal-setting, projects, production of specialized materials, training demonstration projects in cooperation with provincial jurisdiction and voluntary agencies.

Performance Information/Resource Justification

Health Promotion: Health Promotion has established a system of monitoring the performance of its major programs. Tracking of program results and effectiveness enables validation of the Health Promotion approach and the Program priorities. Some of the key indicators of expected results are:

- population awareness of program messages;
- public demand for educational resources;
- communities and organizations that use educational resources offered by the Program;
- collaborative projects with non-government organizations;
- educational resources that reach the general public and selected groups and self-help groups such as parents, school children, senior citizens and health professionals;
- training of lay and health professionals in support of self-help groups;
- funding of contribution projects for self-help groups.

Recent Performance - 1983-84

Tobacco

Generation of Non-Smokers is a program to prevent young people from starting to smoke. In January 1983, after the first year of the advertising and promotion campaign, 51 percent of the target group of 12-17 year olds were aware of the campaign - a 35 percent increase over the previous year. One year later, 59 percent of the target audience recalled one of the commercials.

Time to Quit, a community based self-help program developed in cooperation with the Canadian Cancer Society, distributed 85,000 self-help booklets in the city of Winnipeg. Results indicate a two year decline of 6% in the prevalence of smoking in Winnipeg compared to 3% in the control city of Edmonton.

Alcohol

Dialogue on Drinking advertising focusses on 15-29 year olds. Fifty six percent indicated that they were aware of the program in February 1984, eight months after the first wave of advertising. There has been a 13 percent drop in the proportion reporting use of alcohol in the past month from one year earlier.

The National Training System is a collaborative Federal-Provincial program aimed at training staff of provincial and territorial drug agencies. An evaluation carried out by the Department in 1983 found that the NTS contributed significantly to the development of training capabilities in the provinces and territories. Since 1978, 43 courses based on materials developed by the program have been conducted and a total of 1,387 addictions' workers trained.

Drugs

The Cannabis Information Program distributed 1,250,000 copies of Stay Real and Straight Facts publications to health organisations, drug and law enforcement agencies. About 56 percent of the exposed target group recalled the Stay Real ads after less than a full year of exposure to the campaign.

Nutrition

Nutrition for Children, a series of films Bonjour, comment manges-vous? have been shown 7,200 times since their release in 1979. 375 copies have been sold to school boards. In addition, 500 French and English multi-media kits have been distributed over the past two years.

Nutrition Recommendations for Health Professionals and Industry. Since 1981-82, 5.1 million copies of Canada's Food Guide Tear Sheet and 256,000 copies of Canada's Food Guide Handbook have been distributed.

Child and Family Health

The Hospital Advocacy Kit on Breastfeeding was developed in 1983 as part of a broader program started in 1979. The kit consists of materials to be used in counselling mothers and forms the basis for in-service training in the area of breastfeeding. From 1981, 300,000 copies of the booklet have been given to mothers, 500,000 copies to physicians, nurses and the general public. There has been an increase in breastfeeding from 25 percent in the late sixties to 70 percent in 1982.

Women

It's Just Your Nerves is an educational resource on women and addictions. Over 70,000 copies of a new pamphlet, Women and Alcohol, were distributed in 1983-84. Two hundred and eighty women from health, social services and women's organizations were trained in the use of this resource.

Workplace

Corporate Challenge involved 15,000 employees in 1,041 companies to participate in full day events to promote healthy lifestyles last year.

Evalu*Life is a computerized risk assessment service designed to assist health professionals in counselling clients regarding health promotion. It was used by 350 health professionals in a variety of settings in 1983-84.

School Health

The Health Knowledge Survey is a survey of Canadian school children to determine their knowledge regarding health. Seven hundred copies of this report were distributed in 1983 to interested members of the public.

Five hundred copies of the Directory of Senior Professionals Promoting the Health Education of Children and Youth in Canada were distributed to health educators.

The Hole in the Fence is an educational resource for children between five and ten years. Approximately 36,000 storybooks have been sold, with an additional 5,000 distributed during pilot testing.

Salut Santé is a series of video cassettes providing health education in French to 10-16 year old students. The initial broadcast of the series was seen by an audience of 200,000 viewers.

Health Promotion Information

Health Education is a quarterly magazine for health professionals. 10,000 copies of each issue were distributed. About 70 percent of readers rated the magazine as useful.

The Close Up on Health Exhibit Program was shown at 10 major exhibitions across Canada and viewed by five million people. Some 34,000 people completed the "Operation-Lifestyle" questionnaire.

The Close Up on Health series is designed to increase the visibility of federal health promotion programs, practices and messages. In 1983-84 a tabloid was published in 206 weekly newspapers and 51 dailies. 575,000 leaflets were distributed in 830 supermarket and weekly columns distributed as fillers were published in 140 newspapers.

Production and Distribution of Health Promotion Products. During 1983-84, 7.5 million items were distributed in response to requests for both specific and general health promotion information.

Contributions

In 1983-84, the Health Promotion Contributions Program supported 152 projects with a total of $3.8 million. The projects funded were community based demonstrations, development of the education and training of mutual help and advocacy groups on health promotion issues. They were sponsored mainly by voluntary and citizen

organizations who work with disadvantaged groups more than a million disadvantaged Canadians received information to increase their awareness about healthy lifestyles as a result of the Program.

Figure 18 displays expenditures by target group and project type.

Figure 18: Grants and Contributions ($000) - Health Promotion Contribution Program

	1985-86	1984-85	1983-84
Target Group			
Women		695	719
Children and Youth		1,079	781
Disabled		430	529
Elderly		804	467
Public/Professional		632	1,309
	4,240	3,640	3,805
Project Type			
Resource Development		937	1,292
Education and Training		1,035	873
Organization/Network Support		694	448
Community-Based Demonstration		974	1,192
	4,240	3,640	3,805

E. Program Administration

Objective

To provide overall direction to and coordination of program activities by providing policy advice and direction as well as financial and administrative services. This activity is also responsible for the development, improvement and implementation of planning systems.

Resource Summary

Program Administration accounts for approximately 0.04 percent of 1985-86 total program expenditures and 21.0 percent of the total person-years.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	2,680	58	2,782	64	2,457	56

Approximately 77.7 percent of the costs are personnel related. Other costs consist primarily of expenses for communications, materials, supplies and professional services.

Figure 20: Financial Performance 1983-84 ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating Costs	2,457	56	2,853	67	(396)	(11)

Major variances are explained in the program overview (pages 2-10)

Description/Resource Justification

This activity, although comprised of four separate functions, collectively provides policy advice and direction, and program delivery support to the Branch.

Office of the Assistant Deputy Minister is responsible for policy development and planning to ensure that objectives are met and policies effected as efficiently and effectively as possible. Advice is provided to senior departmental managers on policies and objectives of concern to the Branch and Department.

Financial Services: encompasses the provision of advice and services regarding the control of financial and human resources in accordance with the Financial Administration Act, and various central agency policies, guidelines and directives. Included in these services are commitment, budgetary and expenditure controls, delegation of authority, Departmental Financial Reporting System maintenance and verification, EDP consultative service, and financial reporting responsibilities.

Planning Services: involves the ongoing assessment of changing program requirements, environmental influence, central agency concerns and the effectiveness of existing programs. In light of these factors coordination of various program activities, policy direction and guidance is provided for strategic, operational, and work planning. Ongoing analysis of Branch programs and recommendations for program delivery improvements are also provided.

Administrative Services: facilitates Branch program delivery through the provision of direct support services and the management of all property and material. This encompasses Word Processing, Library and Record Services, Publication and Forms Management, Material Management, Property, Security and Safety Management and some staff (personnel) services.

Recent Performance 1983-84

In addition to the provision of required policy direction and program support services, the following results were achieved:

- **The Canada Health Act - provision of executive direction and support services was an essential element in the drafting of the Canada Health Act and in its preparation for the eventual tabling and passage.**

- **The Management Information System - A major innovation over the past year has been a requirement analysis, system development proposal and subsequent managerial approval of a management information system. When fully operational, the system will provide fully integrated planning and financial information and enable ongoing results/resources reporting.**

- **Planning System - A Branch planning system was developed and implemented to direct long range strategic, operational and work planning exercises. The design of the system also ensures the compilation of a data base that facilitates efficient responses to external information requests.**

- **Material Management Information System - The initial steps in the development of the system were attained. An analysis of Branch needs resulted in the establishment of preliminary requirements and the design of draft reporting formats.**

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 21: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	10,537	10,462	9,610
Contributions to Employee Benefit Plans	1,475	1,341	1,488
Other Personnel Costs	14	14	12
	12,026	11,817	11,110
Goods and Services			
Transportation and Communications	2,851	2,898	2,195
Information	4,089	4,408	4,334
Professional and Special Services	3,686	3,685	3,365
Rentals	88	82	65
Purchased Repair and Upkeep	29	25	19
Utilities, Materials, and Supplies	513	415	627
All Other Expenditures	50	37	27
	11,306	11,550	10,632
Total operating	23,332	23,367	21,742
Capital	16	93	122
Transfer Payments	6,516,725	6,132,477	5,587,887
Total expenditures	6,540,073	6,155,937	5,609,751

2. Personnel Expenditures

Figure 22: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	16	15	14	50,350-96,300	65,085
Scientific and Professional					
Economics and Sociology	19	21	21	14,570-65,080	52,557
Education	8	8	9	13,609-68,070	44,108
Medicine	8	8	11	40,054-85,140	75,048
Social Work	1	1	1	20,575-51,192	43,033
Others	15	14	17		49,094
Administration and Foreign Service					
Administration Services	31	32	31	13,912-57,987	31,113
Financial Administration	9	9	8	13,853-57,980	38,429
Program Administration	62	63	66	13,912-57,987	38,506
Others	11	8	9		42,544
Technical					
Social Science Support	6	5	7	12,635-57,764	33,452
Others	2	1	3		43,034
Administrative Support					
Clerical	32	35	34	12,932-31,743	21,703
Secretarial and Typing	56	59	59	12,636-31,946	21,263

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column reflects salaries by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 23: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants to National Voluntary Health Organizations	3,176,000	3,072,000	2,793,000
Family Planning Grants	-	174,000	174,000
Grant to U.B.C. - Diagnostic Imaging	-	-	1,000,000
Grant to University of Ottawa Heart Institute	-	2,500,000	-
	3,176,000	5,746,000	3,967,000
Contributions			
Insured Health Services Program*	5,414,000,000	5,096,000,000	4,624,203,000
Extended Health Care Services Program*	1,076,000,000	1,009,000,000	939,486,000
Health Promotion Contributions	4,240,000	3,640,000	3,805,436
National Health Research and Development Program	19,309,000	18,077,000	16,043,529
Summer Canada - Public Service Component	-	-	9,929
New Employment Expansion and Development Program	-	14,000	139,100
Community Forum Program	-	-	232,892
	6,513,549,000	6,126,731,000	5,583,919,886
	6,516,725,000	6,132,477,000	5,587,886,886

*Payments under the Federal-Provincial Fiscal Arrangements and Post-Secondary Education and Health Contributions Act 1977.

B. Cost Analysis

Net Program Cost

The 1985-86 estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items must also be included when considering the actual costs of operating the Program.

Figure 24: Total Cost of Program for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Total 1984-85
Total Cost of Program	6,540,073	1,127	6,541,200	6,157,083

The adjustments made to the estimated operating expenditures to arrive at a total cost include accommodation provided without charge by Public Works ($904,000) and other services provided without charge by other departments ($223,000).

Social Services Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $113,867,000 for operating expenditures and grants and contributions to operate the Social Services Program during the 1985-86 fiscal year. Statutory authority exists for the Program's expenditures on Canada Assistance Plan payments, which are estimated at $3,928,400,000 for 1985-86. Additionally, contributions to employee benefit plans of $1,397,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Social Services Program			
15	- Operating Expenditures	13,548	12,701
20	- Grants and Contributions	100,319	119,011
Stat	- Canada Assistance Plan Payments	3,928,400	3,696,000
Stat	- Contributions to Employee Benefit Plans	1,397	1,203
	Total Program	4,043,664	3,828,915

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
Social Services Program		
15	- Social Services - Operating expenditures	13,548,000
20	- Social Services - The grants listed in the Estimates and contributions; payments to the provinces in accordance with agreements, approved by the Governor in Council, to be entered into between Canada and the provinces, and subject to such regulations as may be made in respect of payments by the Governor in Council, such payments being contributions towards the cost of services provided in the provinces to young offenders who were committed to the care of provincial authorities prior to the proclamation of the Young Offenders Act on April 2nd, 1984 and who are not dealt with under that Act; and who are under the jurisdiction of correctional authorities instead of child welfare authorities or under the care or custody of child welfare authorities but not subject to an order of the provincial secretary ordering that the young offenders be dealt with under the child welfare law of the province.	100,319,000

Program by Activity

	Authorized Person-Years	1985-86 Main Estimates Budgetary Operating	Capital	Transfer Payments	Total	1984-85 Main Estimates
Canada Assistance Plan	104	5,384		4,008,424	4,013,808	3,799,118
Social Development	53	3,858		6,924	10,782	9,891
New Horizons	89	4,026		13,371	17,397	17,254
Program Administration	37	1,653	24	-	1,677	2,652
	283	14,921	24	4,028,719	4,043,664	3,828,915

Transfer Payments

(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Grants		
National Voluntary Social Service Organizations	3,427	3,167
Contributions		
Canada Assistance Plan	3,928,400	3,696,000
Vocational Rehabilitation of Disabled Persons	71,949	71,401
Services to Young Offenders	8,000	27,500
Vocational Rehabilitation Research	75	75
Support Activities of National Importance for Improvement of Welfare Services	3,497	3,497
Groups of Retired Senior Citizens Towards Projects Aimed at Providing Opportunities to Help Themselves	13,371	13,371
Total	4,028,719	3,815,011

Extracts from Volume II of the Public Accounts

Use of appropriations for 1983-84

Vote No.		Main Estimates	Total Appropriations	Actual Use
5	- Operating expenditures	12,413,000	12,297,805	12,175,001
10	- The grants listed in the Estimates and contributions; payments to provinces in accordance with agreements, approved by the Governor in Council, to be entered into between Canada and the provinces, and subject to such regulations as may be made in respect of payments by the Governor in Council, such payments being contributions towards the cost of services provided in the provinces to young offenders under the jurisdiction of correctional authorities instead of child welfare authorities and under the care or custody of child welfare authorities but not subject to an order of the provincial secretary ordering that the young offenders be dealt with under the child welfare law of the province; payments to provinces in accordance with agreements approved by the Governor in Council, to be entered between Canada and the provinces, and subject to such regulations as may be made in respect of payments by the Governor in Council, such payments being to replace Canada Assistance Plan revenues lost by the provinces due to the operation of universal nursing home care benefit programs.	88,165,000	116,423,738	110,775,939
Stat	- Canada Assistance Plan - Payments to provinces and territories under the Canada Assistance Plan and the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977 including residual payments under the Unemployment Assistance Act.	3,140,200,000	3,287,600,992	3,287,600,992
Stat	- Contributions to employee benefit plans	1,177,000	1,310,000	1,310,000
	Total Program - Budgetary	3,241,955,000	3,417,632,535	3,411,861,932

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The objective of the Social Services Program is to support the provision of social assistance and services to persons whose economic circumstances are inadequate to meet their basic needs or whose social circumstances expose them to the risk of poverty, isolation or dependency. The program supports the provision of assistance benefits, welfare services, comprehensive programs of vocational rehabilitation services, promotes and provides opportunities for research and the development of expertise in social welfare, innovation in social services and meaningful participation for retired Canadians in activities they choose and plan. Financial requirements for these efforts in 1985-86 will be approximately $4,044 million.

- The program provides financial support under the Canada Assistance Plan (CAP) for provincial and territorial social assistance and welfare services programs for 2.5 million socially and economically disadvantaged Canadians; and under the Vocational Rehabilitation of Disabled Persons Act (VRDP) financial support for provincial and territorial vocational rehabilitation programs provided to over 100,000 disabled persons. Financial requirements for contributions under CAP and VRDP are expected to be nearly $4,000 million in 1985-86, an increase of 7.7 percent over the prior year. This increase is due primarily to continuing high numbers of provincial social assistance cases. (see page 3-16)

- Through National Welfare Grants (NWG), support is provided to research, demonstration projects and the development of expertise in the social welfare area. Funds devoted to this activity reach a total of $3.5 million. Financial support is provided to 26 major national voluntary social service organizations for $3.4 million. (see page 3-29)

- Information and consultative services are provided to a wide range of organizations, professional and community groups as well as specialists on a number of social issues such as day care, family violence, child abuse and independent living. (see page 3-29)

- Financial and consultative support is made available to groups of senior citizens under New Horizons. These contributions

amount to $13 million and reach approximately 250,000 persons. (see page 3-32)

Specific goals for 1985-86 are:

Canada Assistance Plan:

- Determine the limits of CAP's mandate in those program areas where the mandates of other federal departments are involved, for example, Canadian Employment and Immigration Commission (CEIC) with respect to the employability of social assistance recipients; the Solicitor General with respect to young offenders.

- Clarify and resolve issues of provincial/federal concern as related to the agreements, guidelines and policies under the Vocational Rehabilitation of Disabled Persons Act.

- Promote the establishment of audit and settlement committees in provinces to enable the more timely settlement of claims under CAP and VRDP.

- Strengthen federal/provincial relations through: the Continuing Committee of Federal/Provincial/Territorial Officials reporting to Deputy Ministers of Social Services; orientation and problem solving exercises; preparation and updating of the policy and procedures manual and dissemination of cost-sharing guidelines.

Social Development:

- Provide technical assistance and funds to approximately 85 projects designed to support the development and improvement of social services, benefitting, in particular, disadvantaged Canadians.

- Support the operations of 26 national voluntary social service organizations.

- Help the development of expertise in the social welfare field through the granting of fellowships.

- Maintain the consultative and information services provided in the social services area.

New Horizons:

- Support the creation of approximately 2,000 projects by senior citizens, reaching about 250,000 persons.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Canada Assistance Plan	4,013,808	3,746,613	267,195	3-17
Social Development	10,782	9,997	785	3-28
New Horizons	17,397	17,438	(41)	3-32
Program Administration	1,677	2,748	(1,071)	3-35
Program Total	4,043,664	3,776,796	266,868	
Authorized Person-Years	283	282	1	

Explanation of Change: The increase of $266,868,000 in the 1985-86 requirements over the 1984-85 forecast is primarily made up of increases in statutory payments under the Canada Assistance Plan because of continuing high numbers of provincial social assistance cases.

B. Recent Performance

1. Highlights

All activities of the CAP Directorate in 1983-84 were in support of its main goal of maintaining the effective and efficient administration of CAP and VRDP. These included:

- sharing in the costs of provincial assistance and welfare services programs with respect to approximately 1,500 pieces of provincial law (acts, regulations, amendments), 5,360 homes for special care and 4,700 provincially approved agencies providing welfare services;

- liaising actively with other federal departments in order to deal more effectively with issues arising from interfaces with programs administered by other federal departments such as the Solicitor General;

- conducting several orientation and problem solving sessions with provinces as well as information sessions with a number of municipalities, voluntary organizations and federal departments;

- developing "Guidelines on Likelihood of Need" relating to the welfare services provisions of CAP;

- participating in the work of the Continuing Committee of Officials Reporting to Deputy Ministers by preparing discussion papers, status reports and policy statements on a range of cost-sharing issues under review;

- compiling major sections of the CAP Policy Manual dealing with assistance and financial policies;

- initiating a pilot project to establish a federal-provincial audit and settlement committee with British Columbia to put settlements on a more current basis and discussing the application of this approach with other provinces.

In 1983-84, National Welfare Grants funded 86 research and demonstration projects, the majority of which were aimed at the disabled, families in crisis and children and youth (see page 3-30). It also contributed to the development of expertise in the social welfare area by granting 16 fellowships. Through sustaining grants, it shared in the operational costs of 26 national voluntary social service organizations.

Social Services Development brought the National Clearinghouse on Family Violence to operational status in its efforts to reduce violence in the family. This included the production of several films and documents, and direct involvement in planning the Fifth International Congress on Child Abuse and Neglect. The National Day Care Information Centre worked toward the implementation of the recommendations for action of the Second Conference on Day Care. It produced statistical reports and publications related to the safe operation of day care centres. The Centre also worked closely with national advocacy groups to improve the provision of day care across Canada.

New Horizons increased the proportion of service-oriented projects by nearly 40 percent which was double its 1983-84 goal of a 20 percent increase. (see page 3-34) It reached more than a quarter of a million Canadians across the country, meeting all its operational goals.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Canada Assistance Plan	3,383,349	3,214,102	169,247
Social Development	9,410	8,525	885
New Horizons	16,589	16,476	113
Program Administration*	2,514	2,852	(338)
Program Total	3,411,862	3,241,955	169,907
Authorized Person-Years	273	279	(6)

* The Main Estimates Figures have been restated to conform with the revised break-out by activity adopted for 1985-86. For further details see Section III, page 3-40.

The differences result mainly from the increased numbers of provincial social assistance cases cost-shared under the Canada Assistance Plan.

C. Background

1. Introduction

The focus of the Social Services Program is on persons whose economic circumstances are inadequate to meet their basic needs or whose social circumstances expose them to the risk of poverty, isolation or dependency. The role of the program is to support assistance and services for these people, primarily by sharing the cost of provincial and municipal programs directed to them, including programs of vocational rehabilitation for the disabled. Other methods of support are financial assistance to promote and maintain the participation of retired Canadians in the community, and financial support and advice for national voluntary and professional organizations as well as for research and training. Through these activities, the program makes an important contribution to Canada's social security system by ensuring the maintenance of a safety net for Canadians.

The program's principal links are with provincial and territorial governments who have responsibility for the delivery of social assistance and services, and with universities, voluntary organizations, and professional associations. Important links are also maintained with other branches of Health and Welfare such as the Income Security Programs Branch and the Health Services and Promotion Branch; other federal departments such as Employment and Immigration, Solicitor General, Justice, Indian and Northern Affairs, Finance, Secretary of State and Veterans Affairs.

2. Legal Mandate

The program draws its general mandate from the Department of National Health and Welfare Act which confers on the Minister responsibility for all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the Parliament of Canada has jurisdiction. The Social Services Program includes the administration of the following legislation and authorities:

- Canada Assistance Plan (1966)
- Vocational Rehabilitation of Disabled Persons Act (1961)
- Young Offenders Agreements (with New Brunswick, Quebec, Ontario, British Columbia, and the Yukon).

3. Program Objective

The objective of the Social Services Program is to support the provision of social assistance and services to persons whose economic circumstances are inadequate to meet their basic needs or whose social circumstances expose them to the risk of poverty, isolation or dependency.

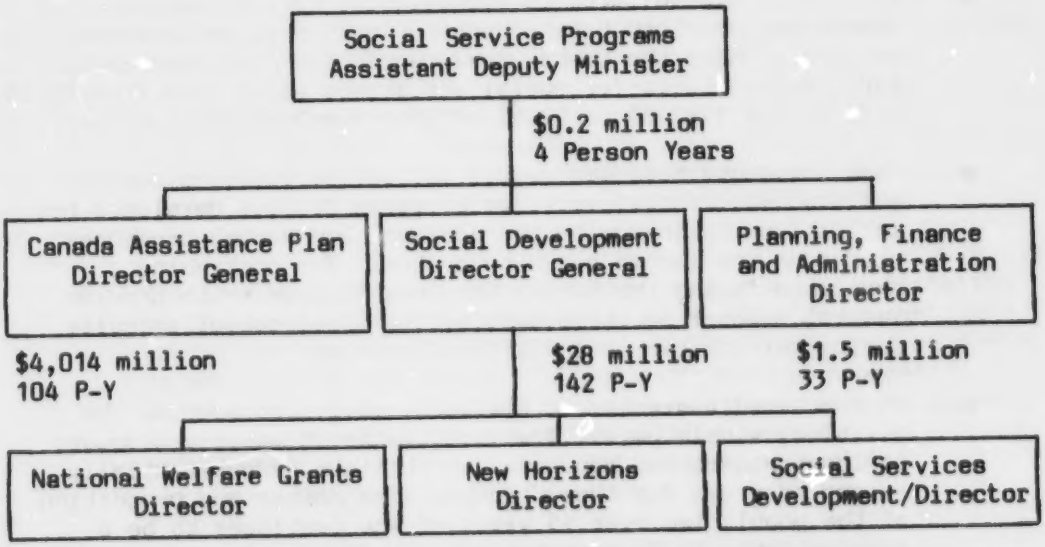
4. Program Organization for Delivery

In the Expenditure Plan for 1984-85, this Program was included in the Health and Social Services Program. For an explanation of the division into two programs see Section III, page 3-40.

The Social Services Program is under the direction of the Assistant Deputy Minister, Social Service Programs Branch and is divided into four activities: Canada Assistance Plan, Social Development, New Horizons and Program Administration. These activities correspond to the organizational structure of the program.

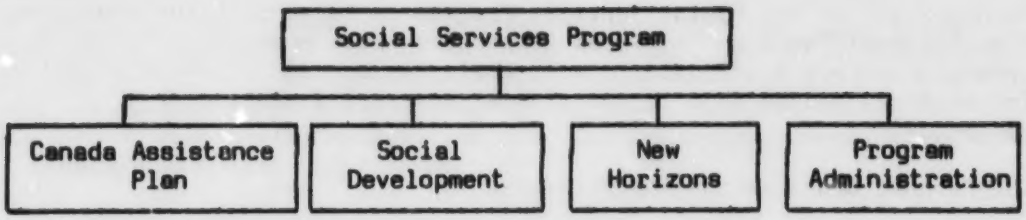
Figure 3 illustrates the resource allocation by organization structure within the Social Service Programs Branch.

Figure 3: Organization Structure and 1985-86 Resources



To ensure closer contact with their clients, certain activities have decentralized their operations: the Canada Assistance Plan has field offices in provincial capitals accounting for approximately 45 percent of its person-years; and New Horizons maintains regional offices accounting for 77 percent of its person-years. The remaining activities are administered from the National Capital Region.

Figure 4: Activity Structure



D. Planning Perspective

1. Environment

A number of factors have major implications for the Social Services Program:

- High levels of unemployment mean continuing high provincial social assistance caseloads. The number of cases as of March 1982 was 770,000 as compared to 1,000,000 cases as of March 1984. The most significant change in the welfare caseload is the large number who are capable of working, and who want to work but cannot find work.

- Provincial expenditures to maintain the current social assistance caseload have risen and in turn payments to the provinces under the Canada Assistance Plan have increased. CAP's expenditures for social assistance alone rose from $2.08 billion for 1982-83 to $2.47 billion for 1983-84.

- Most provinces have made modifications to existing social assistance or social services programs or have developed new initiatives to cope with the economic and social pressures placed on the income security system. The continuing challenge facing the Social Services Program is to provide federal support to the provinces and other social agencies during this particularly difficult period.

- An increased awareness of the needs of groups such as the disabled, single parent families, battered women and abused children has caused provinces to initiate or substantially expand programs for these groups. The number and proportion of the population over 65 years of age continues to be a growing factor. The grants and contribution programs continue to focus their efforts on these emerging priorities.

2. Update on Previously Reported Initiatives

The Canada Assistance Plan continued to work closely with provinces to provide federal support for social assistance programs during difficult

economic times. On-going federal-provincial consultation and specific problem-solving sessions assisted provinces in making fuller use of the cost-sharing provisions of CAP. Efforts also focused on liaison with other federal departments to coordinate federal support for specific provincial initiatives. Discussion of specific issues involved joint federal meetings with participation from provinces.

Initiatives to support day care services included the implementation of recommendations for action of the Second Conference on Day Care such as extensive consultation with national day care advocacy groups and the production of reports and publications on the operation of day care centres. To reduce violence in the family, the National Clearinghouse on Family Violence was brought to operational capacity, it produced films and documents, planned its participation in a major International Congress on Child Abuse and Neglect as well as a national day on child abuse.

During 1983-84 the National Welfare Grants (NWG) activity funded 86 research and demonstration projects, the majority directed toward disabled persons, families in crisis, children and youth. By granting 16 fellowships NWG contributed to the development of expertise in the social welfare area. Through sustaining grants, NWG shared in the operational costs of 26 national voluntary social service organizations.

New Horizons doubled its goal of supporting an increased proportion of service oriented projects. Over a quarter million aged Canadians were reached by this activity through the maintenance of over 75 percent of New Horizons staff in its regional offices.

3. Program Effectiveness

The Social Services Program has a major impact on provincial social assistance programs and on social service programs delivered by provincial, municipal and voluntary agencies.

- The Canada Assistance Plan and the Vocational Rehabilitation of Disabled Persons Act have been successful in supporting social welfare programs. This support has been a major factor in maintaining the social "safety net" for the poorest Canadians. These programs of last resort continue to support at any one time an estimated 2.5 million people or 10 percent of Canada's population. The VRDP program supports an estimated 100,00 disabled Canadians.

- In addition, the Program has insured the maintenance of viable, national voluntary organizations through its sustaining grants and encouraged research vital to major target groups by focusing over 80 percent of available support to research related to the disabled, elderly, single parent families and battered women.

- The Program has funded New Horizons projects involving over 250,000 elderly Canadians.

Section II
Analysis by Activity

A. Canada Assistance Plan

Objective

- To support the provision by provinces and territories of adequate assistance and institutional care programs for persons in need; and

- To support the provision by provinces and territories of welfare services programs which have as their object the lessening, removal or prevention of the causes and effects of poverty, child neglect or dependence on public assistance.

- To support the development by provinces and territories of comprehensive and coordinated programs of vocational rehabilitation for physically and mentally disabled persons.

Resource Summary

This activity accounts for approximately 99.3 percent of 1985-86 total program expenditures and 36.7 percent of the total person-years.

Approximately 99.9 percent, of the total activity expenditures are payments to the provinces for:

- social assistance and welfare services under the Canada Assistance Plan (including the related Young Offenders Agreements); and

- rehabilitation programs under the Vocational Rehabilitation of Disabled Persons Act.

The overall increase in expenditures over 1984-85 is primarily due to continuing high numbers of provincial social assistance cases.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Canada Assistance Plan - Payments	3,928,400	-	3,643,300	-	3,287,601	-
Young Offenders Agreements - Payments	8,000	-	27,500	-	24,333	-
Vocational Rehabilitation of Disabled Persons - Payments	72,024	-	71,476	-	67,549	-
Operating Expenditures	5,384	104	4,337	99	3,866	96
	4,013,808	104	3,746,613	99	3,383,349	96

Past Financial Performance

Figure 5: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Canada Assistance Plan - Payments	3,287,601	-	3,140,200	-	147,401	-
Young Offenders Agreements - Payments	24,333	-	22,400	-	1,933	-
Vocational Rehabilitation of Disabled Persons - Payments	67,549	-	47,776	-	19,773	-
Operating Expenditures	3,866	96	3,726	93	140	3
	3,383,349	96	3,214,102	93	169,247	3

Description

The Canada Assistance Plan activity comprises two components: the Canada Assistance Plan including the related Young Offenders Agreements and the Vocational Rehabilitation of Disabled Persons Act.

Canada Assistance Plan: The Canada Assistance Plan (CAP) shares 50 percent of the cost to the provinces of providing social assistance to persons in need; and welfare services to persons in need or likely to become in need if they do not receive such services.

The terms of cost-sharing are specified through the CAP Act, Regulations and agreements with each province and through program policies outlined in guidelines. The agreements include three schedules which list provincial legislation, homes for special care and provincially approved agencies that have been accepted by the federal government for cost-sharing under the Plan.

While the federal government specifies conditions for sharing, provincial governments are responsible for the design, comprehensiveness, and delivery of programs to the public. The level of the federal payment under CAP is influenced primarily by the following factors:

- the number of provincial social assistance cases;
- provincial program priorities (whether or not programs are designed to utilize CAP cost-sharing); and
- social assistance rate increases.

Conditions for cost-sharing assistance, which includes care in homes for special care and health care, are:

- financial assistance must be provided to persons in need (i.e., those who are found, on the basis of a needs test, to be unable to provide adequately for themselves and/or their dependents; or persons under the age of 21 years who are in the care, custody or supervision of a child welfare authority; or foster children);
- provinces must agree that a period of residence in the province or in Canada will not be required as a condition of eligibility for assistance; and
- provinces must establish, by law, a procedure for appeals from decisions with respect to social assistance.

Conditions for cost-sharing welfare services are:

- recipients of welfare services must be persons in need or persons likely to become in need;
- services must be provided directly by the province or by provincially approved non-profit agencies; and
- health care services and services relating wholly or mainly to education, correction and recreation are excluded from cost-sharing under CAP.

The Canada Assistance Plan contains provisions for cost-sharing of assistance, welfare services, and work activity projects.

Eighty percent of CAP expenditures fall under its assistance provisions, which include general assistance (the cash welfare payment), care in homes for special care, certain health care costs, and the majority of child welfare costs.

Of the remaining 20 percent, the major portion of expenditures is for federal support to provincial administration costs (i.e., costs of administering assistance and welfare services programs) and welfare services such as day care and homemaker services. The remaining costs are for child welfare expenditures not already included as assistance costs and for work activity projects.

Payments under CAP, by province and by program component, for the fiscal year 1983-84 are illustrated in Figure 6. The CAP program components are described below:

General Assistance: CAP shares in the cost of general assistance which is provided by each province to persons who are in need. Assistance includes the following basic requirements: food, shelter, clothing, fuel, utilities, household supplies, and personal requirements. Assistance may also include special needs such as items incidental to carrying on a trade or other employment; items necessary for safety, well-being or rehabilitation, including essential repairs or alterations to property, items required by disabled persons; and prescribed welfare services.

Homes for Special Care: CAP shares in the cost to the provinces of providing care in homes for special care, e.g., homes for the aged, nursing homes, child care facilities and hostels for battered women and children. (Since April 1, 1977, the major portion of federal costs related to long-term residential care for adults has been subsumed under the Extended Health Care Services Program of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act);

Health Care: CAP shares in certain health care costs (e.g. drugs, dental care) if they are not covered under universal health care programs of the provinces or are not block funded under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act; and

Child Welfare: The majority of the expenditures in this component relate to the costs of maintaining children in foster homes. These are shared as assistance costs. (Costs of care provided in facilities for children are included in the homes for special care component.) The remainder of the child welfare costs consist of welfare services. These include services for children who are in need of protection because of abuse and/or neglect; adoption services; and preventive services to children in their own homes.

Welfare Services: CAP shares in certain costs to the provinces of providing a range of welfare services to persons who are in need or likely to become in need. Welfare services include:

- day care services for children;
- homemakers, home support, and similar services to support individuals and families in emergency situations or as an aid to independent living in the community for the elderly and the disabled;
- casework, counselling, assessment and referral services, including child welfare services;
- adoption services;
- rehabilitation services including services to the chronically unemployed (e.g., life skills training, referral and job placement services) and services to meet the special needs of persons at risk of being socially isolated, with particular emphasis on the aged and the physically and mentally disabled;
- community development services designed to encourage and assist members of deprived communities to participate in improving the social and economic conditions of their community;
- consulting, research, and evaluation services with respect to welfare programs; and
- administrative services relating to the delivery of assistance and welfare services programs.

Work Activity Projects: CAP shares in the costs of work activity projects designed to assist people who, because of personal or environmental barriers, experience unusual difficulty in obtaining or holding employment. Projects are designed to improve participants' motivation and capacity to work, and prepare them for entry or return to employment or further vocational training.

Figure 6: Federal Payments to the Provinces and Territories Under the Canada Assistance Plan by Component During Fiscal Year 1983-84

Province	General Assistance	Homes for Special Care	Health Care	Child Welfare	Welfare Services	Work Activity Projects	Total
				($000's)			
Newfoundland	44 584	8 882	5 950	3 641	8 027	194	71 278
Prince Edward Island	9 805	2 018	395	345	3 990	-	16 553
Nova Scotia	62 272	10 497	990	1 745	17 192	354	93 050
New Brunswick	87 307	8 465	3 185	1 215	11 506	-	111 678
Quebec *	931 715	214 043	57 358	26 581	169 275	82	1 399 054
Ontario	601 893	48 146	5 221	83 423	8 988	2 199	830 870
Manitoba	59 803	9 581	3 192	11 342	23 149	1 804	108 871
Saskatchewan	82 217	21 540	1 306	3 550	33 769	157	142 539
Alberta	200 660	35 755	-	34 494	54 864	247	326 020
British Columbia	384 856	29 122	19 583	7 104	90 043	486	531 194
Northwest Territories	4 844	1 641	111	628	2 929	-	10 153
Yukon	904	29	-	137	571	-	1 641
Total	2 470 860	389 719	97 291	174 205	505 303	5 523	3 642 901

* The federal contribution to Quebec for its eligible programs under CAP consists of cash payments in the amount of $1,043,753,500 through the Department of National Health and Welfare and the value of 5 tax abatement units in the amount of $355,300,000 through the Department of Finance.

Note: These amounts reflect the payments made to provinces for claims submitted during the fiscal year and may include costs incurred in previous years.

Young Offenders Agreements: Under the authority of the Appropriations Act, the Department has entered into agreements with New Brunswick, Quebec, Ontario, British Columbia and the Yukon to share in the costs which they incurred in providing certain care and services to "young offenders." Such costs would have been shareable under the Canada Assistance Plan if the "young offenders" had been in the care of the provincial child welfare authority both in fact and in law.

These agreements were approved in the interest of equity and were an interim measure pending the development of legislation to replace the Juvenile Delinquents Act. With the proclamation of the new Young Offenders Act on April 2, 1984, there is no cost-sharing under the Young Offenders Agreements of any new intake but sharing will continue in services provided to "young offenders" who were in care prior to the proclamation of the Young Offenders Act until such services are completed or the young persons come under the jurisdiction of the new Act. It is anticipated that these agreements will be phased out by 1988.

Figure 7 illustrates the distribution of federal payments to provinces under the Young Offenders Agreements.

Figure 7: Federal Payments to the Provinces and Territories Under the Young Offenders Agreements During Fiscal Year 1983-84

Province	Total ($000)
New Brunswick	768
Quebec	- *
Ontario	19,320
British Columbia	3,846
Yukon	399
Total	24,333

* Changes to provincial legislation in 1979 re-established eligibility for sharing in these costs under CAP.

Vocational Rehabilitation of Disabled Persons Act: Under the Vocational Rehabilitation of Disabled Persons (VRDP) Act and Agreements, the federal government makes financial contributions to meet 50 percent of the costs incurred by provinces in providing a comprehensive program for the vocational rehabilitation of physically and mentally disabled persons. Although Quebec does not participate in the VRDP program, a significant portion of the costs borne by the province in providing services to the disabled is shared by the federal government under the Canada Assistance Plan.

Vocational rehabilitation programs are designed to assist physically and mentally disabled persons who are considered capable of attaining a level of functioning which would enable them to pursue a substantially gainful occupation such as employment in the open labour market; self-employment; homemaking; farm work; sheltered employment; or other work of a remunerative nature.

Services may be provided directly by the provinces or by voluntary agencies recognized and funded by the province for that purpose. Services may include:

- assessment;
- counselling;
- restorative services;
- provision of prostheses, wheelchairs, technical aids and other devices;
- vocational training and employment placement;
- provision of books, tools and other equipment required during the course of the vocational rehabilitation process; and
- provision of maintenance allowances as required by each individual.

Figure 8 illustrates the distribution of federal payments to provinces under the VRDP Act.

In addition to cost-sharing provincial research, the VRDP Act also authorizes direct grants to be made to individuals and to non-governmental organizations for research in respect of vocational rehabilitation for disabled persons. See Figure 20: Details of Transfer Payments (page 3-38).

Figure 8: Federal Payments to the Provinces and Territories Under the Vocational Rehabilitation of Disabled Persons Act During Fiscal Year 1983-84

Province	Total ($000)
Newfoundland	1,143
Prince Edward Island	502
Nova Scotia	2,864
New Brunswick	4,401
Ontario	35,139
Manitoba	1,671
Saskatchewan	3,684
Alberta	10,368
British Columbia	7,050
Northwest Territories	- *
Yukon	686
Total	67,508

Note: These amounts reflect the payments made to provinces for claims submitted during the fiscal year and may include costs incurred in previous years. The amounts do not include $40,000 in contributions for Vocational Rehabilitation Research.

* No claims submitted during 1983-84.

Performance Information/Resource Justification

The CAP Directorate is responsible for the administration of two major cost-sharing programs: CAP and VRDP. The main priority of headquarters and field staff is to ensure that these programs are administered in accordance with the CAP and VRDP authorities (i.e., legislation, agreements, guidelines and policies).

In order to maintain the effective and efficient administration of the programs, the work of the Directorate focusses primarily on three activities:

- determining which provincial submissions relating to the provision of assistance, welfare services and vocational rehabilitation can be shared under CAP and VRDP;

- consulting and liaising with provinces and other federal departments to promote a better understanding of the CAP and VRDP programs, including their links with other federal and provincial social security programs; and

- reviewing provincial claims to determine monthly payments and negotiating final settlements with provinces.

Staff time is devoted primarily to the process of determining the shareability of provincial programs under CAP and VRDP. The volume of submissions to CAP has increased by more than 50 percent over the last 5 years. These submissions must be reviewed individually and, in the case of institutions and agencies, may need to be visited by federal staff. Submissions have also become increasingly complex as provinces modify existing programs, develop new programs to meet the needs of their population, and strive to maximize cost-sharing in a wide range of their programs. In many cases, these require extensive discussion with provinces in order to determine the parameters and conditions of cost-sharing.

In the case of CAP, provincial submissions must meet certain basic conditions contained in the CAP authorities before they can be accepted for listing in one of the schedules to the CAP Agreement. These schedules relate to:

- "provincial law" authorizing costs of assistance and welfare services benefits;
- "homes for special care"; and
- "provincially approved agencies" providing welfare services.

Once a submission has been accepted for listing, Directorate officials must apply the CAP authorities in terms of the shareability of the specific benefits, the eligibility of clients receiving the benefits and the costs involved in providing the programs which may be shared under CAP. CAP is then able to make payments towards the shareable costs of provincial programs.

Provincial submissions to CAP for cost-sharing are at the discretion of the province. In order to keep up to date with new submissions, the listing process is continuous and an amending agreement for each province is prepared and signed twice annually.

Figure 9 illustrates the volume of provincial submissions for listing of provincial laws, homes for special care and provincially approved agencies in the schedules to the CAP Agreement. There is no indication of any change in the overall volume of submissions in 1985-86.

Figure 9: Provincial Submissions for Listing In the Schedules to the CAP Agreement

Schedule	Annual Average # of Submissions (1982-1984)	Total Number Listed as of March 31, 1984
Provincial Laws (Acts, Regulations, Amendments)	110	1500
Homes for Special Care	525	5360
Provincially Approved Agencies	550	4700

The second major activity of the Directorate relates to consultation and liaison, including meetings of the Continuing Committee of Officials Reporting to Federal/Provincial/Territorial Deputy Ministers of Social Services; orientation and problem-solving sessions with provinces as well as with municipal and non-governmental organizations; development and updating of the policy and procedures manual; broader public information activities through dissemination of cost-sharing guidelines; as well as the ongoing consultation process with provinces. This latter activity has become even more important during the last few years. Early consultation is necessary as provinces develop programs to respond to the present pressures on the social service network and seek to maximize cost-sharing in such programs.

The third activity relates to the review and audit of claims under CAP and VRDP and to the negotiation of final settlements with provinces. In order to settle the large number of outstanding claims and to enable the process to be put on a more current basis, a pilot project to establish a federal-provincial audit and settlement committee was established with British Columbia. It is anticipated that this approach may be used with other provinces.

Persons Assisted Under CAP: CAP expenditures support provincial welfare programs which provide general assistance benefits to an estimated 2 million Canadians and welfare services to approximately 500,000 persons. Because of differences in provincial reporting systems and overlap between programs, the number of persons receiving assistance and welfare services cannot be determined by category of recipient. However, those benefitting from programs cost-shared under CAP include:

- one-parent families;
- mentally and physically disabled persons;

- the aged;
- children who are in care or who are in need of protection because of abuse and/or neglect;
- the unemployed;
- families/individuals in crisis;
- low-income workers; and
- battered women.

Persons Assisted Under VRDP: More than 100,000 disabled persons receive vocational rehabilitation services cost-shared under VRDP. Persons who receive these services include:

- quadriplegics, paraplegics, amputees;
- persons with cerebral palsy or with neurological or muscular ailments such as muscular dystrophy;
- those afflicted with rheumatoid arthritis or other diseases which cause motor impairment;
- the deaf;
- the blind;
- the mentally retarded;
- those recovering from psychiatric disorders; and
- those impaired because of alcohol or drug abuse.

B. Social Development

Objective

To facilitate and promote the development and delivery of innovative and appropriate social services in all parts of Canada; to promote research and the development of expertise in the social welfare field and to promote the ability of people with disabilities to live more independently and become self-supporting.

Resource Summary

The Social Development activity accounts for approximately 0.3 percent of 1985-86 total program expenditures and 18.7 percent of the total person years.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
National Welfare Grants						
Grants and Contributions	6,924	-	6,664	-	6,108	-
Operating Expenditures	927	14	782	14	647	11
Social Services Development						
Operating Expenditures (1)	2,931	39	2,551	39	2,655	43
	10,782	53	9,997	53	9,410	54

(1) Includes resources for the office of Director General, Social Development.

Past Financial Performance

Figure 11: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
National Welfare Grants						
Grants and Contributions	6,108	-	5,255	-	853	-
Operating Expenditures	647	11	621	12	26	(1)
Social Services Development						
Operating Expenditures	2,655	43	2,649	41	6	2
	9,410	54	8,525	53	885	1

Description

The Social Development activity comprises two components: National Welfare Grants and Social Services Development.

National Welfare Grants This component is the single most important source of funding in Canada for the testing of new concepts and services and the development of human resources within the social welfare field. Grants to national voluntary agencies in the social services field enable the Department to respond to the needs of these agencies and the networks they serve. Two types of assistance are available: contributions which support research, demonstration, human resource development and voluntary action projects; and sustaining grants which support core administrative costs of national voluntary organizations.

National Welfare Grants enable the Department to support the development of improved social services, particularly those aimed at assisting disadvantaged Canadians. (See Figure 12).

Sustaining grants are provided to 26 (1984-85) national voluntary social service organizations whose primary interests are disabled persons, children and families, social policy analysis and development, social welfare services, and poverty. The grants assist these organizations to operate their national offices and to carry out national activities.

National Welfare Grants consultants carry out the mandate of the program by providing technical assistance in project development and project assessment, monitoring approved project contributions and grants, network building, needs analysis and dissemination of information.

Figure 12: National Welfare Grants Project Contributions by Target Population and Sector 1983/84

Primary Target Population/Sector[1]	Number of Projects	$	% of Projects	% of $
Elderly	8	332,758	9	10
Natives	3	217,054	3	7
Children and Youth	11	322,560	13	10
Women	8	303,633	9	10
Disabled	19	524,400	23	16
Families in Crisis	13	592,056	15	18
Development of Human Resources	7	219,054	8	7
Development of Research Organizations	6	371,620	7	11
Projects/Studies on Social Service Systems	11	371,344	13	11
Total	86	3,254,479	100	100

[1]Most of the projects are multi-faceted and could be classified under more than one category (e.g., disabled children, poor elderly, poor women). The categories are therefore not exclusive and represent the main focus of projects. There is no double counting.

During the fiscal year 1983-84, 16 Fellowships were awarded totalling $261,960.

Social Services Development The Social Services Development component provides consultative, informational and promotional services to a wide range of governmental and non-governmental organizations concerned with specific social issues and related social services.

This component enables the federal government to respond promptly to emerging social issues and to play an active role in the development of innovative and appropriate social services for Canadians. Although constitutional responsibility for delivery of social services rests with provincial governments, social issues and problems manifest themselves as national concerns and require appropriate national responses.

Current areas of focus include: family violence, day care for children, interprovincial and international adoption, divorce counselling and family support services, child welfare and youth services, home support services, mutual-aid groups, voluntary action and services to the disabled. A social needs monitoring capability is being developed to provide for the acquisition of timely information related to emerging needs.

Performance Information/Resource Justification

The impact of federal activities on social services development has been significant, but must be judged within the context of provincial, municipal and non-governmental delivery systems as well as changing economic conditions.

Social Services Development has developed and disseminated information and provided consultation and professional services in support of efforts to reduce wife battering and child abuse. As part of this work, it has brought the National Clearinghouse on Family Violence to operational status including involvement in the production of several films and documents, and it was directly involved in the Fifth International Congress on Child Abuse and Neglect. The National Day Care Information Centre worked toward the implementation of the recommendations for action based on the work of the Second Conference on Day Care. It has produced several publications including statistical reports and information booklets related to the safe operation of day care centres. In addition, the centre works closely with national advocacy groups to improve the provision of day care across Canada.

Social Services Development produced a series of pamphlets on Independent Living as well as other information packages to assist the disabled. It also co-operated with the International Labour Organization (ILO) in the sponsorship of conferences and the co-funding of research and development of programmes for the disabled. It continued involvement with the United Nations World Programme of Action Concerning Disabled Persons by working with ILO and the UN in developing a proposal for an international non-governmental organization to respond to requests from international areas for information and project assistance.

Initiatives in 1984-85 have continued in these directions. The issue of sexual abuse of children and youth was addressed through a national colloquium. As part of the International Congress on Social Welfare, there were special programmes on Home Care/Home Support Services, Mutual Aid, International Adoption and Parenting. All of this has contributed to the development and involvement of a direct federal presence among provincial governments, with non-governmental organizations and with the voluntary sector in communities across Canada.

C. New Horizons

Objective

To provide opportunities for retired Canadians to plan, operate and participate in meaningful activities of their own choosing which will prove beneficial to themselves and the community.

Resource Summary

The New Horizons activity accounts for approximately 0.4 percent of 1985-86 total program expenditures and 31.4 percent of the total person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Contributions	13,371	-	13,371	-	12,733	-
Operating Expenditures	4,026	89	4,067	92	3,856	88
	17,397	89	17,438	92	16,589	88

Past Financial Performance

Figure 14: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Contributions	12,733	-	12,734	-	(1)	-
Operating Expenditures	3,856	88	3,742	89	114	(1)
	16,589	88	16,476	89	113	(1)

Description

New Horizons was established under the authority of Cabinet and announced during the summer of 1972 as an experimental program. In December of 1974, Cabinet authorized continuing program status.

New Horizons seeks to alleviate and prevent the pattern of social isolation often experienced by older persons. Contributions are made available for periods of up to 18 months to enable groups of retired seniors to participate in non-profit activities of their own choosing which will be beneficial to themselves and to their communities. To be eligible, a group will normally have at least 10 members, a majority of whom are retired persons. Project groups are encouraged to secure alternative sources of support and funding to enable them to continue their activities past the period covered by the New Horizons contribution.

Through their own efforts, and by the example of their successes, retired Canadians develop new roles for themselves and demonstrate to the public at large their continuing ability to be contributing and vital members of their communities. Project activities supported by New Horizons fit into the following broad categories: sports, fitness and games; socials; arts, crafts and hobbies; historical; service-oriented activities; performing arts and entertainment; media-type activities; educational; organizational development and research.
well-being of older and retired Canadians and establishes a direct federal presence among groups at a grassroots level in communities across Canada.

Performance Information/Resource Justification

New Horizons reflects the federal government's concern for the well-being of older and retired Canadians and establishes a direct federal presence among groups at a grassroots level in communities across Canada.

The target population of New Horizons is made up of retired Canadians, most of whom are over 65 years of age. This group will continue to increase more rapidly than most other population groups. New Horizons has played and will continue to play an important role in providing retired Canadians with the opportunity to maintain an independent lifestyle while contributing their skills and resources to their peers and their communities. The program will continue to emphasize the encouragement and support of groups wishing to develop and participate in service-oriented and self-help projects which provide needed services either for the project members themselves or for groups in the community at large.

Program funds are allocated by electoral district and in proportion to the population of senior citizens. Field representatives in eleven regional offices and sub-offices provide consultation, advice and assistance to groups of retired persons in the development of proposals and the operation of funded projects. Project submissions are reviewed and assessed by headquarters staff and are approved by the Minister of National Health and Welfare 10 times a year. Once approved and funded, projects are monitored and data are gathered to permit ongoing evaluation.

In 1983-84, 1,999 projects were funded under this activity, involving approximately 285,000 participants across Canada. The average contribution per project was $6,553.

In 1983-84, New Horizons increased the number of service-oriented projects funded by 39.7 percent. The original goal for 1983-84 was to increase the funding of these projects by 20 percent.

Figure 15: Change in New Horizons Funding by Activity Category

Activity Category	1982-83 #	1983-84 #	% Change
Sports, Fitness and Games	1000	1021	+ 2.1%
Socials	1009	969	- 4.0
Arts, Crafts and Hobbies	810	765	- 5.5
Historical	180	153	-15.0
Service-oriented	181	253	+39.7
Media	161	155	- 3.7
Performing Arts and Entertainment	140	144	+ 2.9
Educational	115	86	-25.2
Organizational	43	59	+37.2
Research	14	8	-42.8
Senior Centre Costs	99	99	0
Total	3752	3712	- 1.1

In 1982-83, New Horizons funded 2,031 projects. In 1983-84, 1,999 were funded. Many projects involve more than one Activity Category.

D. Program Administration

Objective

To provide overall direction and coordination of program activities by providing policy advice and direction, planning, financial and administrative services.

Resource Summary

Program Administration accounts for approximately 0.04 percent of 1985-86 total program expenditures and 13.1 percent of the total person-years.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	1,677	37	2,748	37	2,514	35

Approximately 73 percent of the costs are personnel related. Other costs consist primarily of expenses for communications, materials, supplies and professional services.

Past Financial Performance

Figure 17: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	2,514	35	2,852	44	(338)	(9)

Description/Resource Justification

The Program Administration Activity consists of the Office of the Assistant Deputy Minister and the Planning, Finance and Administration Directorate.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 18: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	9,975	9,509	8,701
Contributions to Employee Benefit Plans	1,397	1,203	1,310
Other Personnel Costs	10	10	13
	11,382	10,722	10,024
Goods and Services			
Transportation and Communications	1,130	1,029	1,040
Information	389	662	504
Professional Special Services	1,766	1,827	1,546
Rentals	98	78	5
Purchased Repair and Upkeep	15	11	10
Utilities, Materials, and Supplies	134	127	222
All Other Expenditures	7	5	2
	3,539	3,739	3,329
Total operating	14,921	14,461	13,353
Capital	24	24	132
Transfer Payments	4,028,719	3,762,311	3,398,377
Total expenditures	4,043,664	3,776,796	3,411,862

2. Personnel Expenditures

Figure 19: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	11	10	8	50,350-96,300	66,518
Scientific and Professional					
Economics and Sociology	1	1	4	14,570-65,080	51,554
Social Work	25	22	21	20,575-51,192	46,372
Administration and Foreign Services					
Administration Services	23	22	20	13,912-57,987	32,631
Financial Administration	14	12	11	13,853-57,980	40,461
Program Administration	121	117	120	13,912-57,987	36,905
Others	1	1	-	13,520-57,980	50,618
Technical					
Social Science Support	2	1	2	12,635-57,764	30,924
Administrative Support					
Clerical	57	58	58	12,932-31,743	22,002
Secretarial and Typing	28	28	35	12,636-31,946	21,824

Note: The Person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 20: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants to National Voluntary Social Services Organizations	3,427,000	3,167,000	2,532,000
	3,427,000	3,167,000	2,532,000
Contributions			
Canada Assistance Plan - Statutory	3,928,400,000	3,643,300,000	3,287,600,992
Vocational Rehabilitation of Disabled Persons	71,949,000	71,401,000	67,508,418
Vocational Rehabilitation Research (VRDP)	75,000	75,000	40,083
Young Offenders Agreements	8,000,000	27,500,000	24,333,391
Social Services Development	3,497,000	3,497,000	3,576,444
Summer Canada	-	-	53,075
New Horizons	13,371,000	13,371,000	12,732,528
	4,025,292,000	3,759,144,000	3,395,844,931
	4,028,719,000	3,762,311,000	3,398,376,931

B. Cost Analysis

Net Program Cost

The 1985-86 estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items must also be included when considering the actual costs of operating the Program.

Figure 21: Total Cost of Program for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Total 1984-85
Total Cost of Program	4,043,664	1,252	**4,044,916**	3,777,999

The adjustments made to the estimated operating expenditures to arrive at a total cost include accommodation provided without charge by Public Works ($1,021) and other services provided without charge by other departments ($231).

C. Additional Information

1. Explanation of Program Change

Since the preparation of the last Program Expenditure Plan the former Health and Social Services program has been divided into two programs: the Health Services and Promotion Program and the Social Services Program. The reasons for this change include:

- These two Programs disburse substantial sums of money in accordance with different legislation on behalf of different clients.

- Eight of the Provinces have separate ministries for health and social services. Provincial liaison is critical in these Program areas and is facilitated by a structure parallel to those in the provinces and territories.

Medical Services Program
Expenditure Plan

1985-1986

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $376,053,000 in support of the Medical Services Program in 1985-86. The remaining expenditures, estimated at $14,180,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Medical Services Program		
25	Operating Expenditures	348,259	329,149
30	Capital Expenditures	27,794	31,120
(S)	Contributions to Employee Benefit Plans	14,180	12,321
	Total Program	390,233	372,590

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Medical Services Program	
25	Medical Services - Operating Expenditures, the grant listed in the Estimates and contributions	348,259,000
30	Medical Services - Capital Expenditures	27,794,000

Program by Activities

(Thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Budgetary (expenditures)				Total	
	Authorised Person-Years	Operating	Capital	Transfer Payments		
Indian and Northern Health Services	2,567	240,651	26,238	82,137	349,026	338,126
Health Assessment and Advisory Services	457	22,042	1,082		23,124	21,045
Prosthetic Services	62	2,673	23		2,696	2,818
Emergency Services	30	2,343	18		2,361	2,429
Program Administration	165	12,593	433		13,026	8,172
	3,281	280,302	27,794	82,137	390,233	372,590

Transfer Payments

Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Indian And Northern Health Services			
Grants to individuals of Indian and Inuit Ancestry in the form of Bursaries to assist them in their Health Career Studies	100	75	-
Contributions on behalf of, or to Indians or Inuits towards the cost of construction, extension or renovation of hospitals and other health facilities and institutions as well as of hospital and health care equipment	3,992	5,674	5,388
Contribution to the Government of Newfoundland towards the cost of health care delivery to Indian and Inuit communities	1,019	989	923
Contributions to Indian Bands and Indian and Inuit associations or groups or local governments for community health representatives, medical transportation, health care professionals, promotion and support services	20,063	21,494	18,200
Contributions to Indian Bands and Inuit associations or groups or local governments under the National Native Alcohol and Drug Abuse Program	47,166	32,271	21,905
Contributions to Indian and Inuit associations or groups for consultations on Indian and Inuit health	1,027	1,027	1,016
Contributions to Indian Bands or organizations of Alberta towards the cost of Capital Construction	-	-	1,250
Summer Canada - Student Employment Program	-	-	302
New Employment Expansion and Development Program		12	274
Contribution to the Government of the Northwest Territories for the transfer of the operational and administrative control of the Frobisher Bay General Hospital	4,280	4,280	3,736
Contribution to the Government of the Northwest Territories for the construction of the Stanton Yellowknife General Hospital	3,380	866	-
Contributions to Universities, Colleges and other Organizations to increase the participation of Indian and Inuit Students in Academic Programs leading to Professional Health Careers	1,030	459	-
	82,137	70,147	52,994
Prosthetic Services			
Contribution to the Province of Alberta for the transfer of Calgary and Edmonton Centres		-	225
	82,137	70,147	53,219

Section I
Program Overview

A. Highlights

The thrusts of the Medical Services Program for 1985-86 are summarized below, with references to the Analysis by Activity section of this document for more details:

- The principal thrust of this Program is to carry out the federal commitment, as expressed in the Indian Health Policy of 1979 (see page 54), to deliver health services to Canada's Registered Indians and Inuit, and to help them attain a health status comparable to that of the rest of Canadians. The Program will also continue to provide, in co-operation with the territorial governments, health services for residents of the Yukon and Northwest Territories. Requirement: $361.3 million, or 89.2 percent of Program expenditures (see pages 24 to 31);

  - Recent initiatives to respond to expressed needs of Indian and Inuit clients reflect the Program's thrust in the areas of prevention and education, for example: the Indian and Inuit Professional Health Career Development Program, the Health Consultation Program (see Initiatives, pages 18 and 19), and the National Native Alcohol and Drug Abuse Program (see Analysis by Activity, page 26).

- The Health Assessment and Advisory Services Activity is another Program priority, addressing the needs of Canadians in areas of environmental, occupational and public health by:

  - providing advisory services to federal departments and agencies on occupational and environmental health issues affecting employees and offering public servants individual health counselling and first aid assistance. Requirement: $17.7 million, or 4.5 percent of Program expenditures (see page 33);

  - preventing the entry of disease-bearing materials into Canada and controlling the dangers of communicable diseases brought into the country by travellers or immigrants; this activity includes a public education component as a service to Canadians travelling abroad. Requirement: $0.7 million, or 0.2 percent of Program expenditures (see page 34);

  - assessing the ability of would-be immigrants to function in Canadian society and providing non-insured health services to new immigrants who are not yet covered by medicare. Requirement: $1.0 million, or 0.3 percent of Program expenditures (see page 34).

- developing the Civil Aeromedical Screening System (CASS) in co-operation with the Department of Transport, pursuing aeromedical research and development, and supporting human factor related aeronautic accident investigations performed by the Canadian Aviation Safety Board (CASB). Requirement: $2.7 million, or approximately 0.7 percent of Program expenditures (see page 35);

- The Program continues negotiations with the provinces for the transfer of Prosthetic Services to these jurisdictions while maintaining present levels of services to meet client demands. Requirement: $2.7 million, or approx. 0.7 percent of Program expenditures (see page 39);

- The Program's Emergency Services pursues its co-operative effort with federal bodies, provincial government departments and agencies, and a number of public and private organizations, to maintain the country's readiness to provide health and social services in the event of a national emergency or disaster. The training component of this activity will continue to be a priority. Requirement: $2.4 million, or approx. 0.6 percent of Program expenditures (see page 41).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Indian and Northern Health Services	349,026	340,011	9,015	24
Health Assessment and Advisory Services	23,124	25,732	(2,608)	32
Prosthetic Services	2,696	2,650	46	39
Emergency Services	2,361	2,352	9	41
Program Administration	13,026	12,094	932	43
	390,233	382,839	7,394	
Authorized Person-Years	3,281	3,224	57	
Revenue	41,500	39,800	1,700	

Revenue is generated through hospital insurance plans, medical insurance plans, cost-sharing agreements with territories/provinces, and sales of prosthetic devices. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program.

The increase of $7.4 million in the 1985-86 requirement over the 1984-85 forecast is due to the following major items:

- an increase of $14.9 million for the National Native Alcohol and Drug Abuse Program;
- an increase of $9.4 million or 2.5 percent for price increases, and
- a decrease of $10.2 million due to forecasted supplementary requirements for non-insured health services in 1984-85.

C. Background

1. Introduction

The Medical Services Program plays an essential service delivery role in the Canadian health care system. The most important aspect of this role is to carry out federal policy with regard to Indian and Inuit health services. The Program, in conjunction with provincial, territorial and other health services, provides health care or ensures that it is available to this country's Registered Indians and Inuit to help them reach and maintain a health status comparable to that of the rest of Canadians. The Program also ensures the availability of health services to non-Indian/Inuit residents of the Yukon and Northwest Territories, in co-operation with the territorial governments.

The Medical Services Program serves many other Canadians: Program clients include federal public servants, civil aviation personnel, immigrants and temporary residents, international and inter-provincial travellers, who are served by the Program's Health Assessment and Advisory Services Activity. The Program also has as clients the physically handicapped requiring prosthetic devices. Finally, by maintaining Canada's readiness to handle a national emergency, the Program serves all the residents of this country.

An essential feature of the Canadian health care system is that different levels of government work together to provide the comprehensive and universally accessible health care that makes this system one of the best in the world. Medical Services therefore endeavours to maintain constant and active co-operation with provincial and territorial governments, with the private sector (health professionals and institutions, universities, etc.) and with the Native communities it serves.

This Program also maintains a working relationship with other Programs within the Department of National and Welfare, namely: Health Services and Promotion, Social Services, Health Protection, Income Security and Fitness and Amateur Sport. For example, this Program consults with the Health Services and Promotion Program in areas such as delivery of dental consultative services to its Native clients, evaluation of its alcohol and drug abuse program, occupational health matters and health care facility designs.

There are numerous areas of shared involvement and responsibility between the Medical Services Program and many Departments and agencies within the federal government dealing with the same client groups or geographical areas, in particular:

- Indian Affairs and Northern Development (DIAND): provision of services (by Medical Services) for the monitoring of water supplies and sewage disposal on Indian reserves; interdepartmental consultation on Native housing and health careers, and coordination of community health promotion activities;

- Environment Canada: mutual consultation on environmental issues; inspection and monitoring (by this Program) of food outlets, water supplies and sewage disposal in national parks;

- the Canadian Employment and Immigration Commission: consultation concerning the training of Native people for health careers; with regard to immigrants: provision (by this Program) of health assessment services and non-insured health services (see page 34);

- Agriculture Canada and Transport Canada: mutual consultation on matters related to food supply, cost and availability;

- Treasury Board and the Department of Labour: shared responsibility for Public Service occupational health;

- all federal departments (as clients of this Program): health promotion and environmental awareness program for public servants;

- Transport Canada: advice and assistance (from Medical Services) on aeromedical matters (see page 35);

- Canadian Aviation Safety Board: assistance in human factor related aviation accident investigations (see page 35).

In addition, in the area of emergency health services, the Medical Services Program works in consultation and co-operation with the World Health Organization, the Pan American Health Organization, NATO, the Red Cross, St. John Ambulance, the Privy Council and several federal departments.

Program management actively seeks interdepartmental co-operation to increase program effectiveness and avoid duplication of effort. For example, a study initiated by this Program was completed during 1984 to review and identify the existing role, field resources and Program mandate in the area of environmental health as it affects Native people - in relation to the role, resources and mandate of DIAND and other Departments. A Memorandum of Understanding between the Department of National Health and Welfare, DIAND and Environment Canada was signed in February 1984. Technical working committees have been established in most regions served by this Program to increase its ability to deal more effectively with the environmental health concerns of Native people.

2. Legal Mandate

The Medical Services Program derives its general mandate from Section 91 of the Constitution Acts, 1867 and 1981. Sub-Sections 7, 11 and 24 relate to Prosthetic Services, Quarantine and Regulatory Services and Indian Health Services respectively. The Program also derives an overall mandate from the Department of National Health and Welfare Act.

The responsibility to provide or ensure the provision of health services to Registered Indian and Inuit people was entrusted to the Medical Services Program in 1945 by a Cabinet decision. Further policy decisions have re-affirmed the commitment of the Federal Government to Canada's Native people. The most recent milestone is the Federal Indian Health Policy of 1979. (Please refer to page 54 for the text of this Policy.)

The authority to provide health services to the Yukon and Northwest Territories is contained in a Cabinet decision of 1954.

For the Health Assessment and Advisory Services Activity, authority is derived mainly from the following:

- the Immigration Act and several orders-in-Council;
- the Quarantine Act (1977) (Section 6);
- the Aeronautics Act (Civil Aviation Medicine Services);
- Orders-in-Council 3686 (1945) and 3766 (1952) (Public Service Health).

For other activities, the legislation or authorities administered by the Program include:

- Order-in-Council PC 1965-218 & Cabinet Decision 132-77 (Prosthetic Services)
- Order-in-Council 1305 (1981) (Emergency Services)

3. Program Objective

The overall objective of the Medical Services Program is to "protect and enhance the health of those Canadians whose care, by legislation or custom, is the responsibility of the Department."

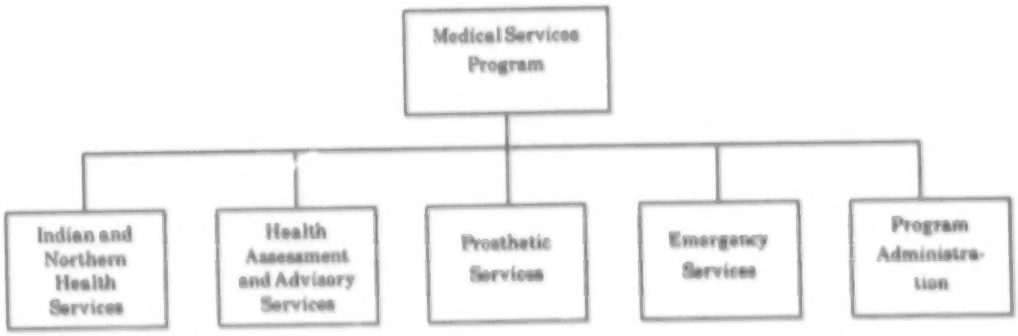
4. Program Organization for Delivery

Activity Structure: The 1984-85 Medical Services Program Expenditure Plan was presented on the basis of nine activities. To better reflect the way the Program's human and financial resources are distributed and managed, as well as to group together activities with similar objectives and outputs, the nine activities have been amalgamated into five as follows:

- the previous Indian Health Services and Northern Health Services activities are now amalgamated into one activity: Indian and Northern Health Services;
- four other formerly separate activities, i.e. Public Service Health, Immigration Medical Services, Quarantine and Regulatory Services and Civil Aviation Medicine, are now under the umbrella of the Health Assessment and Advisory Services Activity;
- Prosthetic Services, Emergency Services and Program Administration remain as separate activities.

For 1985-86, the Program Activity Structure of the Medical Services Program is therefore as illustrated in Figure 2 below.

Figure 2: Program Activity Structure



Organization Structure: The Medical Services Program is divided into seven functional areas or directorates, as shown in Figure 3. The Operations Directorate is responsible for the delivery of services to the Program's clients, accounting for 97.5 percent of Program funds. The other directorates provide support services within their areas of specialization: in addition to the Directorates shown in the 1984-85 Medical Services Program Expenditure Plan (Policy, Planning & Liaison, Administration and Finance), three new Directorates will exist in 1985-86: a Personnel Directorate, to manage this function at Branch level, a Directorate of Nursing to help coordinate this important aspect of the Program's activities, and a Secretariat to manage functional programs such as Affirmative Action, Official Languages and others of this nature.

An important feature of the Medical Services Program, both in terms of financial and human resource management, is its decentralization: the delivery of program services takes place at regional level where 87 percent of funds and 87 percent of person-years are channelled. Each of the Program's ten regions is managed locally by a Regional Director.

The regions correspond to provincial and territorial boundaries, except for the Atlantic region which spans all of the Maritime provinces including Newfoundland and Labrador. On the other hand, the Province of Ontario includes two regions: the Ontario Region and the Overseas/National Capital Region. The latter deals mainly with the Public Service Health and Immigration Medical Services components of the Health Assessment and Advisory Services Activity.

The Activities under the responsibility of Regional Directors are:

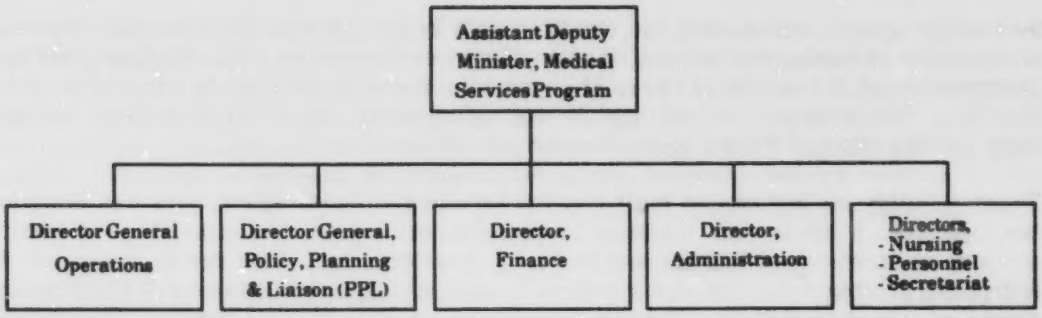
- all of the components of Indian and Northern Health Services,
- the following components of Health Assessment and Advisory Services:
  - Public Service Health,
  - Quarantine and Regulatory Services,
  - Immigration Medical Services.

The Activities managed from Headquarters are:

- the Civil Aviation Medicine portion of Health Assesment and Advisory Services,
- Emergency Services,
- Prosthetic Services,
- Program Administration.

As of April 1, 1984, there were 623 facilities operated by Medical Services. A list of Program facilities, by type of facility and region, is included in Item E of the Supplementary Information Section, pages 56 to 58.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



	Operations						($000)	
Activity	HQs	Regions	PPL	Fin	Admin	Other	Totals	P-Y
Indian and Northern Health Services	23,980	323,247	1,594	205			349,026	2,567
Health Assessment and Advisory Services	3,799	19,325					23,124	457
Prosthetic Services	2,696						2,696	62
Emergency Services	2,361						2,361	30
Program Administration	4,945		1,580	1,360	3,140	2,001	13,026	165
Total:	37,781	342,572	3,174	1,565	3,140	2,001	390,233	
Person-Years:	236	2,872	36	33	62	42		3,281

D. Planning Perspective

1. Environment

Federal programs addressing the needs of this country's aboriginal peoples operate in a rapidly changing social, political and legal environment. The Medical Services Program carefully monitors these changes to remain responsive to the needs of its clients. The change factors which are considered the most important to the Program in terms of future direction and performance are:

Federal Policy on Indian and Inuit Health Services: The Medical Services Program has been carrying on its mission to provide or ensure the provision of health services to Registered Indians and Inuit for four decades. The issues that must be addressed at this time are summarized in one of the conclusions of a government survey of the late 1970s: "health conditions which can be improved by medical care have improved while those influenced by social and living conditions have not." (1) Programs intended to improve the health status of Native peoples therefore face a different kind of challenge than they have in the past. It is in view of this challenge, and to step up the search for new approaches and solutions, that the federal government issued its 1979 Indian Health Policy. (Please refer to page 54 for the text of this Policy.) The Policy proposed three concepts (or "pillars") upon which to base future action to end the tragedy of Indian ill health in Canada:

- community development: socio-economic, cultural, etc;
- the traditional relationship of the Indian people to the federal government, and
- the Canadian health system with its interrelated elements at federal, provincial and municipal (local) levels.

Situating Indian health services within the context of the Canadian health system, the Indian Health Policy underlined the provincial role in treatment services while affirming the federal commitment to public health activities, including health promotion and education, and the detection and mitigation of hazards to health in the environment. This is in keeping with the federal commitment to Native social programs dealing for instance with housing conditions, sanitation, employment and lifestyle. This also has a direct bearing on the future orientation and focus of this Program.

In response to the direction provided by the Indian Health Policy, and to the needs expressed by the Native communities themselves, the Program is already giving greater emphasis to prevention, education and community participation while maintaining treatment services to answer present needs.

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(1) "Indian Conditions", Department of Indian Affairs and Northern Development, 1980.

The Medical Services Program is also offering assistance and encouragement to other federal bodies and levels of government to improve environmental factors which adversely affect the health status of Indian people.

Another aspect of the Indian Health Policy having an important impact on this Program concerns the need to intensify the process of consultation with Native communities to prepare the way for them to manage their own health programs. Central to the Indian Health Policy is the recognition that only Indian and Inuit communities themselves can change the root causes of ill health among their people. Through a process of interdepartmental consultation as well as active involvement and direct consultation with the client population, this Program is taking specific steps toward administrative transfer. Concrete action includes initiatives such as: the Community Health Demonstration Program (page 29), the Indian/Inuit Professional Health Careers Development Program (pages 18 and 28), the Indian/Inuit Health Consultation Program (page 19), and the Indian and Inuit Health Conference (page 30).

Indian Self-determination: in the political or legal arenas, the factors expected to have an impact on the Program's future include: the outcome of Indian self-government discussions at constitutional (First Minister's) conferences and the Report of the Special Committee on Indian Self-Government (Penner Report).

First Ministers Conference (FMC) on Constitutional Aboriginal Affairs: The last FMC was held in March 1984 with an agenda including equality rights, aboriginal and treaty rights, land and resources, and self-government. This conference laid the groundwork for future discussions on Indian self-government but did not yield results that would immediately affect this Program. However, at the Conference, it was decided that a study be undertaken to review social, cultural and economic programs and services provided to aboriginal peoples. Medical Services formed a task force to ensure the Program's contribution to this project.

Indian Self-Government in Canada: if implemented, the recommendations contained in the Report of the Special Committee on Indian Self-Government (Penner Report) have significant implications for the Program. Studies are now underway in Medical Services to identify options for responding to the movement toward self-government in the health field.

Economic and Employment Development: Unemployment is recognized as one of the main social problems affecting the health of Native people. Over the past few years, there have been many initiatives to develop employment in or near Indian communities. For instance, a $345 million Native Economic Development Program announced in 1984 by the Department of Regional Industrial Expansion will bring much needed employment but will also create rapid change in Native communities. Certain health-related factors, such as the lack of physical conditioning of workers after a long period of idleness and other occupational health issues, may need to be taken into account. Medical Services recognizes a need to coordinate these programs with health education and prevention and to assist Indian communities in their need for occupational and environmental health services.

Political development in the North: The 1954 Cabinet Decision giving Medical Services the reponsibility for delivery of health care to residents of the territories stated that once territorial governments showed a desire, and had developed the necessary expertise, responsibility for health care delivery would be transferred to them. With the impending settlement of land claims in the Yukon and the provision of services by one government, that is, the Yukon Government, the way will be open to allow the Program to transfer health services as a total package to the Territorial Government. Medical Services is presently considering the financial and human resources implications of this transfer.

Although the Program may continue to deliver some services to the Yukon under contract, this arrangement would be at the request of the Territorial Government and the Central Indian Authority.

In the Northwest Territories, the Government has opted to take responsibility for health care in stages. The Medical Services Program still delivers most health services in N.W.T., including treatment services to Native communities and preventive services to all communities. The Territorial Government provides funding for hospitalization, medicare, and some health promotion projects in cooperation with the Medical Services Program. In addition, the Territorial Government operates hospitals in Yellowknife and Fort Smith and in 1982 assumed responsibility from the Federal Government for the Baffin Regional Hospital (Frobisher Bay General).

To accommodate the changes that are taking place in the status of the territorial governments, the Medical Services Program must review its role in direct service delivery as well as the residual role it may have after the transfer of responsibility for health care programs is completed. The questions of mandate and funding mechanisms also need to be addressed as the eventual impact of the present changes will be to remove the Program's presence from the Territories.

2. Initiatives

The following projects represent new endeavours which will allow the Medical Services Program to respond to changes in its operating environment and better serve its Native client population:

Indian and Inuit Professional Health Careers Development Program: Professional health career development is the priority component of a four-part strategy being developed by the Program to coordinate the education and training needs of the Indian and Inuit people in this field. The purpose of this initiative is to help correct Indian and Inuit under-representation in the health professions and answer the need of Native communities to receive quality health care from people of their own culture. In addition to professional health career development, the other components of this project are: Para-professional Health Career Development, Indian/Inuit In-Service Development and Training, and Community Health Dynamics. Resource allocation for 1985-86: $2.9 million and 28 P-Ys. For more details see page 28.

The Indian/Inuit Health Consultation Program: To facilitate client dialogue and involvement, the Medical Services Program provides resources for health liaison programs in each of its nine Program Regions providing Indian and Inuit Health Services. In 1984-85, the cost of this program was $87,500.00. In addition, since 1980 the Branch has provided an additional $1.027 million per year in contribution agreements specifically for client consultation on health issues.

Directorate of Nursing Services: Medical Services established an organizational unit to improve the Program's capacity to coordinate, promote and monitor the health services provided to its clients. Resource allocation for 1985-86: $300,000.00 and 8 P-Ys.

Dental Health Records: A standardized reporting and recording system of dental procedures and accounts is being developed and is expected to be implemented in all regions served by the Program. This represents an effort by the Medical Services Program to enhance the efficiency and effectiveness of management systems in the delivery of health services to its clientele. Operating costs for all regions in 1985-86 : $90,000, plus 18 P-Ys.

Northern Manitoba Flood Agreement: This agreement was signed in 1977 and set out a compensation program to the status Indians affected by the impact of the construction, by the Province and Hydro, of a major hydro generating scheme in Northern Manitoba. The Medical Services Program will be carrying out part of the federal commitment to this agreement by providing environmental assessment and advisory services to the Indian bands involved.

In the Health Assessment and Advisory Services Activity, two initiatives will address environmental and occupational health concerns of federal employees:

Public Service Health: Increased resources (6.2 million and 128 P.Y's for 1985-86) will allow this Activity to extend its health protection services to federal public servants in occupations and locations not previously served by the Program. This initiative will require the development, by Medical Services, of an ongoing training program for health professionals in occupational health, and of educational programs for public servants in general. For more details see page 36.

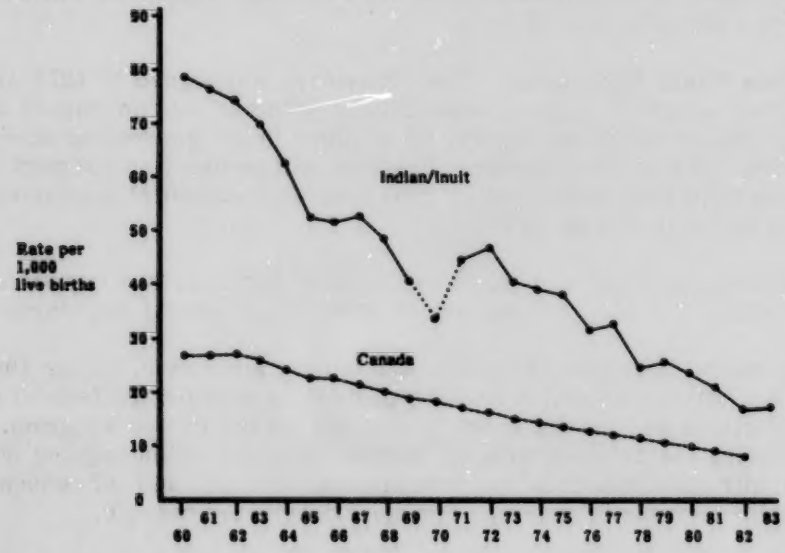
Medical Mini-Clinics Abroad: This Public Service Health initiative is a two-year pilot project to set up ten mini-clinics for public servants working at hardship posts abroad. These mini-clinics will offer primary prevention programs as well as more comprehensive clinical and treatment services. Estimated cost for 1985-86: $118,050.00.

3. Program Effectiveness

Health statistics, such as the reduction in premature death, show that the Program has contributed to the improvement of the health status of its Native clients through the control of the main pathological causes of mortality.

According to the World Health Organization, the infant and perinatal death rate is one of the most significant indicators of the health status of a population and of the effectiveness of its health care system. Prior to 1960, the neonatal and perinatal death rate among Canada's Native people was comparable to that of many 'developing' countries. Through a major effort directed at mother and child health, this Program helped to reduce this rate to less than a quarter of what it was in 1960, rapidly closing the gap between the Native and Canadian rates.

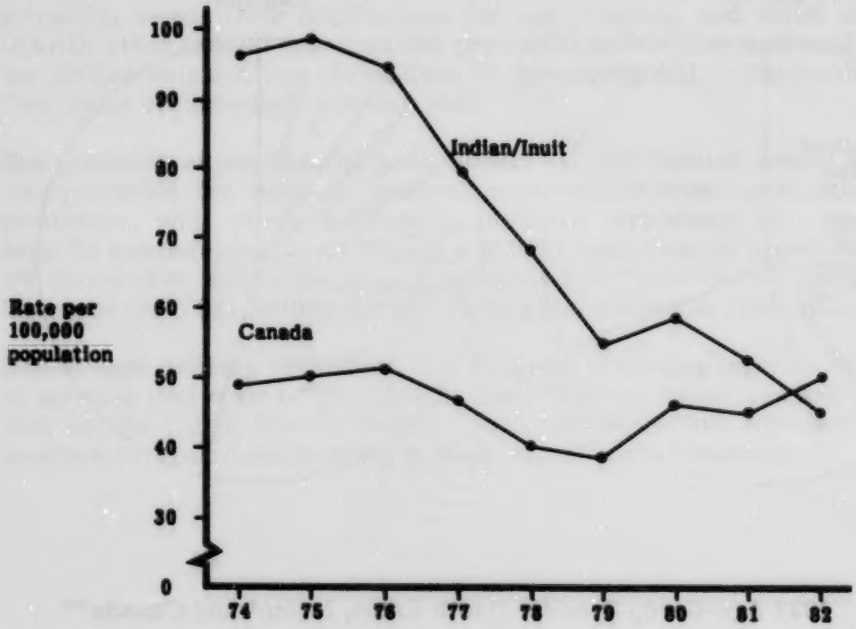
Figure 4: Infant Mortality Rates (Registered Indians served by the Medical Services Program and Canada 1960-83)



Notes: - In 1970, infant mortality figures were not received from all regions, therefore the rate is low.
- 1983 rate for Canada not yet available.
- Source: Statistics Canada. Source of Indian/Inuit data is Medical Services Program in-house figures.

Morbidity and mortality rates from pathological causes such as tuberculosis, diseases of the respiratory system and infectious diseases were also alarmingly high two decades ago. One of this Program's major accomplishments was to bring these under control so that Indian rates would be approximately the same as the rates for all of Canada. The decline in the death rate from diseases of the respiratory system is a typical example (see Figure 5, next page).

Figure 5: Indian Deaths from Diseases of the Respiratory System, 1974-1982



Source: Statistics Canada.
Source of Indian/Inuit data is Medical Services Program in-house figures.

While Medical Services has been successful in improving the health status of Native people on several fronts, other statistics indicate the challenge still facing the Program. The most revealing statistic in this regard is mortality due to injury and poisoning (Figure 6, next page), which remains three to four times higher than among the Canadian population. It accounted for one third of all Indian deaths in 1982 and is the principal cause of mortality of Native people in the Prairie, Pacific and Yukon regions. Medical Services activities designed to address this situation are in the area of prevention and education, for instance the National Native Alcohol and Drug Abuse Program (see page 26).

The second most important cause of Indian death is from circulatory (cardiovascular) diseases. Traditionally, this rate had been much lower among Native people than among the rest of the Canadian population. But this is now the principal cause of sickness and mortality among Indians in the eastern regions and the Northwest Territories, indicating that the stress-related problems of the modern lifestyle are having an impact on Native people, and that Medical Services must address this problem both in terms of prevention and treatment services.

Overall, Native people still die at a much younger age than the rest of the population of this country, as indicated in Figure 7, next page. This shows the considerable challenge ahead for programs designed to help Canada's indigenous people bridge the health status gap that exists between them and the rest of Canadians.

Figure 6: Major Causes of Death, Indian and Canada, 1981

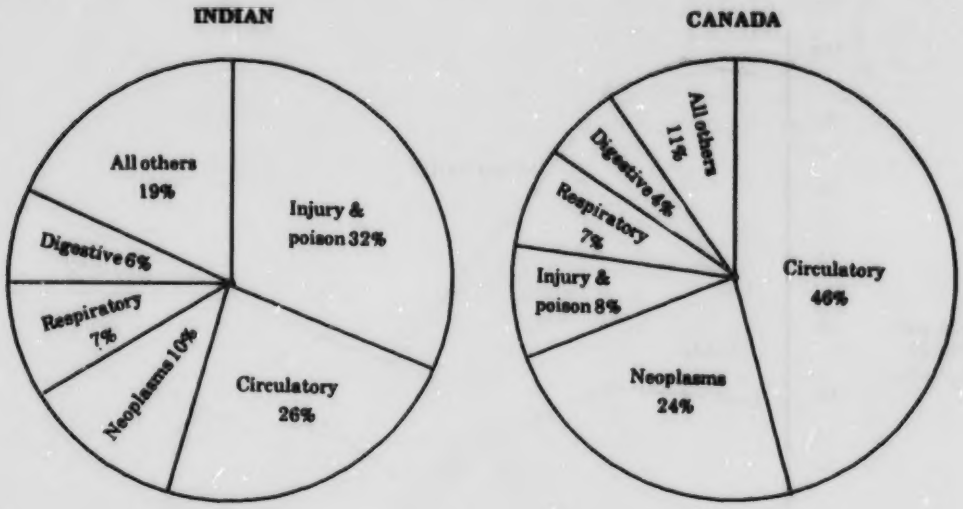
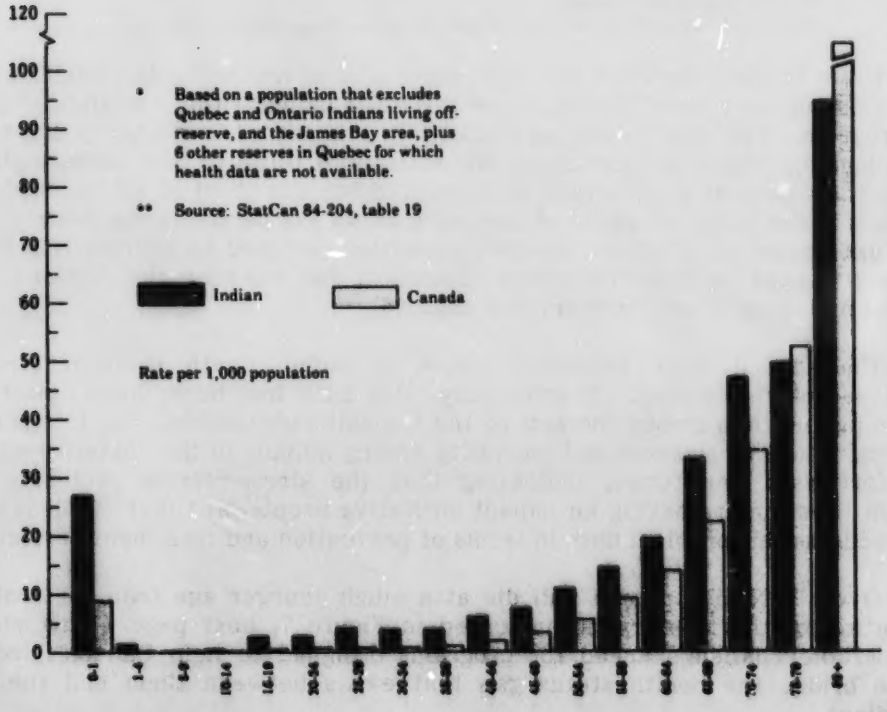


Figure 7: 1982 Age-Group Specific Death Rates, Indian* and Canada**



Specific program effectiveness issues arise for the Medical Services Program in relation to the implementation of the Indian Health Policy. An internal Matrix Group is actively analyzing the Policy to identify issues requiring particular attention, assess their implications for the Program, and enlist the assistance of DIAND, other federal departments, provincial authorities, and most importantly, of the Native communities themselves in developing and implementing action plans. Two issues of immediate concern are:

The provision of non-insured health benefits: non-insured health benefits include: transportation for medical reasons, prescription drugs, eyeglasses, dental care, prostheses, and, where applicable, medicare premiums and user fees. These benefits are extended to all Indians and Inuit regardless of place of residence (on or off reserve) or ability to pay. Expenditures for non-insured health benefits have increased from $31 million in 1977-78 to $96.5 million in 1983-84.

Health care delivery indicators: the Program is developing ways to assess the level of services that must be provided to meet Program objectives and Cabinet policies, such as the Indian Health Policy. Such indicators will represent a yardstick to measure Program results, analyze costs and allocate resources.

Section II
Analysis by Activity

A. Indian and Northern Health Services

Objective

To assist Indians, Inuit and other eligible Canadians, and residents of the Northwest and Yukon Territories, to attain a standard of health comparable to that of other Canadians.

This objective is complemented by the current Federal Indian Health Policy. See pages 54 and 55 for the text of this document.

Resource Summary

The Indian and Northern Health Services activity accounts for 89.4 percent of the total program expenditure and 78.2 percent of the total number of person-years.

Figure 8: Activity Expenditure ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Community Health	180,785	1,035	192,256	1,024	156,677	1,002
National Native Alcohol and Drug Abuse	52,646	66	37,084	65	25,637	37
Dental Health	29,950	99	30,329	99	25,623	99
Environmental Health and Surveillance	4,795	86	4,622	86	3,727	82
Hospital Services	44,460	685	40,920	685	42,419	694
Activity Administration	36,390	596	34,800	580	39,725	569
	349,026	2,567	340,011	2,539	293,808	2,483

Description

This activity ensures the availability of, or the access to, health services for the Inuit and registered Indian population of Canada by maintaining a program with the following elements:

- essential treatment services in isolated communities;
- community preventive health programs (e.g., health education, environmental health, nutrition, dental hygiene, school health, alcohol abuse programs); and
- individual primary health care (e.g., maternal and child health clinics, home visiting, dental therapy, communicable disease control).

The direct delivery of health services by Medical Services represents only 15 percent of the total health benefits offered to Native peoples through this Program. The most substantial proportion of services is ensured through contractual arrangements with private practitioners, University Faculties of Medicine, work sharing arrangements with other levels of government and, increasingly, programs run by the Native communities themselves.

The sub-activities of Indian Health Services are:

Community Health Services: The Community Health Services sub-activity is designed to provide consultative, advisory and technical health services to Indians and Inuit residing in the provinces. These services include:

- the delivery of preventive health programs through nurses, environmental health officers, dental therapists, health educators, nutritionists, Community Health Representatives and other health personnel. These programs are designed to promote a healthy community by running well baby clinics, offering immunization services and nutrition counselling and promoting other practices that will enhance general health;
- the provision of treatment services by medical professionals (either on staff or under contract) and by nurses and other trained personnel for emergency treatment and appropriate referral as necessary for either in-patient and out-patient services;
- the training of nurses and other health personnel to prepare them for service at isolated outpost stations. In addition to diagnostic services, nurses provide a full range of community health programs, stressing prevention of illness and promotion of health;
- the training of Community Health Representatives (CHRs) to conduct health promotion and liaison activities, for instance: to assist the community in identifying health care needs, to run health education activities, help people in the proper utilization of available health care services, and provide basic treatment and preventive services when

there is no nurse or doctor. A Community Health Representative is a person from the community who works with the community and to whom anyone may come for assistance. (See CHR evaluation report, pages 29-30);

- the provision of mental health programs implemented by either Medical Services personnel or through community-based programs supported by Program contributions; and

- the provision of information and education services in support of community health services, educational programs, staff development and media production.

The National Native Alcohol and Drug Abuse Program (NNADAP): The National Native Alcohol and Drug Abuse Program supports Indian and Inuit people and their communities in establishing and operating programs aimed at arresting and offsetting high levels of alcohol, drug and solvent abuse. Project approval is decided on the advice of Regional Advisory Boards composed of Indian, Inuit and Government representatives. At the national level, a National Advisory Board advises the Minister and program officials on policy, and operating issues. Sub-committees of the National Advisory Board include the Executive Committee, Appeals Committee, Research and Development Committee and the Training Committee. The immediate goal of this program is to test and evaluate a variety of approaches to the problem in order to establish a firm basis for an ongoing program run by the Native peoples themselves.

This sub-activity includes:

- disseminating, through various community awareness programs, information on alcohol and drug/substance abuse; promoting responsibility in the use of the substances and alternatives to their usage and assisting, through counselling, substance abusers and high-risk groups to maintain sobriety;

- providing training of NNADAP-sponsored community project staff in order to have qualified personnel available to deliver the program;

- funding in-patient and out-patient facilities to offer counselling and rehabilitation services during the withdrawal and rehabilitation process, including planned monitoring or continuing treatment on an after-care/follow-up basis. Examples of such facilities are New Dawn Valley Centre in Fort Qu'Appelle, Saskatchewan and Pedahbun Lodge in Toronto. An example of out-patient services is the project run by the Native Alcohol and Drug Abuse Counselling Association in Eskasoni, Nova Scotia; and

- carrying out applied and pure research studies intended to increase knowledge of alcohol and drug/substance abuse problems and effective responses.

Dental Health: The goal of the dental health program is to ensure that all Indian and Inuit people have access to and can receive the same level of dental care services, including treatment, prevention and education, as do all other citizens living in the same geographical areas.

This sub-activity is designed to conduct preventive care and education programs aimed at creating a greater awareness, particularly with school age children, of the benefits of oral hygiene. Diagnostic and examination services, emergency dental treatment and annual preventive fluoride programs are provided by program staff and by the staff of several universities which have been contracted for this purpose.

An important aspect of the dental health program is handled by dental therapists, who are trained at the National School of Dental Therapy in Prince Albert, Saskatchewan. These dental auxiliaries, working under the direction of a dentist, receive two years' training after Grade 12, and provide preventive and treatment services directed mainly at the school age population in isolated communities and reserves across Canada. Native people are encouraged to take this training and work in their communities to promote dental health.

Environmental Health and Surveillance: Housing, water supply, waste disposal, insect and rodent control are among the many factors which affect the health status of a community and for which careful monitoring on a regular basis is essential.

Also, with the advent of resource development in different parts of the country, a whole new area of concern for individual and community health has arisen. Since it is difficult, if not impossible, to remove environmental contaminants such as mercury and PCB's, there must be ongoing educational efforts to alleviate the effect of these contaminants on health. This education must not only be relevant with regard to the problems it addresses, but it must also relate to the cultural background of the people concerned and to possible solutions, such as the availability of alternate food sources.

This sub-activity includes the following functions:

- monitoring environmental conditions in Indian and Inuit communities;
- establishing a health data base on environmental conditions in communities prior to the implementation of projects which could potentially have an impact on the environment;
- increasing awareness and concern among Native people for environmental conditions; and
- implementing a broad range of environmental controls, approaches, strategies and plans to safeguard client groups. These include environmental inspections of communities, water sampling, monitoring of contaminants, collection of data, training of operators, and educational programs in the community.

Hospital Services: The Medical Services Program runs eight general hospitals: one in each of the Territories in Whitehorse and Inuvik and six located in four of the provinces: Moose Factory and Sioux Lookout in Ontario, Norway House and the Peguis Reserve in Manitoba, Fort Qu'Appelle in Saskatchewan, and on the Blood Reserve in Alberta. Although originally established to serve Native Canadians, hospital services are available to anyone in need and they are linked to provincial health care systems. The Program ensures the implementation of the standards of the Canadian Council on Hospital Accreditation and maintains financial control systems for hospitals and treatment facilities. The hospitals were subjected to an exhaustive operational review in 1983-84. Correction of discrepancies and problems are being addressed.

There is great variation among hospitals maintained under this Program in terms of size, complexity, range of services offered. For instance, a hospital such as Moose Factory General offers a complete array of diagnostic services, as well as medical, surgical, pediatric and obstetric care. Going from general to cottage hospitals to nursing stations, the range of services diminishes with size. Cottage hospitals and nursing stations may have as few as two beds and will offer treatment for uncomplicated illnesses, with limited diagnostic services. All hospitals provide in-patient and out-patient services.

The pattern of medical staff arrangements also varies widely. Many hospitals are staffed under contracts with University Medical Schools, some are staffed with Departmental medical officers, and some by private practitioners. Many of the hospitals serve as administrative and logistic bases for outreach activities, including medical visitation, pharmacy and maintenance services. The Program seeks and promotes local and Native involvement on Hospital Advisory Boards.

Activity Administration: The Activity Administration budget for the Indian and Northern Health Services Activity includes, this year, the development and implementation of a key initiative: the **Indian and Inuit Professional Health Career Development Program,** which was approved by Cabinet during 1984-85. This initiative is managed by the Indian and Inuit Health Policy Division of the Policy, Planning and Liaison Directorate, and a small organizational unit is being set up within the Directorate and in the Regions.

The objective of the Indian and Inuit Professional Health Career Development Program is to encourage and support Indian and Inuit participation in educational opportunities leading to professional careers in the health field, and provide a learning environment designed to overcome many of the social and cultural barriers that currently inhibit the Native student's educational achievement. The successful attainment of this objective will, in the long term, help to correct Indian and Inuit under-representation in the health professions and enhance opportunities for Native people to receive quality health care from people of their own culture.

This program will deal with the following areas: health career promotion, cooperative post-secondary programs, career-related summer employment, secondary school science upgrading, health science student scholarship program, summer institutes, university and community college student support, community professional health career initiatives, nursing and nursing assistant programs.

The Indian and Inuit Professional Health Career Development Program is one of four Native education and training initiatives which Medical Services intends to pursue. The others, to be developed in the future, are:

- Para-professional Health Career Development,
- Indian/Inuit In-service Development and Training,
- Community Health Dynamics.

Performance Information/Resource Justification

Performance criteria for the Indian and Northern Health Services Activity are based on providing clients with access to health services which are continuous, accessible, equitable, acceptable and cost-effective.

The linkage between resources and results for this Activity is based on the following measurable effects:

a decrease in morbidity and mortality,
a decrease in accidents and violence,
an awareness of the importance of health and well-being,
reduced dental disease and tooth loss,
an improved level of environmental health services,
an increased recovery from illness and/or injury.

The Program is in the process of developing Health Care Delivery and Management Services indicators to measure the extent of achievement of results and relate these to resources. Meanwhile, the statistics on the reduction in Indian mortality from conditions responsive to treatment services, as provided in the Program Effectiveness section of this document (pages 20 to 23), are convincing performance indicators for this Activity.

Furthermore, the evaluation of two components of the Indian and Northern Health Activity was undertaken or completed during the past fiscal year:

- the Community Health Demonstration Program, started two years ago and extended through this fiscal year, is designed to help Indian and Inuit communities gain experience in running community-administered health programs. Thirty-one projects across Canada, involving some seventy-one Indian Communities, have been undertaken so far. A considerable data base of information is being compiled and forms the basis of an ongoing evaluation focusing on the concerns and issues to be addressed by this Program.

- the Community Health Representatives program, for which a formal program evaluation was completed in 1984-85. As explained above (page 24) CHRs are selected from within the local community, and are trained to provide basic health care and instruction, and to encourage Native

involvement in the development and delivery of health care services within their communities. From its planning in the 1960s, through its implementation through the 1970s, the program now provides services to 76 percent of Native communities which contain 82 percent of Indian and Inuit peoples.

Relevant findings of the evaluation indicated that:

- CHR activities are consistent with and supportive of the mandate and activities of the Medical Services Program;

- there is still a crucial need for basic health services and education as provided by the CHRs;

- the CHRs remain in their positions on average twice as long as Program nurses and thus ensure a greater continuity of care within their communities;

- CHRs enjoy the confidence of the community and are perceived as the providers of services in the absence of nurses and environmental health officers; and

- Band chiefs and Program staff report that basic health services are more available in communities with CHRs, that such communities are better able to follow medical advice and are more involved in the identification of the need for health care, and in the development and delivery of services.

An outcome of the consultation process, emphasized by the Indian Health Policy, was the **Indian and Inuit Health Conference** held in Hamilton, Ontario at the end of 1983. This also represented the implementation of a recommendation made by Justice Thomas Berger in his 1980 Report on the Advisory Commission on Indian and Inuit Health Consultation. The conference was funded by the Medical Services Program and administered by the Assembly of First Nations. There were several hundred Native participants, and there was good representation from Native health care organizations. Participants from Medical Services included senior managers from Headquarters as well as program delivery staff from the Regions. A conference report containing recommendations is presently under study by Native organizations and the Program.

Key program development goals for this Activity in 1985-86 include:

- a report is to be produced, outlining issues in health promotion in Indian and Inuit health for the guidance of program planners (government and non-government) at central, regional and local levels;

- a health promotion strategy is being developed to advocate health by any combination of educational, organizational and economic interventions, in order that personal health practices and environmental

conditions conducive to health be valued, supported and adopted by individuals and by the community;

- a training program for Environmental Health Technicians is being developed to encourage Native capability and interest in environmental health activities and to build an infrastructure for future community participation in this area;

- the mandate of the Program's research unit (which will be moved to Ottawa from Edmonton) is to be broadened to include matters pertaining to Indian and Inuit health, disease control and service delivery all across Canada;

- a concentrated attack on measles and, in the north, hepatitis B will highlight the communicable disease control program;

- a more comprehensive and accessible statistical base will be developed to better serve the needs of researchers and planners, managers and evaluators, government agencies and Indian and Inuit health boards;

- recognizing the increasing importance of cardiovascular diseases which are now the main cause of death in eastern Provinces, health promotion efforts will be directed to the reduction of smoking, obesity and inactivity and to the early detection and prompt and continuing treatment of high blood pressure.

B. Health Assessment and Advisory Services

Objective

To counsel federal public servants and Canadians travelling abroad on matters affecting their health and to advise federal government departments and agencies on the health and physical competency of federal public servants, civilian air crews and prospective immigrants, and on matters which can affect the health of other Canadians.

Resource Summary

The Health Assessment and Advisory Services accounts for 5.9 percent of the total program expenditure and 13.9 percent of the total number of person-years.

Figure 9: Activity Expenditure ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Public Service Health	17,650	346	15,602	307	11,486	227
Civil Aviation Medicine	2,673	46	3,103	49	2,807	43
Immigration Medical Services	965	28	5,255	51	4,782	47
Quarantine and Regulatory	676	9	643	9	755	14
Health Assessment Administration	1,160	28	1,129	28	833	22
	23,124	457	25,732	444	20,663	353

Description

This activity is the result of the amalgamation of four former Activities, as were described in the Medical Services Program Expenditure Plan of 1984-85:

- Public Service Health
- Immigration Medical Services
- Quarantine and Regulatory Services
- Civil Aviation Medicine

These aspects of the Medical Services Program were brought under the umbrella of a single activity to facilitate the coordination of Program resources and expertise on matters of environmental and occupational health. The Health Assessment and Advisory Services Activity now serves the overall purpose of providing medical advice, counselling and assistance to fulfill the Program mandate towards public servants, immigrants, civil aviation personnel and the travelling public, under the following sub-activities.

Public Service Health: This sub-activity is an occupational health program for the Public Service of Canada under authority delegated to the Department of National Health and Welfare by the Treasury Board. Its purpose is to promote occupational health and safety and provide health services designed to ensure the health and well-being of all federal employees, regardless of location, and to minimize the incidence of work-related illness. In 1983-84, there were 76 Public Service Health facilities across Canada, and 22 overseas.

The main components of this sub-activity are:

Medical Examinations: these include pre-employment and periodic examinations for selected occupations or environments, examinations at the request of the employer or employees for special reasons, and examinations related to the Public Service Superannuation Act. Examinations are carried out by nurses when the requirements are within their field of competence, but otherwise by physicians. At places where there are no Medical Services Program clinics, examinations are conducted by designated private physicians. Assessments may also be made by medical officers of the Department of National Defence or the Correctional Service of Canada.

Counselling and Advisory Services: These services may be provided by physicians, nurses or other health specialists. They include advice to management on employee health and on the placement of the permanently or temporarily handicapped and disabled; counselling services for employees in a variety of health-related areas; the Employee Assistance Program, which addresses drug and alcohol-related problems, and consulting services to all federal departments on matters relevant to the health of public servants.

Environmental Surveillance: This service is designed to help maintain a safe working environment. This is achieved either by the regular inspection of workplaces or by responding to requests when unsafe working conditions are suspected.

Emergency Treatment and First Aid: Although the primary role of the occupational health nurse on the Public Service Health staff is to conduct a preventive program, emergency care is also a necessary part of this sub-activity. In addition to responding to emergencies, the staff offers advice and assistance with regard to departmental first aid programs.

Quarantine and Regulatory Services: Programs to prevent the importation of diseases into Canada have been in effect since the early eighteenth century. In early days, ships and passengers arriving in Canada introduced many infectious diseases which threatened the survival of new settlements. Crews and settlers were required to have quarantine clearance before moving about the country. Today, the Quarantine and Regulatory Services sub-activity performs this inspection service, both for national and international requirements. Quarantine officers apply the Quarantine Act and Regulations at all major ports of entry, in accordance with Articles laid down by the World Health Organization (WHO) in the International Health Regulations. This is to ensure maximum security against the spread of infectious diseases by ensuring the monitoring of conveyances and people crossing national and provincial borders.

Foreign vessels and international aircraft are subject to inspections by Quarantine staff for evidence of rat infestation and validity of required certification when indicated. Flight kitchens catering to national and international carriers, as well as potable water supplies to aircraft, vessels, interprovincial trains and buses are subject to examination. Legislation provides authority to inspect, examine and, if necessary, detain international passengers and carriers entering Canada so that the risk presented to public health can be determined and assessed.

Immigration Medical Services: Under the Immigration Act of 1976, immigrants to Canada are required to undergo a medical examination in the country of application. This examination, conducted by a designated local physician, includes laboratory tests and a chest X-ray. The medical examination report is then reviewed by National Health and Welfare Medical Officers who are located at 14 posts abroad and in a number of locations in Canada. This Program's Immigration Medical Services provides the Canadian Employment and Immigration Commission (CEIC) with an individual assessment on each applicant, and also on certain categories of visitors, students and workers entering Canada. The health status assessment evaluates whether a condition poses: (a) a danger to the health of the Canadian public, (b) a potential excessive demand on health or social services, and (c) the risk of ill individuals not being able to support themselves.

The Immigration Health Services sub-activity also assists newly arrived immigrants or refugees with their medical expenses until they can qualify for medicare coverage in Canada. Hospital or physicians' expenses, as well as emergency dental care and prescription drugs are paid for by this Program for persons identified by CEIC as eligible for such assistance.

Civil Aviation Medicine: The medical examination and fitness criteria for the licensing of civil aviation pilots, flight navigators, engineers and air traffic controllers are defined by the International Civil Aviation Organization, of which Canada is an active member. The Civil Aviation Medicine sub-activity is responsible for the interpretation and application of agreed standards in respect to Canadian civil aviation personnel licenced by the Department of Transport (DOT). Since the flight environment is basically hostile to man, there are a multitude of medical, psychological and physiological aspects pertinent to the federal civil aeronautics regulatory task that require aviation medicine study and advice.

In its advisory role with the Department of Transport, the Civil Aviation Medicine sub-activity assesses medical fitness of civil aviation personnel, updates medical standards, and supports the Aviation Safety Program, a DOT priority which includes the review of accident data, safety lectures and seminars, and passenger safety.

Since the mandate to investigate aviation accidents now rests with the recently established Canadian Aviation Safety Board (CASB), the Medical Services Program's role in this area is presently in support of Board activities, particularly in investigating human factor related cases. This will also allow for essential input by this Program in monitoring and developing medical standards for the aviation industry.

A thrust for the Civil Aviation Medicine sub-activity is in the area of research and development. As the aviation industry changes very rapidly, the need for aeromedical data to formulate a Canadian air transport policy makes it necessary to perform or contract out research and development work, and to have access to knowledge from other countries. A new National Advisory Committee on Research and Development, composed of members from DOT and representatives from various sectors of the aviation community, has been formed to relate research and development to operational needs. For instance, recent technological advances in the aviation industry have resulted in the development of the modern high-performance jet aircraft, the state-of-the-art electronically-equipped cockpit, and the intricate modern air navigational network, leaving man the weakest link in the entire aviation system. The Medical Services Program will assist the Committee in the area of research into human factors, in a co-operative effort to help Canada meet the challenge of answering the safety needs of the aviation community and the travelling public.

Performance Information/Resource Justification

Public Service Health: The goal of this sub-activity for 1985-86 is to continue delivering health services to federal public servants, at a cost of $17.8 million and 346 person-years.

Last year's Estimates indicated that the Public Services Health sub-activity was in some difficulty owing to a reduction in resources coupled with increased demands. An increase of 147 person-years and $7 million, effective in 1985-86 and spread over three years, will allow areas to be served that have not previously been served, will reduce the strain on a number of seriously overworked employees and will permit levels of service to be achieved that more nearly reach the standards set by Treasury Board. Medical Services Program is developing plans to use these additional resources to provide a more complete and effective occupational health service to employees in the Public Service. Figure 10 below provides examples of the environmental surveillance aspect of this sub-activity.

Figure 10: Examples of Hazardous or Potential Hazardous Workplaces in the Public Service of Canada

WORKPLACE	SELECTED HAZARDS	INVESTIGATIONS
Printing shops	Noise Solvents	Noise measurement Air Sampling and Analysis (ASA)
Welding shops	Fumes (vary with materials used)	ASA, ventilation studies
Laboratories	Toxic chemicals, wide variety Micro-organisms	ASA, ventilation studies
Ships	Noise Climate	Noise measurement N/A
Office buildings	Air quality	ASA, ventilation studies
Cafeterias	Food poisoning	Inspection, sampling
Air traffic control centres	Air quality Lighting Noise	ASA, ventilation studies Measurement Measurement
Miscellaneous	Asbestos	Assessment, sampling

Quarantine and Regulatory Services: The rapidity of travel and increasing capacity of air transport facilitates the spread of disease across the country and around the world and reinforces the requirement for a sound monitoring and health intelligence system. At the present time, attention is focussed on the detection of diseases targeted by the WHO such as Yellow Fever, Cholera and Plague, and several highly infectious tropical diseases. A contingency plan for the containment of these diseases relies on close provincial and federal cooperation. For example, in the transportation of suspect cases to the National Defence Medical Centre in Ottawa, the Program provides isolator equipment at major international airports.

The number of Canadians who travel internationally is increasing year by year. Public education is an on-going task and an ever greater challenge. To help Canadians become aware of travel health hazards and thus minimize risk by practicing primary prevention, the Program conducts information and immunization activities. Literature is provided free of charge, and so is Yellow Fever vaccination offered at 41 designated vaccination centres across Canada. It is important that the publications used in this activity be kept current. Three booklets which must be updated each year are: "Keeping Healthy in Warm Climates", "Malaria Risk Countries" and "Immunization - A Guide for International Travellers".

Immigration Medical Services: Figure 11 below provides an overview of the number of medical examinations and assessments that took place between 1977 and 1983. The number of assessments and examinations forecast for 1985-86 is unlikely to exceed 150,000 due to a reduction in immigration levels.

During 1981, significant changes in medical standards were introduced. They now reflect current Canadian criteria for the assessment of pulmonary tuberculosis and screening for parasitic diseases, and their implementation is a priority of this sub-activity. These, and other changes to streamline medical examination procedures are the result of ongoing review of the clinical assessment process.

It is difficult to predict future trends affecting workloads since they are dictated by economic and political events, especially those creating refugee movements, which influence the increase or decrease in immigration levels.

Figure 11: Immigration Medical Examinations and Assessments by Region, 1977-1983

Region	1983-84	1982	1981	1980	1979	1978	1977
Yukon	-	-	-	-	-	-	-
N.W.T.	-	-	-	-	-	-	-
Pacific	2,260	2,972	3,938	3,780	3,486	3,358	3,670
Alberta	1,702	2,385	2,845	2,269	2,031	2,672	2,874
Saskatchewan	*	*	*	*	*	*	*
Manitoba	768	756	1,089	831	1,002	1,190	902
Ontario	9,266	10,126	11,019	9,859	11,729	8,239	11,409
Quebec	7,585	5,862	8,322	6,709	6,250	5,398	7,234
Atlantic	617	663	912	872	861	981	1,280
Overseas	116,680	142,059	187,710**	194,487	170,209	112,812	123,508
Total	138,878	164,823	215,835	218,807	195,568	134,650	150,877

* Figures are not applicable as examinations and assessments for this region conducted by Overseas and National Capital Region

** Includes 1,046 Canada-based assessments

Civil Aviation Medicine: Specific goals for 1985-86 include:

- **the completion of a computer assessment system for the screening of air personnel medical examinations. The cost for this system will be borne by Transport Canada while the Civil Aviation Medicine sub-activity will contribute two person-years; and**

- **the expansion of aeromedical training of flying personnel in line with the recommendations made by the Commission on Aviation Safety (the Dubin Commission), and the development of a modus operandi with the new Canadian Aviation Safety Board, which was also formed as a result of the recommendations of the Dubin Commission.**

The recommendations made by the Dubin Commission, and since then adopted by the government, require a number of adaptations to a new environment. One of those recommendations requires the incorporation of basic aeromedical training in the training syllabi for all pilots. It is the Civil Aviation Medicine sub-activity which is responsible for the contents of this training, as well as the actual instruction process.

Besides this new type of instruction, the ongoing task of conducting safety support lectures and training seminars for medical examiners must be pursued actively. Handbooks must be written, revised and updated. The success of the computerized assessment system will depend upon this activity.

In 1983 there were 81,602 civil aviation licenses and permits requiring medical examinations in Canada. This is the second largest number in the world and it is expected to increase in 1984. The question of fitness to hold the license is answered by more detailed review in 20 percent of these examinations and 6 to 10 percent have medical conditions requiring more extensive investigation. In addition to this, the nature of the pilot's task, which changes with advancing aviation technology, and the improvement of medical diagnostic techniques, which means continuous study of medical standards and their interpretation, are factors affecting program workload. A key concern for the future, therefore, is the retention, development and possible expansion of a staff of trained and experienced Aviation Medical Officers capable of anticipating, recognizing and responding to the inevitable changes taking place in the aviation industry.

C. Prosthetic Services

Objective

To provide prosthetic and orthotic services to disabled veterans and other persons in need.

Resource Summary

The Prosthetic Services Activity accounts for 0.7 percent of the total program expenditure and 1.9 percent of the total number of person-years.

Figure 12: Activity Expenditure ($000) and Person-years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Prosthetic Services	2,696	62	2,650	62	2,703	59
	2,696	62	2,650	62	2,703	59

Description

The Prosthetic Services Activity attains its objective by rehabilitating physically handicapped veterans as well as all other handicapped Canadians who prefer government services over private services. Such rehabilitations demand the provision of custom-made, medically prescribed prosthetic and orthotic appliances and other devices. Each device must be custom-made to ensure a proper fit and allow the client to lead a normal life by alleviating discomfort. The Prosthetic Services Activity is further responsible for ensuring that needed appliances are properly manufactured, processed, warehoused and distributed with the least delay.

Through training and consultation programs, and by providing the appropriate devices, the Prosthetic Services Activity attempts to maximize the rehabilitation and minimize the physical and psychological discomfort of physically handicapped Canadians.

Performance Information/Resource Justification

The federal government is conducting negotiations to transfer the Prosthetic Centres, where patients are fitted and where repairs take place, to provincially-sponsored organizations. A smooth transfer is necessary to ensure that the patients will receive continuing service.

The transfer of Prosthetic Services Centers to provincial authorities has now been completed in Toronto, Ottawa, Halifax, Regina, Calgary and Edmonton.

While the aim is to complete the transfer process by 1988-89, slow progress in the dialogue with provincial governments makes the realization of this goal uncertain.

Figure 13: Prosthetic Services Clients 1979-80 to 1983-84

1979-80 - 23,153
1980-81 - 18,360
1981-82 - 15,615
1982-83 - 8,635
1983-84 - 7,200

This illustrates the decline in numbers because of transfer of services to four provinces. At the same time, a slight shift from private to government services has been observed.

The forecast for 1985-86 projects the fitting of approximately 7,000 prosthetic appliances and orthotic devices, including orthopaedic footwear, to meet client demands.

D. Emergency Services

Objective

In collaboration with other levels of government, to ensure the provision of health and welfare services under national emergency conditions.

Resource Summary

The Emergency Services Activity accounts for 0.6 percent of the total program expenditure and 0.9 percent of the total number of person-years.

Figure 14: Activity Expenditure ($000) and Person-years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Emergency Services	2,361	30	2,352	30	2,332	29
	2,361	30	2,352	30	2,332	29

Description

The Emergency Services Activity is responsible for coordinating and maintaining the capability to provide health and welfare services in a national emergency and for assisting provinces in planning, organizing and operating services to meet the needs of people in potential peacetime and wartime disasters. This Activity is also responsible for advising on emergency policy, national operations, and for coordinating activities related to national and international emergency issues.

In view of the increased awareness of possible disasters, provincial governments are making greater demands for training courses and assistance in planning emergency procedures. This has necessitated doubling the number of courses as compared to previous years. The need to establish close liaison with senior officers of other Departmental programs and to set up briefing seminars to outline their responsibilities in time of national disaster resulted in the creation of an Inter-Program Committee. In addition, Emergency Services has undertaken to develop and conduct first aid courses for federal employees, an initiative which has been well received by government departments.

Performance Information/Resource Justification

In May 1981, a new National Emergency Planning Order assigned the Department a number of responsibilities, including planning for a National Emergency Agency. The Emergency Services Activity, as the departmental coordinator, is responsible for ensuring that the necessary steps are taken to develop appropriate plans and

mechanisms to implement this policy. An Inter-Program Committee on Emergency Planning was established and a working group was set up to define the parameters of the National Emergency Agency. In preparation for the creation of this Agency, a review of the emergency equipment and supplies stockpile, as well as the revision of other program duties and planning activities, is under way. The annual costs of updating the stockpile is approximately $500,000; about 90 percent of this amount is spent on drugs, the remainder covers the cost of medical supplies and equipment.

Due to the increased interest in emergency planning both for peacetime and wartime emergencies, provincial demand for assistance from Emergency Services staff to plan and conduct courses and exercises has more than doubled in recent years. In three years, the number of students has risen from 250 to 650 and if more courses were available, upward of a 1,000 students should be trained each year to satisfy the demand. First Aid training for federal government departments has also increased over the past three years. By the end of the fiscal year 1984-85, 150 courses will have been conducted with a total enrollment of 2,030 public servants. An additional 16 public servants were qualified as instructors.

Effectiveness of performance could only be adequately assessed in the case of a true emergency such as a nuclear war or other large-scale disaster. The impact of the Emergency Services activity would then become clear by the reduced incidence of injuries, illnesses and deaths, and reduced social disorientation. In the absence of such calamities, the only relevant performance figures for this Activity are figures on emergency training and on first aid training, as in Figure 15.

Figure 15: Emergency Training and First Aid Training Performances

	Actual				Estimated	
	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Emergency Training						
No. sessions	10	12	21	28	28	28
No. candidates	200	250	460	650	660	660
First Aid Training						
No. sessions	114	150	128	150	170	170
No. candidates	1,433	2,070	1,800	2,030	2,000	2,000

E. Program Administration

Objective

To provide overall direction to and coordination of program activities by providing policy advice and direction, planning, financial and administrative services.

Resource Summary

The Program Administration Activity accounts for 3.3 percent of the total program expenditures and for approximately 5.0 percent of the total number of person-years.

Figure 16: Activity Expenditure ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	13,026	165	12,094	149	11,050	175
	13,026	165	12,094	149	11,050	175

Description

While the Program Administration Activity accounts only for a small percentage of Program expenditures it encompasses four out of the seven Program Directorates: Administration, Finance, Personnel, Secretariat, and Policy, Planning & Liaison (see Figure 3, page 15). The services provided by these Directorates include: the development of planning and information systems; the control and management of property and material resources; the administration of contribution agreements; the planning of facilities; the provision of financial and personnel administration services; the provision of administrative support services such as word processing, library services, manuals, forms and catalogues; and finally the provision of ongoing direction to the Program through the development of policy.

Performance Information/Resource Justification

To simplify and streamline the Program's procedures for allocating and controlling resources, terms of reference for a Branch Resource Allocation and Control Committee were developed and this committee is now fully operational. The goal to develop sound management practices and controls was also furthered by the establishment of a Secretariat to support Branch committees and ensure the proper implementation of Program priorities in Official Languages, Affirmative Action, Access to Information, etc.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by object

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	101,287	98,055	90,203
Employee benefit plans	14,180	12,321	14,464
Other personnel costs	8,805	9,040	8,690
	124,272	119,416	113,357
Goods and services			
Transportation of Indians and Inuits	30,600	33,450	26,752
Other transportation and communications	15,512	15,638	14,748
Information	117	177	354
Indian and Northern Health professional services	40,727	42,924	36,766
Other professional and special services	10,333	11,473	9,788
Rentals	3,108	3,002	2,356
Purchased repair and upkeep	2,076	1,839	2,006
Drugs	26,744	28,586	24,526
Other utilities, materials and supplies	26,643	26,702	22,575
All other expenditures	170	158	124
	156,030	163,949	139,995
Total operating	280,302	283,365	253,352
Capital	27,794	29,327	23,985
Transfer payments	82,137	70,147	53,219
Total expenditures	390,233	382,839	330,556

2. Personnel Expenditures

Figure 18: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	1985-86	1984-85	1983-84		
Management					
Executive	12	12	12	50,350 - 96,300	67,960
Senior Management	6	6	-	- -	60,371
Scientific & Professional					
Medicine	108	130	157	40,054 - 85,140	69,108
Dentistry	16	19	27	40,785 - 68,670	56,785
Nursing	908	863	875	18,662 - 49,642	30,965
Education	23	23	28	13,609 - 68,070	43,278
Home economics	13	11	10	21,685 - 48,015	33,816
Chemistry	7	6	8	15,724 - 68,070	39,311
Other	28	26	55	- -	40,023
Administrative & Foreign Service					
Administrative services	134	136	129	13,912 - 57,987	35,534
Financial administration	58	54	62	13,853 - 57,980	36,606
Program administration	62	46	49	13,912 - 57,987	42,679
Purchasing supply	13	12	15	12,766 - 57,980	31,267
Welfare programs	50	46	45	14,860 - 57,980	31,799
Personnel administration	18	10	12	13,330 - 63,870	38,414
Other	9	5	6	- -	33,348
Technical					
Engineering & scientific support	273	257	227	14,041 - 50,866	32,104
Other	9	7	17	- -	31,004
Administrative Support					
Clerical	698	609	554	12,932 - 31,743	19,930
Secretarial, stenographic & typing	181	170	170	12,636 - 31,946	20,053
Data processing	8	9	7	13,352 - 37,130	21,545
Other	2	4	2	- -	20,513
Operational					
Heating & power	19	22	19	18,242 - 35,598	25,759
General labour & trades	105	103	123	14,776 - 40,676	25,125
General services	14	14	10	13,253 - 39,988	22,583
Hospital services	507	522	514	12,307 - 29,701	19,180

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

Figure 19: Person-Years by Activity

	Main Estimates 1985-86	Forecasted Utilization 1984-85	Actual Utilization 1983-84
Indian and Northern Health Services	2,567	2,539	2,483
Health Assessment and Advisory Services	457	444	353
Prosthetic Services	62	62	59
Emergency Services	30	30	29
Program Administration	165	149	175
	3,281	3,224	3,099

3. Capital Expenditures

Figure 20: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Building and Works	21,814	23,185	16,405
Machinery and Equipment	5,980	6,142	7,580
Total Capital	27,794	29,327	23,985

Figure 21: Capital Expenditures by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Indian and Northern Health Services	26,238	27,645	22,702
Other	1,556	1,482	1,283
Total	27,794	29,327	23,985

The 1985-86 costs of the major capital projects (as shown in Figure 22) will be funded from within the respective Activity's Budget, as shown above, and these amounts are also included in the respective Activity's Expenditure data displayed in Section II.

Figure 22: Details of Major Capital Projects ($000)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Year Requirements
Indian And Northern Health Services					
Health Centre, Obedjiwan	1,306	1,391	1,232	159	
Health Centre, Manouane	1,233	1,396	52	1,328	16
Nursing Station, Lac Rapide	525	786	40	695	51
Ontario					
Addition to Nursing Station, Sandy Lake	1,600	2,553	15	158	2,380
Accommodation, Moose Factory	650	730	215	515	
Residence Renovation, Moose Factory	575	606	25	581	
Accommodation, Sioux Lookout	720	876	844	32	
Addition to Nursing Station, Round Lake	621	1,010	661	349	
Addition to Nursing Station, Fort Hope	665	993	647	346	
Manitoba					
Health Facility, Wassagamach	1,754	1,965	600	107	1,258
Conversion to Nursing Station, Lac Brochet	400	439	200	239	
Residence, Garden Hill	281	635	200	320	115
Residence, Putakawagan		501	488	13	
Residence, Oxford House		382	198	184	
Saskatchewan					
Health Centre, Black Lake	1,236	1,624	693	931	
Nursing Station, Patuanak		1,566		29	1,537
Alberta					
Health Centre, Driftpile		253	200	53	
Residence, Hay Lakes		253	200	53	
Northwest Territories					
Nursing Station/Residence, Tuktoyaktuk	1,975	2,675		54	2,621
Nursing Station/Residence, Hall Beach	2,270	2,576	33	1,824	719
Nursing Station/Residence, Sachs Harbour	2,090	1,792	1,650	142	
Nursing Station/Residence, Paulatuk	2,088	2,207	20	1,598	589
Nursing Station/Residence, Pelly Bay	1,588	1,796	1,785	11	
Nursing Station/Residence, Lac La Martre	1,850	1,944	16	251	1,677
Nursing Station/Residence, Whale Cove	1,495	1,913	10	32	1,871
Nursing Station/Residence, Sanikiluaq	1,552	1,496	1,485	11	
Nursing Station/Residence, Lake Harbour	1,870	2,196	1,771	415	10
Residence, Pangnirtung	1,555	1,594	1,215	373	6
Nursing Station/Residence, Snow Drift	2,025	1,771	31	1,598	142
Nursing Station/Residence, Spence Bay	2,390	2,986		21	2,965

Figure 22: Details of Major Capital Projects ($000) (Continued)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Year Requirements
Northwest Territories (Continued)					
Nursing Station/Residence, Fort Liard	2,130	1,671	20	1,436	215
Nursing Station/Residence, Baker Lake	1,473	1,858	1,540	311	7
Nursing Station/Residence, Coral Harbour	1,817	2,031	1,581	439	11
Nursing Station/Residence Renovation, Gjoa Haven	980	1,022	30	911	81
Nursing Station, Fort Norman	946	855	850	5	
Nursing Station/Residence, Fort Wrigley	990	879	868	11	
Clinic Cabin/Arctic Red River		366	355	11	
Facility Upgrading/Pangnirtung		490	10	469	11
Yukon					
Health Centre/Residence, Carcross	1,500	1,578	150	1,428	
Residence, Faro		1,608		143	1,465
Additional Regional Offices, Whitehorse	910	2,748	110	846	1,792
Residence, Teslin	450	472	75	397	
Hospital Interior Renovation, Whitehorse	819	541	450	25	66

4. Transfer Payments

Figure 23: Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Indian And Northern Health Services			
Grants to individuals of Indian and Inuit Ancestry in the form of Bursaries to assist them in their Health Career Studies	100	75	-
Contributions on behalf of, or to Indians or Inuits towards the cost of construction, extension or renovation of hospitals and other health facilities and institutions as well as of hospital and health care equipment	3,992	8,674	5,388
Contribution to the Government of Newfoundland towards the cost of health care delivery to Indian and Inuit communities	1,019	989	923
Contributions to Indian Bands and Indian and Inuit associations or groups or local governments for community health representatives, medical transportation, health care professionals, promotion and support services	20,083	21,494	18,200
Contributions to Indian Bands and Inuit associations or groups or local governments under the National Native Alcohol and Drug Abuse Program	47,166	32,271	21,905
Contributions to Indian and Inuit associations or groups for consultations on Indian and Inuit health	1,027	1,027	1,016
Contributions to Indian Bands or organizations of Alberta towards the cost of Capital Construction	-	-	1,250
Summer Canada - Student Employment Program	-	-	302
New Employment Expansion and Development Program		12	274
Contribution to the Government of the Northwest Territories for the transfer of the operational and administrative control of the Frobisher Bay General Hospital	4,280	4,280	3,736
Contribution to the Government of the Northwest Territories for the construction of the Stanton Yellowknife General Hospital	3,380	866	-
Contributions to Universities, Colleges and other Organizations to increase the participation of Indian and Inuit Students in Academic Programs leading to Professional Health Careers	1,090	459	-
	82,137	70,147	52,994
Prosthetic Services			
Contribution to the Province of Alberta for the transfer of Calgary and Edmonton Centres		-	225
	82,137	70,147	53,219

B. Cost Analysis

1. Program Costs

Figure 24: Program Costs ($000)

		1985-86	1984-85
Budgetary			
Operating Expenditures		280,302	283,365
Capital		27,794	29,327
Contributions		82,137	70,147
		390,233	382,839
Services provided without charge			
Accommodation	- D.P.W.	9,358	8,516
	- This Department	6,448	6,200
Other Services	- Other Departments	2,997	3,557
		18,803	18,273
Total cost of program		409,036	401,112
Less: Revenues credited to the Consolidated Revenue Fund (1)		41,500	39,800
Net cost of program		367,536	361,312

Note (1) See details in Figure 25.

2. Program Revenues.

Figure 25: Program Revenues by Source ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Hospital Insurance Plans	29,000	28,400	27,232
Medical Insurance Plans	1,700	1,582	1,536
Prosthetic Services	1,330	1,300	1,275
Cost Sharing - Provinces Territories	6,470	5,518	6,205
Other	3,000	3,000	8,399
Total	41,500	39,800	44,647

C. Crosswalk between Old and New Activity Structures ($000)

Previous Structure	New Structure					
	Indian & Northern Health Services	Health Assessment & Advisory Services	Prosthetic Services	Emergency Services	Program Admin.	Total
Program Administration					13,026	13,026
Indian Health Services	254,905					254,905
Northern Health Services	94,121					94,121
Civil Aviation Medicine		2,673				2,673
Public Service Health		18,810				18,810
Immigration Medical Serv.		965				965
Quarantine and Regulatory Services		676				676
Prosthetic Services			2,696			2,696
Emergency Services				2,361		2,361
Total	349,026	23,124	2,696	2,361	13,026	390,233
P-Y's	2,567	457	62	30	165	3,281

D. Federal Indian Health Policy (excerpts)

The following statement represents current federal government practice and policy in the field of Indian health and ... emphasizes issues which the federal government considers to be of greatest significance in the immediate future. In addition, studies relating to Indian health policy and practice are being undertaken by the National Indian Brotherhood and some provincial Indian associations, studies which National Health and Welfare supports. The federal government is committed to joining with Indian representatives in a fundamental review of issues involved in Indian health, when Indian representatives have developed their position, and the policy emerging from that review could supersede this policy. As an indication of good faith, the federal government withdrew the Guidelines for the Provision of Uninsured Health Benefits to Indian and Inuit people of September 1978... and they were replaced by the current Indian Health Policy.

The Policy is based on the special relationship of the Indian people to the federal government. ... It recognizes the circumstances under which many Indian communities exist, which have placed Indian people at a grave disadvantage compared to most other Canadians in terms of health, as in other ways.

Policy for federal programs for Indian people, (of which the health policy is an aspect), flows from constitutional and statutory provisions, treaties and customary practice. It also flows from the commitment of Indian people to preserve and enhance their culture and traditions. ... The federal government recognizes its legal and traditional responsibilities to Indians, and seeks to promote the ability of Indian communities to pursue their aspirations within the framework of Canadian institutions.

The federal government's Indian Health Policy reflects these features in its approach to programs for Indian people. The over-riding fact from which the policy stems is the intolerably low level of health of many Indian people who experience conditions rooted in poverty and community decline. The federal government realizes that only Indian communities themselves can change these root causes and that to do so will require the wholehearted support of the larger Canadian community.

Hence, the goal of the federal Indian Health Policy is to achieve an increasing level of health in Indian communities, generated and maintained by the Indian communities themselves.

This increasing level of health in Indian communities must be built on three pillars. The first, and most significant, is community development, both socio-economic development and cultural and spiritual development, to remove the conditions of poverty and apathy which prevent the members of the community from achieving a state of physical, mental and social well-being.

The second pillar is the traditional relationship of the Indian people to the federal government, in which the federal government serves as advocate of the interests of Indian communities to the larger Canadian society and its institutions, and promotes the capacity of Indian communities to achieve their aspirations. This relationship must be strengthened by opening up communication with the Indian

people and by encouraging their greater involvement in the planning, budgeting and delivery of health programs.

The third pillar is the Canadian health system. This system is one of specialized and interrelated elements, which may be the responsibility of federal, provincial or municipal governments, Indian bands, or the private sector. But these divisions are superficial in the light of the health system as a whole. The most significant federal roles in this interdependent system are in public health activities on reserves, health promotion, and the detection and mitigation of hazards to health in the environment. The most significant provincial and private roles are in the diagnosis and treatment of acute and chronic disease and in the rehabilitation of the sick. Indian communities have a significant role to play in health promotion, and in the adaptation of health services delivery to the specific needs of their community. Of course, this does not exhaust the many complexities of the system. The federal government is committed to maintaining an active role in the Canadian health system as it affects Indians. It is committed to encouraging provinces to maintain their role and to filling gaps in necessary diagnostic treatment and rehabilitative services. It is committed to promoting the capacity of Indian communities to play an active, more positive role in the health system and in decisions affecting their health.

These three pillars of community development, the traditional relationship of the Indian people to the federal government, and the interrelated Canadian health system provide the means to end the tragedy of Indian ill-health in Canada.

E. Medical Services Program Facilities

The physical resources maintained by the Program for the delivery of Indian and Northern health services range from private homes in isolated communities through trailer offices, to fully equipped nursing stations. The Program also runs eight hospitals built to combat tuberculosis and other infectious diseases, but now operating as acute care facilities. The type of facility depends on both the community's population and the degree of its isolation:

General Hospitals: facility operated for medical surgical/obstetrical care of in-patients and out-patients, usually located in or near a population centre;

Cottage Hospitals: smaller than general hospitals, with more limited treatment and diagnostic facilities, and fewer beds (approximately eight to twenty). Have a resident physician and are located in smaller population centres;

Clinics: field units usually affiliated to a hospital and directed by a physician;

Nursing Stations: field units located in isolated communities of 100 to 1,000 people where there is no other medical facility; staffed by one or more nurses and auxiliary staff who carry out public health activities, out-patient treatment and short-term in-patient care. Most of these facilities have patient accommodation.

Health Centres: units supplementing hospitals and clinics, usually located in a separate building or trailer and staffed by one or more nurses who carry out public health and preventive programs;

Health Stations: field units in isolated communities, often housed in a trailer, usually in the charge of a Community Health Representative (see pages 25 and 29). These units accommodate emergency cases and provide a base of operations for visiting nurses or doctors; and

Health Offices: buildings or spaces to accommodate nurses or doctors holding clinics or conducting health education programs.

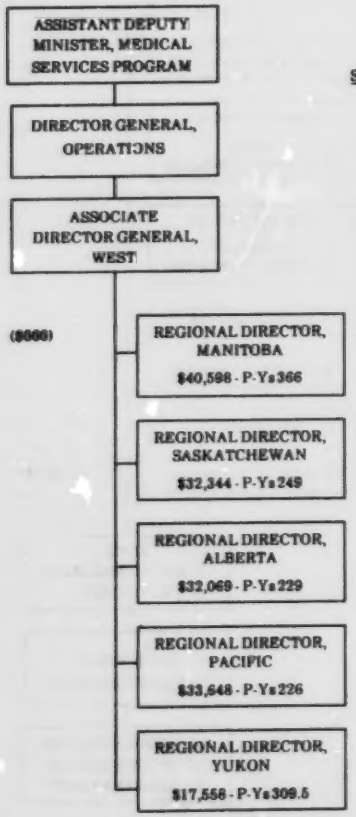
As of April 1, 1984, the number of facilities in each category for Indian and Northern Health Services were as follows:

8	hospitals,
6	cottage hospitals,
12	clinics,
96	nursing stations,
127	health centres,
197	health stations,
63	health offices.

Figure 27: Resources and Facilities by Region - Western Operations

Program Management - Regions

Western Operations



Sources: Actual Allocations for 1984-85 as of May 1984
1983 Summary of Medical Services Facilities
1982 Medical Services Program figures, including Registered Indians, Inuit and residents of Yukon and NWT.

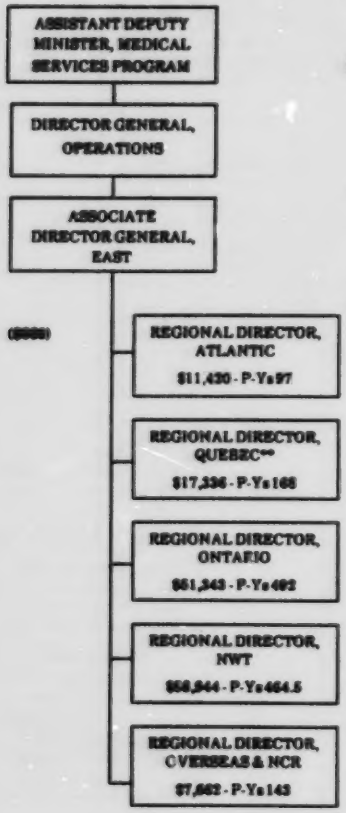
Total Facilities, Eastern Operations: 303
Total Facilities as of April 1, 1984: 623

* Indian and Northern Health Services
** Excluding Labrador and James Bay
*** Estimated population

ZONES	HOSPITALS	NURSING STATIONS	HEALTH CENTRES	OTHER I & NH* FACILITIES	PSH UNITS	QUARANTINE EMERGENCY & PROSTHETICS FACILITIES	CLIENT POPULATION (I & NH)*	ISOLATED POPULATION
2	2	17	15	27	3	4	49,956	20,826
3	1	6	11	62	2	-	51,075	11,460
2	1	3	16	19	4	3	40,820	3,450
4	-	10	24	57	6	5	59,543	11,500
1	1	2	10	8	1	-	24,811	**15,000
12	5	38	76	173	16	12	226,205	62,236

Program Management - Regions

Eastern Operations



Source: Actual Allocations for 1984-85 as of May 1984
1983 Summary of Medical Services Facilities
1982 Medical Services Program figures, including Registered Indians, Inuit and residents of Yukon and NWT.

Total Facilities, Eastern Operations: 303
Total Facilities as of April 1, 1984: 623

* Indian and Northern Health Services
** Excluding Labrador and James Bay
*** Estimated population

	ZONES	HOSPITALS	NURSING STATIONS	HEALTH CENTRES	OTHER I & NH* FACILITIES	PSH UNITS	QUARANTINE EMERGENCY & PROSTHETICS FACILITIES	CLIENT POPULATION (I & NH)*	ISOLATED POPULATION
REGIONAL DIRECTOR, ATLANTIC	2	-	-	7	21	10	8	12,438	0
REGIONAL DIRECTOR, QUEBEC**	-	-	8	13	10	0	5	25,511	2,891
REGIONAL DIRECTOR, ONTARIO	4	2	11	23	55	8	6	74,639	18,235
REGIONAL DIRECTOR, NWT	4	1	29	8	19	-	-	47,053	***36,000
REGIONAL DIRECTOR, OVERSEAS & NCR	4	-	-	-	-	48	1	-	-
	14	3	58	51	105	66	20	159,631	57,126

Figure 28: Resources and Facilities by Region - Eastern Operations

Health Protection Program
Expenditure Plan

1985-86

1981

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1983

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Appropriation Authority

Authority is sought in these Estimates to spend $106,065,000 in support of the 1985-86 Health Protection program. The remaining expenditures, estimated at $9,518,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote (Thousands of Dollars)		1985-86 Main Estimates	1984-85 Main Estimates
	Health Protection Program		
35	Operating expenditures	93,957	90,312
40	Capital expenditures	12,108	9,880
(S)	Contributions to Employee Benefit Plans	9,518	8,389
	Total Program	115,583	108,581

Votes - Wording and Amounts

Vote No.	Department or Agency	1985-86 Main Estimates
	Health Protection Program	
35	Health Protection - Operating expenditures and the grants listed in the Estimates	93,957,000
40	Health Protection - Capital expenditures	12,108,000

Extracts from Part II of the Estimates

Program by Activities

(Thousands of dollars)	1985-86 Main Estimates					1984-85
	Authorized	Budgetary			Total	Main
	Person-Years	Operating	Capital	Transfer Payments		Estimates
Food Safety, Quality and Nutrition	591	27,925	2,974	15	30,914	30,210
Drug Safety, Quality and Efficacy	672	39,745	1,459	-	41,204	39,714
Environmental Quality and Hazards	276	16,144	1,575	55	17,774	16,618
National Health Surveillance	189	10,051	910	-	10,961	11,029
Program Administration	232	9,540	5,190	-	14,730	11,010
	1,960	103,405	12,108	70	115,583	108,581

Transfer Payments

	1985-86 Main Estimates	1984-85 Main Estimates
Grants		
National Food Distribution Centre	15 000	15,000
World Health Organization	50 000	50 000
International Commission on Radiological Protection	5 000	5 000
Total	70 000	70 000

1985

Section I
Program Overview

A. Highlights

Selected initiatives of the Health Protection Program for 1985-86 are as follows (Details of ongoing activities are provided in Sections II, Analysis by Activity):

- to increase the efficiency of Program resource utilization through negotiation of formal and informal agreements with international, federal, provincial and municipal agencies and professional bodies (see page 5-13);

- to continue the multi-year renovation and construction program initiated in 1982-83 to update laboratory facilities and prevent hazards to staff; financial requirements for 1985-86 are $3.7 million (see page 5-14);

- to ensure the adequacy of the Program's science base through the review and updating of reports prepared by expert committees which considered Program needs and recommended possible solutions (see page 5-14);

- to investigate potential health hazards associated with the presence of newly identified chemical contaminants in the food supply (see page 5-18);

- to develop regulatory initiatives pertaining to nutritional labelling, foods for special dietary use, and canned foods (see page 5-18);

- to continue development of the Good Manufacturing Practices assessment system for compliance assessment of the domestic food industry, with industry evaluation and acceptance of these Codes of Good Manufacturing Practices as working standards. (see page 5-18);

- to continue regulatory control over imported food products through surveys for specific hazards, participation in bilateral discussions with foreign regulatory agencies and exporters, review of recent trends in off-shore food manufacture and development of strategies to ensure continued regulatory equivalency with the domestic food manufacturer industry (see page 5-18).

- to develop a program to systematically review and update standards for chemicals used in foods (see page 5-18);

- to implement measures to speed processing and increase the efficiency of drug submission reviews (see page 5-24);

- to review marketed drugs ensuring that they have an acceptable balance between risk and therapeutic benefit (see page 5-24);
- to develop policy options and proposals for an ingredient disclosure system (see page 5-25);
- to adopt new analytical technologies to increase efficiency of the analytical service provided to law enforcement agencies engaged in control of drug abuse and trafficking (see p. 5-25);
- to revise the Radiation Emitting Devices Regulations to take account of advances in technology (see page 5-30);
- to examine concerns and consider regulatory solutions regarding home-use medical devices (see page 5-30);
- to improve regional compliance and liaison efforts regarding medical devices (see page 5-31);
- to develop revised guidelines for drinking water quality (see page 5-30);
- to conduct a study to determine the hospital acquired infection rate and risk factors in a number of Canadian hospitals (see page 5-34);
- to develop biotechnology based methods for the production of reagents for the diagnosis of infectious disease (see page 5-34); and
- to develop diagnostic methods and improve surveillance of Acquired Immunodeficiency Syndrome (AIDS) and sexually transmitted disease (see page 5-34).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Food Safety, Quality and Nutrition	30,914	30,654	260	5-16
Drug Safety, Quality and Efficacy	41,204	41,530	(326)	5-22
Environmental Quality and Hazards	17,774	18,031	(257)	5-28
National Health Surveillance	10,961	11,187	(226)	5-33
Program Administration	14,730	12,949	1,781	5-36
	115,583	114,351	1,232	
Revenues	6,285	6,285	-	
Authorized person-years	1,960	1,959	1	

Revenue is generated through fees, fines and disposal of seized assets. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program (see page 5-43).

Personnel costs represent over 75.0% of total operating expenditures excluding grants and contributions.

The change in requested resources for 1985-86 arises principally from the following factors:

- Decrease of $0.8 million for Capital Replacement Plan
- Increase of $1.5 million for Construction and Renovation Programs
- Increase of $2.1 million for Increased Operating Costs
- Decrease of $0.2 million for National Energy Program
- Increase of $0.3 million for Safety of Drugs and Chemicals
- Decrease of $1.0 million for Reduced Program Activities
- Increase of $0.2 million for Personnel Costs
- Decrease of $1.0 million for Items Applicable Only To Fiscal Year 1984-85

C. Background

1. Introduction

To ensure a high standard of health for Canadians, the Department is involved in three major endeavours: the prevention of exposure to controllable health hazards, the promotion of a lifestyle likely to prevent illness, and the provision of health care to those who require it.

The Health Protection Program is primarily concerned with identifying and preventing exposure to health hazards associated with food, drugs, medical devices, radiation emitting devices, other consumer products and the environment. The Program also monitors the occurrence and cause of communicable and non-communicable diseases. This requires that the Program cooperate closely with other departmental programs, other federal departments and agencies, provincial departments of health, professional licensing bodies, various public, professional and industry associations, regulated industries, foreign governments and international agencies. The responsibility for the protection of Canadians from some types of health hazards, such as contaminants in the environment, is shared with other federal government departments.

The Health Protection Program collaborates with the Health Services and Promotion Program of Health and Welfare in a promotional strategy involving the dissemination of health information regarding such lifestyle issues as smoking and nutrition.

The Program also supports the provision of health care services by the provinces and the Medical Services Program of Health and Welfare through ensuring the safety and effectiveness of the drugs and medical devices on which modern medicine depends and by providing national laboratory diagnostic reagent and reference services. Specialized analytical services and expert testimony are also provided in support of Canadian law enforcement agencies engaged in the control of drug abuse and trafficking.

The Health Protection Program provides professional health advice to other government departments upon request or as a result of interdepartmental agreements.

2. Legal Mandate

The major statutes comprising the legal mandate for the Health Protection Program are the Department of National Health and Welfare Act, the Food and Drugs Act, the Narcotic Control Act, the Radiation Emitting Devices Act, the Environmental Contaminants Act, and the Hazardous Products Act (other acts and instruments which support the Program mandate are presented in Section III, Page 5-43).

3. Program Objective

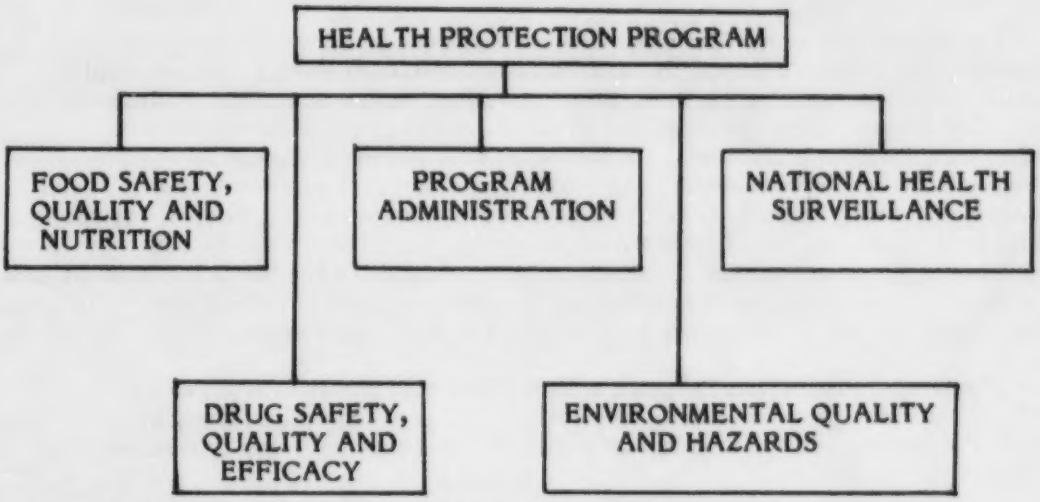
The objective of the Health Protection Program is "to reduce illness and untimely death of Canadians associated with hazards in the environment, both man-made and natural".

1989

4. Program Organization for Delivery

Activity Structure: The Health Protection Program consists of five activities as shown in Figure 2.

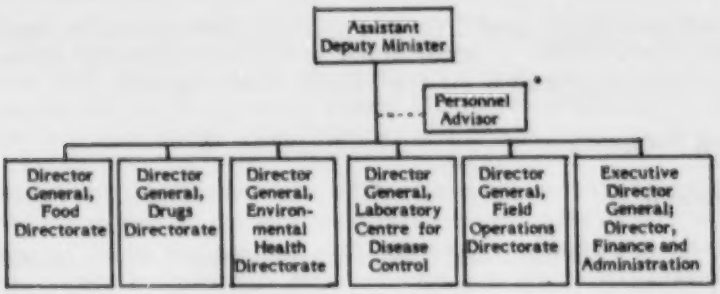
Figure 2: Activity Structure



Organization Structure: The Health Protection Branch (HPB), which is responsible for the Health Protection Program, is organized into five line directorates plus the supporting Finance and Administration Directorate. Four of the line directorates (Food Directorate, Drugs Directorate, Environmental Health Directorate and Laboratory Centre for Disease Control) are situated primarily in Ottawa. The fifth, the Field Operations Directorate, maintains a small headquarters group but the majority of staff are located in five regional and 21 district offices across Canada, where they are engaged in inspection, analysis and education tasks within three activities (Food Safety, Quality and Nutrition, Drug Safety, Quality and Efficacy, and Environmental Quality and Hazards). HPB occupies 12 laboratory facilities, seven of which are in Ottawa. The remaining five are in Halifax, Montreal, Toronto, Winnipeg and Vancouver. A listing of regional and district offices is provided in Section III, page 5-44.

Figure 3 illustrates the organizational structure of the Program and the relationship of resources assigned to each organizational unit to those for each activity.

Figure 3: 1985-86 Resources by Organization/Activity ($000 and P-Y)



	Director General, Food Directorate	Director General, Drugs Directorate	Director General, Environmental Health Directorate	Director General, Laboratory Centre for Disease Control	Director General, Field Operations Directorate	Executive Director General; Director, Finance and Administration	Activity Totals ($000, P-Y)
Food Safety, Quality and Nutrition	16,005	-	-	-	14,909	-	30,914
Drug Safety, Quality and Efficacy	-	30,923	-	-	10,281	-	41,204
Environmental Quality and Hazards	-	-	17,287	-	487	-	17,774
National Health Surveillance	-	-	-	10,961	-	-	10,961
Program Administration	-	-	-	-	-	14,730	14,730
	16,005	30,923	17,287	10,961	25,677	14,730	115,583
Person Years	258	466	259	189	556	232	1,960

* There are no costs shown for the Personnel Advisor as they are borne by the Administration Program of the Department.

5. Program Description

The Health Protection Program is responsible for the reduction of health hazards that lead to illness and early death. In fulfilling this responsibility, the Program carries out research to identify and determine the extent of hazards and to develop methods for detecting and measuring hazards and diagnosing disease. Statistically unbiased measurements of health effects, disease incidence, conditions of products or consumables, or industry conditions and practices are undertaken to identify the extent of a hazard. Research findings and measurements, as well as industry and international data, are evaluated and standards, guidelines and regulations are established or revised, or recommendations are provided to other agencies having regulation-making or implementation authority. Industry submissions are evaluated to determine the suitability of new products for marketing.

In addition products, consumables and industry processes are measured to detect those not meeting standards, and corrective action (including enforcement action) is taken to rectify deficiencies. Awareness of product characteristics and safe use is promoted and technical knowledge and skills are taught to consumers, industry, health professionals and institutions, to effect self-correction by industry and health professionals and informed decision-making by consumers and health professionals. Technical information and services

are provided to outside agencies. All activities are responsible for carrying out all or most of these actions (depending upon the legal mandate).

Workloads are either explicitly or implicitly determined by legislation. In other cases, the workload is determined by the identification of new hazards, resulting in a requirement to bring the hazard under control.

D. Planning Perspective

1. Environment

The Program faces a complex and changing environment which includes the following key factors:

Disease Trends: With increasing ability to prevent and treat communicable disease, chronic illnesses such as cancer and cardiovascular disease have become the major causes of death in Canada. While certain factors which contribute to the development of chronic diseases have long been recognized and controlled through standards and regulations enforced by this and other regulatory programs, additional knowledge about the causes of chronic illness is necessary to allow control measures to be developed.

Although communicable diseases are better controlled than they once were, continued surveillance, investigation and control are required since previously unrecognized diseases (e.g., Legionnaires' Disease and Acquired Immunodeficiency Syndrome (AIDS)) continue to appear and old ones continually threaten to recur.

Technological Change: Developments in areas such as microelectronics, biomedical engineering and biotechnology are resulting in a new generation of industrial, medical and consumer products and processes. In many cases the assessment of the safety of these products is the responsibility of the Health Protection Program. This requires the Program to be able to apply "state of the art" knowledge in diverse, technically complex fields in order to ensure credibility with regulated industries.

The Program is also affected by worldwide research efforts regarding the hazards posed by technology and the means by which these hazards may be controlled. New knowledge resulting from these efforts combined with the availability of new products superior to older ones, is resulting in the need for reassessment of previous decisions regarding the continued marketing of older products and the basis on which such decisions are made.

Quality of the Environment: Increased industrialization is one factor which has contributed not only to a higher Canadian living standard but also to contamination of the environment with an ever growing variety of toxic substances. This has resulted in such well-publicized national and international problems as acid rain and incidents of contamination of surface and ground water with pesticides and other chemicals.

As people spend an increased proportion of both their free and work time indoors, exposure to potentially hazardous substances in air has also increased. This situation is exacerbated by the tendency toward better-sealed buildings.

Additional factors such as changes in occupational patterns, increased office automation and concern about occupational health and safety contribute to growing pressures on the Program to assess the health implications of environmental exposure to a wide range of substances and products.

Economic Development and Trade: Canada's economic well-being depends largely on its ability to sell on the international market. Use of non-tariff barriers, often justified on the basis of such criteria as occupational health or consumer safety, are increasingly threatening Canada's export market. As an example, the Program was recently asked to investigate the safety of asbestos use to support export sales of asbestos. There has, in addition, been a recent trend by Canadian and multinational companies to move their food manufacturing operations to off-shore locations. There are potential economic, health and regulatory impacts associated with these developments.

At the same time, heightened awareness of the domestic inter-relationship of health and economic concerns is resulting in the Program being called on to conduct special studies of significant magnitude and expense with potentially far-reaching economic consequences. An example is the recent study of the safety of video display terminals.

Social Trends: The Program is subject to a number of factors in this area. The control of drugs subject to abuse is being made more difficult by a trend toward increased use of illicit psychoactive drugs and the diversion of licit drugs to illicit use. In addition, shifts in eating patterns toward more meals eaten away from home and greater use of prepackaged and synthetic foods raise concerns regarding nutritional adequacy. Public distrust of science is also increasing. This is fuelled by publicity regarding fraudulant data used to support safety claims for certain chemicals and concern over the use of food additives. An increased interest in fitness and health and increased coverage of science and technology in the lay press further contribute to this situation. As a result there is increased public demand for disclosure of information and the provision of guidance.

2. Initiatives

The major initiatives for the Health Protection Program for 1985-86 are in the following areas:

Agreements: Continuing efforts will be exerted to initiate or finalize formal and informal agreements with international, federal, provincial and municipal agencies and professional bodies to define work sharing arrangements. These include the negotiation of agreements with China, Japan, France, Israel and the United States regarding such issues as food safety and Good Laboratory Practice.

Renovation/Construction: In order to ensure that the program operates in laboratory facilities adequate for its needs with particular attention to staff safety, the major renovation and construction programs initiated in the previous two fiscal years will be continued. Renovations to the Sir Frederick Banting Research Centre and the Environmental Health Centre have been deferred with work to commence in 1985. Capital expenditures of $3.7 million are required for 1985-86 (see page 5-40).

Science Panels: A series of expert committes have reviewed available information regarding the science base of the program and its ability to meet current and future challenges of new technology and other factors expected to affect the program in the foreseeable future. Reports prepared by these committees will be reviewed and periodically updated. Recommendations contained in the foregoing reports will be considered for implementation.

3. Program Effectiveness

Qualitative indicators of the effectiveness of the Health Protection Program in meeting its stated objective include the following:

- Canadian morbidity and mortality statistics compare favourably with those in other countries; while it must be recognized that this cannot be attributed solely to the Program, failure of the Program to carry out its responsibilities effectively would adversely affect such statistics;

- the strategies employed by the Health Protection Program are similar to those employed by respected national health agencies in other developed countries; for instance, in the U.S., the Food and Drug Administration, Drug Enforcement Authority and Centres for Disease Control collectively employ similar strategies to those taken in Canada by the Health Protection Program;

- program management are considered equal participants with their counterparts from the U.S. and U.K. in the annual Tripartite Meeting regarding health protection problems and approaches to their solutions; this may be interpreted as peer recognition of the Health Protection Program by two of the world's most respected national health organizations;

- program scientific staff are continually called on to provide expert opinion and guidance by the media, staff of other government departments, consumers and others; similarly, Program staff are in demand to serve on international or federal-provincial committees and for assignment to international agencies such as the World Health Organization indicating a positive perception of Program expertise and value;

- research studies carried out by the Program are internationally recognized, and standards and regulations based on these are often adopted by other countries or international agencies; for example, Canadian studies on the toxic effects of saccharin were used as the basis for regulatory action in the U.S., identification of vomitoxin in Canadian wheat prompted action in other wheat producing nations, and Canadian

Drinking Water Quality Guidelines have been proposed as international standards to the World Health Organization;

- products regulated by the Program are generally assumed to be safe by Canadian and international consumers; for example, Canadians appear to have confidence in the quality and safety of Canadian drug products and food products manufactured to Canadian standards are readily accepted worldwide;

- the findings of a recent program evaluation study indicate that the program is effective in identifying and controlling many environmental contaminants and radiation hazards which threaten health.

Additional measures of effectiveness exist. For instance, projects which comprise the activities of the Program undergo regular review by senior management and certain activities carry out annual review processes involving outside experts. However, it is expected that the effectiveness of the Program may ultimately be demonstrated through an ongoing process of program evaluation studies of those activities which constitute the Health Protection Program. Such studies, by providing evidence of the achievement of objectives would, in aggregate, demonstrate the value of the Program as a whole.

Section II
Analysis by Activity

A. Food Safety, Quality and Nutrition

Objective

To identify and control dangers associated with the microbiological and chemical hazards in the food supply and the nutritional quality of foods.

Resource Summary

The Food Safety, Quality and Nutrition Activity accounts for 26.7% of total Program expenditures and 30.2% of the total person-years. A breakdown of resources is provided in Figure 4.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Food Research, Evaluation and Standards	16,005	258	15,606	257	15,161	243
Food Inspection and Compliance	14,909	333	15,048	332	14,673	332
	30,914	591	30,654	589	29,834	575

Of the total expenditures 76.0% is for personnel costs, 14.4% for operations and maintenance, and 9.6% for capital costs.

Description

Food Research, Evaluation and Standards: This sub-activity, conducted by the Food Directorate, pursues the following strategies to ensure that the Canadian food supply is nutritious and has a high standard of safety and quality:

- development and evaluation of new or improved laboratory methods of food analysis in support of toxicology research, projects to monitor hazards, and enforcement, surveillance and regulatory development endeavours;
- identification of various microorganisms and microbial toxins associated with cases of food poisoning;

- identification and assessment of hazards related to chemicals in food, including the assessment of human exposure and tolerances;

- assessment of nutritional adequacy and composition of foods as well as human requirements and the determination of the nutritional status of Canadians;

- the evaluation, review and formulation of recommendations regarding the use, safety and efficacy of chemicals in foods; and

- the development of regulations, standards, appropriate guidelines and codes of practice as well as the provision of advice and recommendations regarding regulatory changes and their interpretations.

The sub-activity conducts investigations on the effects of foods and their actual or proposed ingredients upon human health and disease by pursuing ongoing processes such as the review of safety and efficacy of proposed additives, and by pursuing a wide variety of short or long term projects in regulatory development and maintenance as well as in several areas of research such as food toxicology, methodology development, technology transfer and risk factor analysis.

Food Inspection and Compliance: This sub-activity, conducted by the Field Operations Directorate, contributes to the safety and nutritional quality of the food supply through the following strategies:

- assessment of the capability of the domestic food industry to produce foods which meet safety and nutritional quality standards;

- surveillance of the conformity of domestic and imported foods with standards of safety and nutritional quality;

- development of cooperative programs with, and provision of leadership to, provincial and municipal agencies involved with food surveillance and corrective action;

- measurement of the nutritional quality of and extent of chemical and microbiological hazards in food commodities, in support of evaluation and regulatory development;

- provision to target audiences of educational programs concerning food safety; and

- resolution of incidents of non-compliance with food safety and nutritional quality standards, including the initiation of legal action.

Performance Information/Resource Justification

Selected initiatives planned by the activity (see page 5-6) for 1985-86 are as follows:

Continued Investigation of Newly Identified Food Contaminants: Recent technological advances in methods for the detection of trace amounts of chemicals in food have resulted in the identification of fungal toxins and other potentially hazardous chemical contaminants in food products. The occurrence, level and health significance of these substances will continue to be assessed.

Food Regulatory Initiatives: Regulatory initiatives will be developed in regard to Nutritional Labelling of foods. In addition, Regulatory Proposals governing infant formulas, the use of irradiation as a food process and the presence of lead in canned tomato products will be developed.

Codes of Good Manufacturing Practice (GMP's): Development and promotion of the use of GMP's as an alternative to food product testing is preferable since it focuses on prevention of problems rather than after-the-fact problem identification. Existing GMPs will be subjected to industry evaluation, endorsed for use, and applied to the assessment of the level of compliance of Canadian food producers.

Surveillance of Imported Food Products: Surveillance and testing of imported food products is necessary because this activity does not conduct off-shore food inspections. This surveillance and testing coupled with communication of Canadian regulatory requirements to importers and countries which export to Canada, will encourage compliance with Canadian requirements and help ensure regulatory equitability between domestic and imported products. A review of current trends in off-shore manufacture of foods, especially the growing trend toward manufacture of finished products for export to Canada will enable the development of timely regulatory strategies.

Review of Food Chemicals: Data requirements for the evaluation of the acceptability of chemicals used in foods continually evolve based on scientific advances. As a result some chemicals currently approved for use may require re-evaluation in accordance with revised standards. A program to systematically review these substances will be developed.

Figure 5 provides summaries of specific outputs for 1985-86 accounting collectively for a majority of the resources available to each sub-activity. The costs associated with resource intensive project areas, such as the identification and assessment of health hazards due to food contaminants, are identified. Further details are provided on page 5-20.

Figure 5: Food Safety, Quality and Nutrition

Sub-Activity	Resources ($000)	P-Y	Overall Output	Specific Outputs for 1985-86
Food Research, Evaluation and Standards	16,005	258	Identification and assessment of hazards in the food supply as well as the development and promulgation of regulations, guidelines, standards and codes of practice.	o Identification and assessments of health hazards related to the occurrence and levels of chemical contaminants in the food supply, including pesticides and the determination of the nutritional adequacy of foods (56 P-Y, $3.4 million. See page 5-20). o Evaluations, reviews and recommendations regarding the use of new agricultural chemicals, food additives, food packaging materials and also regarding data on composition, safety and nutritional quality of foods. (53 P-Y, $2.3 million. See page 5-20). o New classification of food container defects as a basis for Safety Assessment. o New laboratory methods for the analysis of foods (56 P-Y, $2.6 million. See page 5-20). o Evaluations of health hazards associated with cases of microbial and extraneous material (filth) contamination of foods. o New regulatory proposals for food irradiation and for lead in tomato products. o Toxin analysis of shellfish extracts to control safety of marketed shellfish in Canada. o Revised regulations for the control and safety of infant formulas (Labatt's Decision). o Establishment of an Advisory Committee to assess the dimension of safety concerns associated with herbal substances.
Food Inspection and Compliance	14,909	333	Assurance that food manufacturers and food products marketed in Canada comply with regulatory requirements.	o Participation in bilateral discussions with foreign Regulatory Agencies and exporters on topics of food safety and Canadian Regulatory Requirements. o Re-assessment of major food industries for compliance with good manufacturing practices and guidelines which were piloted to 1984-85. o Data on the capacity of food manufacturers, processors, or importers to produce safe food. o Surveillance for compliance of Canadian manufacturers and Canadian and imported food products through plant inspections and laboratory analyses (170 P-Y, $8.8 million. See page 5-20). o Education projects to increase consumer awareness of food safety. o Resolution of a projected 4500 trade or consumer complaints against food products. o Resolution of a projected 100 hazard/situations with appropriate actions such as product recalls, seizures, and import entry refusals, as required. o A projected 350 enforcement actions in response to food products or manufacturing/processing or import conditions that are in violation of The Food and Drugs Act and Regulations. o A projected 3,800 laboratory analyses conducted for other federal government departments.

Details of resource intensive selected outputs are as follows:

Premarket Evaluations: Manufacturers are required to submit data to the activity to demonstrate the safety of many classes of chemicals proposed for use in food. Approval is only granted after the proposed use has been judged safe. Similarly, with the increased use of highly processed or formulated foods and foods for individuals with special dietary needs, and specialty foods, premarket assessment of nutritional adequacy and safety is needed to ensure these products are safe and effective for continuous dietary use. Resources required for their tasks are dictated by the submission workload. (This will require 53 person-years and $2.3 million in 1985-86.)

Laboratory Methods of Analysis: Laboratory methods of analysis of food constituents or contaminants (including microbiological contaminants) are required for the identification and assessment of and development of measures to control health hazards. Surveillance is also required to determine industry compliance with standards and regulations. Since laboratory methods of analysis are generally specific in a particular food or other media (e.g., blood), new or altered methods are continually required to allow the analysis of different substances, or the same substance in different media, or to provide more sensitivity, accuracy or specificity. Resources are allocated to methods development studies in proportion to their importance to the overall work of the Activity. (This will require 56 person-years and $2.6 million in 1985-86.

Surveillance: Manufacturing standards are developed to indicate safe or acceptable practices likely to prevent products from posing a health hazard. Inspection of facilities against these standards allows the assessment of a manufacturer's compliance and the relative likelihood of his products posing such a hazard. Similarly, standards or limits on contaminants are developed to indicate product safety, and laboratory analysis of products against such standards allow product acceptability to be determined. Inspection and analysis resources are inadequate to allow all manufacturers or all products to be assessed. Consequently, resources are targeted toward suspected problem areas and used to survey the marketplace to ensure that manufacturers' quality control programs are effective and to identify areas where action is required. Resources are allocated to surveillance tasks in proportion to their priority relative to other sub-activity strategies. In 1983-84 a total of 2081 plant inspections and 38,000 analyses were carried out. (This will require 170 person-years and $4.8 million in 1985-86.

Identification and Assessment of Health Hazards and the determination of nutritional adequacy of foods: In order to develop control mechanisms which ensure that Canadians are protected from health hazards associated with foods it is necessary to first undertake research to determine the occurrence, level and toxicity of previously unrecognized or poorly characterized hazards. Secondly, nutritional requirements and the appropriate levels of nutrients in food must be established if nutrition related health hazards are to be prevented. This involves comparatively complex and expensive laboratory research studies. Dependable, timely data are required to justify additional or changed control measures which, based on the number of problems needing attention, requires

that resources be adequate to allow multiple project to be pursued simultaneously. Resources are allocated to these projects based on judgement of the potential severity and extent of health hazards and priority relative to other sub-activity requirements. (This will require 56 person-years and $3.4 million in 1985-86.)

B. Drug Safety, Quality and Efficacy

Objective

To identify and control dangers to the health of Canadians from drugs or their ineffective or unwise use; to prevent the improper use of dangerous drugs or their diversion from the licit to the illicit market.

Resource Summary

The Drug Safety, Quality and Efficacy Activity accounts for 35.6% of total Program expenditures and 34.3% of the total person-years. A breakdown of resources is provided in Figure 6.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Drug Safety and Efficacy	19,401	341	20,010	350	16,705	323
Control of Dangerous Drugs	11,522	125	12,307	122	11,112	122
Quality of Marketed Drugs	10,281	206	9,213	206	9,242	211
	41,204	672	41,530	678	37,059	656
Revenue	5,261		5,261		5,339	

Of the total expenditures 67.3% is for personnel costs, 29.1% for operations and maintenance and 3.6% for capital costs. Revenue is due to the charging of fees, fines and disposal of seized assets. Revenues are not available to the Program as offsets against expenditures (see page 5-43).

Description

Drug Safety and Efficacy: This sub-activity, conducted by the Drugs Directorate, is responsible for ensuring the timely acceptability for marketing in Canada of safe and effective drugs, their continued safety and effectiveness after approval, and their judicious use. To minimize the hazards posed by these complex chemicals, a number of strategies are employed by the sub-activity, including:

- scientific investigation of the characteristics of, and potential hazards posed by human and veterinary drugs;
- development of laboratory analytical methodology to be used in the assessment of compliance with regulations and standards and in the support of toxicology research;
- development of operational recommendations, interpretive guidelines, standards and regulations;
- evaluation of information supplied by manufacturers in support of the safety, quality and effectiveness of human and veterinary drugs proposed for marketing in Canada;
- approval or review of drug advertising;
- approval on an emergency basis of physicians' requests for the import of drugs not available in Canada; and
- provision of information to health professionals on the wise use and safe handling of human and veterinary drugs.

Control of Dangerous Drugs: This sub-activity, conducted by the Drugs Directorate, is responsible for ensuring that narcotic and controlled drugs for medical use are manufactured and sold in accordance with Canadian and international control requirements and that an appropriate legislative and control framework exists for prohibited narcotic, controlled and restricted drugs.

To carry out these responsibilities a number of strategies are employed, including:

- development of recommendations, policy interpretive guidelines, regulations and drug schedules;
- licensing and import/export permit control at the wholesale level and monitoring and reporting of sales at the retail level;
- inspection and investigation to ensure compliance of authorized individuals and outlets and maintenance of information on patterns of abuse and misuse;
- maintenance of liaison with the health professions to promote judicious use of narcotic and controlled drugs and with law enforcement agencies to reduce diversion of legal drugs to the illicit market; and
- fulfillment of statutory obligations respecting collection of revenues, disposal of seized drugs and assets and payment of prosecution costs.

Quality of Marketed Drugs: This sub-activity, conducted by the Field Operations Directorate, is responsible for ensuring that marketed pharmaceutical products are manufactured to, and conform with, established standards of drug quality. Resources are allocated to the improvement, maintenance or establishment of the level of compliance of manufacturers of prescription, non-prescription and veterinary drug products.

Various strategies are employed and include:

- inspection of drug production and manufacturing facilities and analysis of drug products;
- promotion of voluntary compliance with federal drug regulations by working cooperatively with the drug industry and trade associations;
- development of recommendations for changes in policy and regulations;
- enforcement actions (seizures, recalls or prosecutions) when necessary to ensure that, once identified, hazardous drug products pose no threat to the Canadian population; and
- provision of information to consumers on the wise use and safe handling of drugs.

Resources within this sub-activity are also allocated to providing laboratory drug analysis and expert advice to law enforcement agencies across the country. These services support the enforcement of portions of the Narcotic Control Act and the Food and Drugs Act.

Performance Information/Resource Justification

Selected initiatives planned by the activity (see page 5-6 and 5-7) for 1985-86 are as follow:

Review of Drug Submissions: Prior to marketing a New Drug in Canada, manufacturers must submit evidence respecting its safety, efficacy and quality. Over the past several years, there has been a steady increase in the number of submissions, resulting in lengthy backlogs prior to the beginning of review. Increased resource levels approved during 1984-85 will improve the situation during 1985-86. It is anticipated that backlogs will be eliminated for Pre-clinical Drug Submissions and reduced for New Drug Submissions. Reduced backlogs will improve the climate for clinical research in Canada, making Canada more competitive internationally in attracting clinical research, and will assist in making valuable therapeutic agents available in the health care system as early as possible.

Periodic Review of Marketed Drugs: All drug therapy carries with it the risk of unexpected adverse effects. To ensure that marketed drugs have an acceptable balance between risk and therapeutic benefit, they are subject to periodic

review based on current evaluation standards. Drugs to be studied are those which were marketed some time ago when less rigorous standards were in force, and some more recently introduced that have exhibited unexpected side effects. It is anticipated that some drug products will be removed from the market in 1985-86 and that others will require restrictions on the indications for their use, based on newly generated scientific and clinical evidence.

Non-medicinal Ingredient disclosure for Drugs: Recent scientific evidence has implicated some of the non-medicinal ingredients contained in drug products in producing adverse reactions in a small percentage of the population. Experience gained in dealing with tartrazine (used as a colouring agent in drugs) and sulfites (used as preserving agents in drugs) suggests that disclosure of non-medicinal ingredients in drugs is in the public interest. During 1985-86, policy options will be developed, public consultations will be undertaken and proposals for the establishment of an ingredient disclosure system will be put forward.

New Analytical Technologies: New automated laboratory equipment is allowing efficiency and productivity to be raised, resulting in potential savings which will be applied to deal with changing workload and ensure that the present high level of analytical service to law enforcement agencies is maintained.

Figure 7 provides summaries of specific outputs for 1985-86 accounting collectively for a majority of the resources available to each sub-activity. The costs associated with resource intensive project areas, such as evaluation of safety and effectiveness of drugs prior to marketing are identified. Further details are provided on page 5-27.

2005

Figure 7: Drug Safety, Quality and Efficacy

Sub-Activity	Resources ($000)	P-Y	Overall Output	Specific Outputs 1985-86
Drug Safety and Efficacy	19,401	341	Timely approval of safe and effective drugs for the prevention and treatment of illness in Canada and minimized drug-related hazards.	o Identification and assessments of health hazards associated with drug products and their constituents, including assessments of the continued safety and efficacy of marketed products (81 P-Y, $4.5 million. See page 5-27). o Evaluations of a projected 950 submissions respecting the safety and effectiveness of drugs prior to marketing in Canada (110 P-Y, $4.8 million. See page 5-27). o Assessments of compliance of biological drug manufacturers and marketed biological drugs with standards and regulatory requirements (41 P-Y, $2.0 million. See page 5-27). o Decreased backlogs for premarket drug submissions (see page 5-27). o Clearance on an individual case basis of more than 90% of requests within 24 hours for the import and use of drugs not available in Canada. o Evaluation of selected marketed drugs for continued safety and effectiveness (see page 5-24).
Control of Dangerous Drugs	11,522	125	Minimized improper use and diversion of licit psychoactive drugs.	o Inspections and investigations of a projected 5,000 persons and establishments authorized to possess, distribute and prescribe psychoactive drugs. o Collection and deposit of revenues, and disposal of drugs and assets seized under the legislation with a total value of about $5.0 million. (See page 5-22 and Section III, page 5-43)
Quality of Marketed Drugs	10,281	206	The assurance that marketed pharmaceutical products comply with current regulatory requirements.	o Surveillance for compliance of Canadian manufacturers and domestic and imported drug products through inspections of premises and laboratory analyses (100 P-Y, $2.8 million. See page 5-27) o provision of a projected 1,000 reports on product/supplier compliance as part of federal/provincial cooperation in to health care for Canadians. o Assessment, within one year of marketing, of the level of compliance of new drug products and take corrective action on identified violations. o Resolution of a projected 100 hazard situations with appropriate actions such as product recalls or seizures, as required. o Provision of results of a projected 46,000 qualitative chemical analyses, 3,000 quantitative analyses, and expert testimony to law enforcement agencies engaged in control of drug abuse and trafficking. o Information on veterinary drugs and other educational projects to promote the safe and informed use of drugs.

Details of resource intensive selected outputs are as follows:

Identification and Assessment of Health Hazards: Laboratory re-search projects are necessary to determine the occurrence, level and toxicity of previously unrecognized or poorly characterized hazards in order to assess the need for additional or modified control measures. These studies must provide dependable, timely data on which such controls can be justified. Resources are allocated to these projects based on priority relative to other sub-activity requirements. (This will require 81 person-years and $4.5 million in 1985-86.)

Premarket Evaluation of New Drugs: Assessment of the safety and efficacy of drugs prior to marketing is considered an essential part of a modern drug regulatory program. A total of 850 submissions of all types were reviewed during 1983-84. Resources are allocated on the basis of workload. (This will require 110 person-years and $4.8 million in 1985-86.)

Assessment of Biological Drugs: The safety of many biological drugs is critically dependent on quality. Consequently, in addition to pre-market evaluation requirements, these drugs are subject to lot-by-lot examination and approval prior to sale. Compliance with manufacturing standards is also monitored through plant inspections. Resources are allocated on the basis of workload and priority relative to other sub-activity requirements. (This will require 41 person-years and $2.0 million in 1985-86.)

Surveillance: Inspection of manufacturing plants and laboratory analysis of products provide evidence of manufacturers' compliance with legal standards relating in particular to purity, content and other mandatory requirements. Non-compliance results in appropriate corrective action. Since only a proportion of manufacturers and products can be surveyed each year, available resources are targeted toward high risk products and suspected problem areas. In 1983-84 a total of 240 drug manufacturing were inspected and approximately 15% of the approximately 15,000 notified drug products were analysed in the laboratory. Resources are allocated based on priority relative to other sub-activity requirements. (This will require 100 person-years and $2.8 million in 1985-86.)

Service to Law Enforcement Agencies: Laboratory analysis and expert testimony services are provided to law enforcement agencies to support drug abuse control efforts. During 1983-84 a total of 50,574 analyses were performed and staff appeared as expert witnesses in 178 court cases. The breakdown of analyses, 46,447 qualitative analyses, 2,428 quantitative analyses, and 1,699 diluent identifications, indicates an increase in the more time-consuming quantitative analyses as law enforcement agencies strive to control drug trafficking. Staff also dismantled nine clandestine drug laboratories. Resources are allocated on the basis of workload and priority relative to other sub-activity requirements. (This will require 60 person-years and $1.7 million in 1985-86.)

C. Environmental Quality and Hazards

Objective

To identify other man-made and natural environmental hazards and to control the use of dangerous products.

Resource Summary

The Environmental Quality and Hazards Activity accounts for 15.4% of total Program expenditures and 14.1% of the total person-years. A breakdown of resources is provided in Figure 8.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Environmental, Occupational and Medical Device Hazards	17,287	259	17,453	258	17,272	264
Medical Device Quality	487	17	578	16	646	16
	17,774	276	18,031	274	17,918	280
Revenue	1,000		1,000		858	

Of the total expenditures 62.1% is for personnel costs, 29.0% for operations and maintenance and 8.9% for capital costs. Revenue is from fees charged for provision of dosimetry services and is not available to the Program as offsets against expenditures (see page 5-43).

Description

Environmental, Occupational and Medical Device Hazards: This sub-activity, conducted by the Environmental Health Directorate, is responsible for:

- the assessment and investigation of the health effects of environmental pollutants;
- the assessment and investigation of health hazards associated with, and the control of, medical devices, radiation sources and hazardous products; and

- in conjunction with other organizational units of the Department, the assessment of the health effects of technological and sociological environments.

These tasks are performed through a combination of in-house facilities and contracts with the private sector.

To carry out these responsibilities a number of strategies are employed, including:

- research to identify and assess health hazards;
- development of guidelines, standards and regulations to control health hazards associated with products for which the activity is responsible;
- development and provision of advice or recommendations to other departments or agencies regarding the safety of products for which responsibility is shared;
- evaluation of information supplied by manufacturers in support of safety, quality and effectiveness claims for medical devices and pesticides;
- inspection of x-ray facilities within federal jurisidiction; and
- provision of medical device hazard alerts to health professionals.

Medical Device Quality: This sub-activity, conducted by the Field Operations Directorate, is responsible for ensuring that marketed medical devices conform with regulatory requirements and are used in a judicious manner.

Various strategies are employed and include:

- inspection of medical device manufacturing facilities and analysis of medical devices;
- liaison and coordination with regulatory agencies in other countries, particularly the United States;
- enforcement actions designed to ensure compliance with the law (seizures, recalls, or prosecutions) thereby reducing or removing medical device hazards facing the Canadian public; and
- provision of educational material to health professionals and consumers on the proper use of medical devices.

Performance Information/Resource Justification

Selected initiatives planned by the activity (see page 5-7) for 1985-86 are as follows:

Revised Radiation Emitting Devices Regulations: The primary objective of this activity is to control health hazards associated with devices that emit radiation. This involves the development of regulations specifying safety standards for design, construction and performance. Amendments to regulations are being considered to make requirements more generic and flexible to allow for future developments in technology. Amendments are being processed to include computed tomography (CT) X-ray equipment and to incorporate the newer types of sunlamps on the market into the sunlamps regulations. Also in process are amendments to clarify regulatory requirements for ultrasound therapy devices and to regulatory requirements for ultrasound therapy devices and to update the requirements for diagnostic X-ray equipment, gas discharge devices and extra-oral dental X-ray equipment.

Revised Drinking Water Quality Guidelines: The federal role in ensuring drinking water quality has been to develop, in concert with the provinces, national guidelines for drinking water contaminants. These guidelines, last revised in 1978, require updating in the light of new knowledge, especially relating to organic contaminants. The present guidelines are limited to only 52 substances, while the number of pollutants in water identified by the International Joint Commission as having potentially adverse health effects has been set at 381 chemicals. A Federal-Provincial working group on Drinking Water Quality has been established to revise the current guidelines. The group has met twice to date and have agreed to review criteria for the present 52 substances as well as an additional list of approximately 30 organics and pesticides.

Control of Home-Use Devices: The number and variety of medical devices promoted directly to the public is increasing rapidly and is estimated to have doubled last year in the U.S.A. Some of these devices claim to diagnose many diseases including diabetes, hypertension, cancer and venereal infections. Therapeutic claims for others include relief from chronic pain, reduction of weight and anxiety or many other real or imaginary maladies. Many of the products can be useful in the hands of trained persons, but others pose serious hazards, or are fradulent. On the recommendation of provincial registrars of pharmacy and medicine and several professional societies, a workshop will be held this fall to discuss the concerns and consider regulatory solutions such as restricting sales by prescription. Present activities include: identification and assessment of specific device hazards e.g. electronic muscle relaxers, automated blood pressure kits and portable insulin infusion pumps; and development of standards, guidelines and educational material for widely used products e.g. home-use blood glucose monitors, pregnancy test kits and cancer screening tests.

- **Regional Medical Device Presence:** In response to 1983/84 program evaluation recommendations, the need for specialized personnel and the availability of new resources, the Medical Device Quality Sub-Activity has been restructured to provide an increased regulatory activity on imports, and to allow improved liaison with health professionals in order to better identify and remedy hazards associated with the more than 300,000 medical devices sold in Canada. Technology change and increased reliance of health professionals as medical devices has placed tremendous pressure on regulatory progress designed to ensure their safety and effectiveness.

Figure 9 provides summaries of specific outputs for 1985-86 accounting collectively for a majority of the resources available to each sub-activity. The costs associated with resource intensive project areas, such as the identification and evaluation of health hazards of chemicals, are identified. Further details are provided on page 5-32.

Figure 9: Environmental Quality and Hazards

Sub-Activity	Resources ($000)	P-Y	Overall Output	Specific Outputs 1985-86
Environmental, Occupational and Medical Device Hazards	17,287	259	Advice, assessments, standards, guidelines and regulations for the reduction of health hazards associated with medical devices, radiation sources, chemical products and environmental pollutants.	o Premarket reviews of a projected 600 Part V medical devices (8 P-Y, $400,000). o Development of four new regulations, guidelines or acceptability criteria to protect the health of users of medical devices and to assist Canadian manufacturers of devices. o A projected 150 corrective actions (recalls and alert letters as appropriate) in response to medical device problem reports. o Revised Radiation Emitting Devices Regulations pertaining to X-Ray devices, Ultrasound therapy devices and sunlamps to take account of advances in technology. (See page 5-30) o Provision of Dosimetry Services to a projected 115,000 occupationally exposed workers within a specified turn around time (29 P-Y, $1.6 million. See page 5-32). o Revised guidelines for Canadian Drinking Water Quality. (See page 5-30) o A survey of population exposure to medical X-rays. o Occupational Health guidelines for pregnant workers. o Identification and evaluation of the health hazards of chemicals, consumer products and pesticide submissions (57 P-Y, $4.0 million. See page 5-32).
Medical Device Quality	487	17	Assurance that marketed medical devices comply with regulatory requirements and increased awareness of the proper use of devices.	o Continuation of the redesigned surveillance and corrective action program to improve the level of compliance of medical devices and their manufacturers/suppliers and to reduce the number of hazardous devices in use, presented for import or sale. o Establishment of regional contact points to encourage health professional associations to assist in the identification and resolution of medical device problems. (See page 5-30) o Distribution of educational publications on medical devices as well as maintainance of other ongoing educational thrusts. o Removal of a projected 100 hazardous medical devices from the market.

Details of resource intensive selected outputs are as follows:

Dosimetry Service: A national radiation dosimetry service is provided on a cost recovery basis. Monitoring badges worn by workers potentially exposed to radiation are processed by the service and results are reported to employers to provide a record of radiation exposure. In 1983-84 about 107,000 workers were monitored involving processing of about 500,000 badges. Resources are allocated on a workload basis. (This will require 29 person-years and $1.6 million in 1985-86.)

Identification of Health Hazards: A wide variety of chemicals in the environment and in consumer products are assessed for their potential health effects. When warranted, recommendations, guidelines, standards or regulations are developed to prevent health hazards. Data submitted by manufacturers regarding the safety of pesticides with respect to occupational and bystander hazards are evaluated, and recommendations are made to the Department of Agriculture regarding acceptability for marketing. Resources are assigned to these tasks based on workload and priority relative to other sub-activity requirements. (This will require 57 person-years and $4.0 million in 1985-86.)

Device Premarket Review: A very wide variety of devices including some 100 classes of implantable products were subjected to premarket review under the provisions of Part V of the Medical Devices Regulations. Data for 480 devices submitted by manufacturers on tests to establish safety and efficacy were evaluated in 1984-85 and recommendations were made regarding the acceptability of these devices for a Notice of Compliance prior to their general marketing or for Clinical Trials. Criteria for acceptability were developed as new classes appeared on the market. (This activity will require 8 person-years and $400,000 in 1985-86.)

D. National Health Surveillance

Objective

To prepare and disseminate information concerning the health status of the Canadian population; to establish laboratory medicine standards and to provide laboratory diagnostic technologies.

Resource Summary

The National Health Surveillance Activity accounts for approximately 9.5% of total Program expenditures and approximately 9.6% of the total person-years. A breakdown of resources is provided in Figure 10.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Disease Surveillance	2,560	59	3,192	59	3,269	59
Disease Control Services	6,833	116	6,419	117	5,691	118
Activity Management and Support	1,568	14	1,576	14	1,406	14
	10,961	189	11,187	190	10,366	191

Of the total expenditures, 70.9% is for personnel costs, 20.8% for operations and maintenance and 8.3% for capital costs.

Description

This activity, conducted by the Laboratory Centre for Disease Control, consists of three sub-activities: Disease Surveillance, Disease Control Services, and Activity Management and Support. The latter provides direction, planning and administrative support to the activity as a whole. The other sub-activities are described below.

Disease Surveillance: This sub-activity is concerned with providing epidemiological surveillance and reference information on specific health and disease problems through both collection and evaluation of data and information obtained from other agencies, such as Statistics Canada.

The collected data are employed in a number of strategies to evaluate the occurrence, control and prevention of disease and infection. These strategies include:

- development of surveillance programs on specific disease or disease classes;

- study and evaluation of communicable and non-communicable diseases in hospital, laboratory and community settings;

- development of policies and program options for the control of communicable and non-communicable diseases; and

- development of legislative policy options to control the use of tobacco and cannabis in Canada.

Disease Control Services: This sub-activity contains the laboratory functions associated with disease control and health surveillance.

Some of the strategies employed by this sub-activity are:

- production and marketing of diagnostic microbiological reagents not available commercially for use in hospitals or diagnostic laboratories nationally;

- development of a system of national reference centres for new problem microbiological agents (such as Epstein-Barr virus and the causal agent of Acquired Immunodeficiency Syndrome - AIDS); and

- development of methods and materials for disease diagnosis in conjunction with the development of parameters for the early detect'on of diseases.

Performance Information/Resource Justification

Figure 11 provides summaries of specific outputs for 1985-86 accounting collectively for a majority of the resources available to each sub-activity. In all cases these outputs result from projects allocated less than 20 person-years or costing less than $1 million. Further details of initiatives (see page 5-7) are as follows:

Study of Hospital Acquired Infection Rate: As part of efforts to reduce hospital acquired infections a study of the present situation as regards incidence and types of infection is being undertaken in a number of Canadian hospitals.

Development of Biotechnology: New developments in biotechnology have application to the production of reagents for the diagnosis of infectious disease. The potential exists for the production of previously unavailable reagents and higher quality reagents at lower cost. Two major avenues of biotechnology research already initiated, will be continued and applied to methods of reagent production.

AIDS and Other Sexually Transmitted Diseases: A national committee has been formed to provide a focal point for Canadian efforts to monitor and investigate AIDS. Research into immunology and microbiology of AIDS and other

sexually transmitted diseases will continue to be undertaken by the activity or through contracts. An improved national surveillance system will be expanded to allow trends to be recognized in order to improve control efforts.

Figure 11: National Health Surveillance

Sub-Activity	Resources ($000)	P-Y	Overall Output	Specific Outputs 1985-86
Disease Surveillance	2,560	59	Timely provision of diseases data and guidelines for disease control programs.	o Production of departmental information publications based on the analysis of statistical data from provinces including: - Canada Disease Weekly Report (weekly publication, 6,000 recipients). - Chronic Diseases in Canada (quarterly publication, 3,000 recipients); and - LCDC Newsletter (quarterly publication, 2,000 recipients). o Analysis and production of reports on tuberculosis and sexually transmitted diseases in Canada. o Development and publication of guidelines for disease control programs. o Responses to a projected 60 requests for assistance from provinces to investigate epidemic outbreaks. o Monthly reports to the World Health Organization on an estimated 1,800 annual cases of viral infections in Canada. o A study determining the hospital acquired infection rate and risk factors in selected Canadian hospitals. (See page 5-34.)
Disease Control Services	6,833	116	Production and distribution of diagnostic reagents and provision of national reference services.	o Production and provision of 28,000 vials of microbiological and clinical chemistry reagents to requesting provinces. o Provision of 19 microbiological reference services for commonly occurring microbiological organisms and the establishment of two further reference services. o Development of laboratory technology for rapid diagnosis of infectious diseases. o Production and distribution of 13 proficiency test panels to participating laboratories. o Plan and complete six training courses on biotechnology and diagnostic methodology. o Provision and implementation of safety procedures in laboratory techniques to include 125 tests on 90 safety cabinets within the Health Protection Branch. o Development of two biotechnology methods for the production of diagnostic reagents. (See page 5-34.)

E. Program Administration

Objective

To provide overall direction to, and coordination of program activities, by providing policy advice and direction, planning, financial and administrative services, and financial support services.

Resource Summary

The Program Administration activity accounts for approximately 12.7% of the total Program expenditures and approximately 11.8% of the total person-years. A breakdown of resources is provided in Figure 12.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive	802	13	794	11	961	8
Administrative Support	9,842	141	7,311	139	6,077	143
Scientific Support	4,086	78	4,844	78	3,525	78
	14,730	232	12,949	228	10,563	229
Revenue	24		24		13	

Of the total expenditures 51.0% is for personnel costs, 13.8% for operations and maintenance and 35.2% for capital costs. Revenue is from miscellaneous sources and is not available to the Program as offsets against expenditures (see page 5-43).

Description/Resource Justification

This activity has three sub-activities (Executive, Administrative Support and Scientific Support) which jointly provide central management and support of the other activities of the Health Protection Program.

Organizationally the Executive Sub-Activity corresponds to the Assistant Deputy Minister's Office. The Administrative Support Sub-Activity includes all units of the Finance and Administration Directorate, except for Animal Resources, the Library and Visual Communication, which constitute the Scientific Support Sub-Activity.

Functionally, the Executive Sub-Activity provides program management and coordination with respect to planning, program evaluation, policy development and inter- and intradepartmental, intergovernmental and private sector liaison. The Administrative Support Sub-Activity provides financial and administrative policy, coordination and services. The Scientific Support Sub-Activity provides audio-visual, library and test animal breeding, handling and care services accounting for 27% of the person-year resources of the Activity.

Personnel support is provided by the Administration Program of the Department.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 13: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	67,992	66,436	61,799
Contributions to employee benefit plans	9,518	8,389	9,106
Other Personnel Costs	45	-	-
	77,555	74,825	70,905
Other Operating Costs			
Transportation and communications	4,181	4,156	3,692
Information	313	474	255
Prosecution fees	7,077	7,077	6,308
Other professional and special services	5,607	6,654	5,201
Rentals	624	644	505
Purchased repairs and upkeep	1,475	1,562	2,315
Utilities, materials and supplies	6,563	6,936	6,104
All other expenditures	10	10	321
	25,850	27,513	24,701
Total operating	103,405	102,338	95,606
Capital			
Construction and Acquisition of Land and Buildings	3,732	2,207	2,134
Construction and Acquisition of Machinery and Equipment	8,376	9,691	7,170
	12,108	11,898	9,304
Transfer payments	70	115	830
Total expenditures	115,583	114,351	105,740

2. Personnel Expenditures

Figure 14: Average Annual Salary by Category

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Management	40	40	39	50,350	96,300	63,117
Scientific and Professional						
Scientific Regulations	208	200	206	14,786	68,070	40,201
Biological Sciences	173	152	157	16,161	68,070	44,452
Chemistry	152	148	156	15,724	68,070	36,074
Medicine	55	52	47	40,054	85,140	67,451
Pharmacy	47	47	44	17,630	55,620	40,991
Physical Sciences	20	19	24	15,304	68,070	45,446
Scientific Research	115	112	106	28,176	67,720	52,561
Economics, Sociology and Statistics	27	26	21	14,570	65,080	41,641
Veterinary Science	21	20	19	31,992	68,070	57,213
Other	7	7	8	18,662	50,712	33,111
Administrative and Foreign Service						
Administrative Services	41	39	38	13,912	57,987	33,498
Computer Systems	32	32	22	18,766	61,433	35,245
Program Administration	10	10	13	13,912	57,987	37,153
Other	13	12	13	12,766	57,980	35,238
Technical						
Engineering and Scientific	351	349	350	14,041	50,866	28,662
Other	62	62	70	12,635	57,691	33,024
Administrative Support	475	470	489	12,636	37,130	20,396
Operational	111	111	98	13,253	40,676	22,290

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows salary ranges by occupational group effective October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and payment divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 15: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Accomodation Plan			
New construction	3,732	2,207	1,497
Renovations to existing facilities	-	-	637
Equipment			
New	24	768	128
Replacement	8,352	8,923	7,042
	12,108	11,898	9,304

Figure 16: Details of Major Capital Projects ($000)

	Total Estimated Final Cost		Total Forecast Cost to Mar. 31/85	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
Halifax Construction Project	7,530	7,530	674	-	6,856
Vancouver Construction Project	9,811	10,795	2,057	3,732	5,006
Winnipeg Construction Project	6,818	6,818	680	-	6,138
Radiation Protection Building Extension (Ottawa)	6,653	6,653	300	-	6,353

4. Transfer Payments

Figure 17: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Food Safety, Quality and Nutrition:			
National Food Distribution Centre[1]	15,000	15,000	15,000
Pan-American Conference of Food Quality Control Officials	-	40,000	-
Environmental Quality and Hazards:	-	-	-
World Health Organization[2]	50,000	50,000	150,000
International Agency for Research on Cancer	-	-	652,000
International Commission on Radiological Protection[3]	5,000	5,000	5,000
	70,000	110,000	822,000
Contributions			
National Health Surveillance:			
Summer Canada - Student Employment Program	-	-	8,000
Program Administration: Canadian Public Health Association	-	5,000	-
	-	5,000	8,000
	70,000	115,000	830,000

[1]The National Food Distribution Centre is a non-profit organization which arranges for the distribution of special foods to Canadians with metabolic abnormalities.

[2]To support the International Program on Chemical Safety in the development of International Chemical Standards which in term support Environmental Quality and Hazards Activity assessment and control of chemical environmental pollutants.

[3]Publications of this Commission are used as a basis for the development of regulations under the Radiation Emitting Devices Act and the Food and Drug Act for radiological material.

B. Cost Analysis

The Program's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered to ascertain the net cost of the Program. These are services provided without charge by other government departments and revenues generated by the Program that are not credited to the Program votes. They include accommodation services ($11.7 million) provided by the Department of Public Works and financial Services ($197,000) provided by the Department of Supply and Services. Figure 18 provides an analysis of the net program cost by activity.

Figure 18: Net Cost of Program by Activity ($000)

	1985-86 Total Program Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost 1985-86	Total 1984-85
Food Safety, Quality and Nutrition	30,914	4,004	34,918	-	34,918	35,147
Drug Safety, Quality and Efficacy	41,204	4,600	45,804	5,261	40,543	41,368
Environmental Quality and Hazards	17,774	1,890	19,664	1,000	18,664	19,052
National Health Surveillance	10,961	1,280	12,241	-	12,241	12,656
Program Administration	14,730	1,573	16,303	24	16,279	14,674
	115,583	13,347	128,930	6,285	122,645	122,897

C.. Revenue Analysis

Figure 19: Details of Revenue ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Drug Safety, Quality and Efficacy			
Import/export and other license fees	11	11	9
Fines and seizures	5,250	5,250	5,330
Environmental Quality and Hazards			
Radiation protection, dosimetry services	1,000	1,000	858
Program Administration			
Miscellaneous revenue	24	24	13
	6,285	6,285	6,210

D. Additional Information

1. Acts and Instruments which Support the Mandate of the Health Protection Program

Administered in Whole or in Part

Department of National Health and Welfare Act
Food and Drugs Act
Narcotic Control Act
Radiation Emitting Devices Act
Environmental Contaminants Act
Hazardous Products Act

Ancilliary Acts or Instruments

Clean Air Act
Pest Control Products Act
Broadcasting Act
Atomic Energy Control Regulations
Canada Labour Code (Part IV, Canada Dangerous Substances Regulations)
Financial Administration Act
Canada Water Act
Transport of Dangerous Goods Act
Fisheries Act.

2. List of Regional and District Offices and Regional Laboratory Locations

	Regional Headquarters	District Office	Sub-District Office	Laboratory
Atlantic Region				
Halifax	X	X		X
St. John's		X		
Charlottetown		X		
Saint John		X		
Sydney			X	
Quebec Region				
Montreal (Longueuil)	X	X		X
Trois Rivieres		X		
Quebec		X		
Sherbrooke		X		
Hull		X		
Ontario Region				
Toronto (Scarborough)	X	X		X
Ottawa		X		
Hamilton		X		
London		X		
Windsor			X	
Thunder Bay			X	
Sudbury			X	
Central Region				
Winnipeg	X	X		X
Brandon		X		
Regina		X		
Saskatoon		X		
Western Region				
Vancouver	X	X		X
Calgary		X		
Edmonton		X		
Kelowna		X		
Victoria		X		

Income Security Program Expenditure Plan

1985-86

2025

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend a net amount of $65,234,000 during 1985-86 for the operation of the Income Security Program. This amount is net of estimated expenditures of $39,015,000 for administrative services to be charged to the Canada Pension Plan.

An estimated $10,876,000 in expenditures for employee benefits will be met under existing statutory authority. A portion of these operating expenditures, estimated at $3,493,000 is included in the administrative services that will be charged to the Canada Pension Plan.

Statutory authority also exists for the Program's expenditures on Old Age Security and Family Allowances payments, which are estimated at $15,011,000,000 for 1985-86.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Income Security Program		
45	Program expenditures	65,234	60,632
(S)	Family Allowance Payments	2,510,000	2,429,000
(S)	Old Age Security Payments	8,874,000	8,286,000
(S)	Guaranteed Income Supplement Payments	3,365,000	2,771,000
(S)	Spouse's Allowance Payments	262,000	279,000
(S)	Contributions to Employee Benefit Plans	10,876	9,472
	Total Program	15,087,110	13,835,104

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Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Income Security Program	
45	Income Security - Program expenditures including recoverable expenditures on behalf of the Canada Pension Plan	65,234,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized Person-Years	Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote	Total	
Family Allowances				2,510,000	2,510,000		2,510,000	2,429,000
Old Age Security				12,501,000	12,501,000		12,501,000	11,336,000
Program Administration	3042	113,925	1,200		115,125	39,015	76,110	70,104
	3042	113,925	1,200	15,011,000	15,126,125	39,015	15,087,110	13,835,104

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Voted Budgetary Expenditures	$	$	$
Vote 35 - Income Security - Program Expenditures including recoverable expenditures on behalf of the Canada Pension Plan	54,737,000	58,968,117	60,596,021
Statutory Budgetary Expenditures			
Family Allowances payments (R.S.c. F-1)	2,325,000,000	2,326,572,372	2,326,572,372
Old Age Security payments (R.S.c. O-6)	7,767,000,000	7,648,959,224	7,648,959,224
Guaranteed Income Supplement payments (R.S.c. O-6)	2,859,000,000	2,524,449,744	2,524,449,744
Spouse's Allowance payments (R.S.c. O-6)	280,000,000	232,913,695	232,913,695
Contributions to employee benefit plans	8,725,000	9,711,000	9,711,000
Refunds of amounts credited to revenue in previous years		743	743
Sub-Total	13,239,725,000	12,742,606,778	12,742,606,778
Total	13,294,462,000	12,801,574,895	12,803,202,799

Income Security Program
Expenditure Plan

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- This Program provides Old Age Security payments to some 2.6 million pensioners and Family Allowance payments to agencies, institutions and approximately 3.6 million families on behalf of 6.5 million children (see pages 6-22 and 6-19).

- The beneficiaries of these payments make up approximately 36% of the Canadian population.

- Financial requirements for Old Age Security and Family Allowance payments are expected to be $15.0 billion in 1985-86. This is an increase of $1.2 billion (8.4%) over the prior year.

- Gross operating expenditures are anticipated to be $115 million in 1985-86, an increase of $5.1 million or 4.7% over 1984-85. These expenditures are less than one percent of total Program requirements (see page 6-27).

2. Financial Summary by Activity

Figure 1: Total Program Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Benefit Payments				
- Statutory				
Old Age Security Basic Pension	8,874,000	8,204,000	670,000	
Guaranteed Income Supplement	3,365,000	3,973,000	392,000	
Spouse's Allowance	262,000	252,000	10,000	
	12,501,000	11,429,000	1,072,000	6.22
Family Allowances	3,510,000	2,418,000	92,000	6.19
	15,011,000	13,847,000	1,164,000	
Operating Expenditures				
- All Activities	115,125	110,006	5,119	6.28
	15,126,125	13,957,006	1,169,119	
Less: Revenue Credited to the Vote	39,015	37,629	1,386	
Total Expenditures	15,087,110	13,919,377	1,167,733	
Authorized Person-Years	3,042	2,989	53	

B. Recent Performance

1. Highlights

- The difference between the actual and originally projected statutory payments is due mainly to changes from original forecasts in the Consumer Price Index (see pages 6-19 and 6-23).

- Operating expenditures for the year were approximately $2.9 million more than in Main Estimates (see page 6-29).

- There was a marginal decrease in defined program workload from that anticipated, particularly in the income-tested benefits (see page 6-31).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance

	1983-84		
	Actual	Main Estimates	Change
Benefit Payments			
- Statutory			
Old Age Security Basic Pension	7,648,959	7,767,000	118,041
Guaranteed Income Supplement	2,524,450	2,859,000	334,550
Spouse's Allowance	232.914	280,000	47,086
	10,406,323	10,906,000	499,677
Family Allowances	2,326,572	2,325,000	(1,572)
	12,732,895	13,231,000	498,105
Operating Expenditures	95,085	92,209	(2,876)
Less: Revenue Credited to the Vote	24,777	28,747	3,970
Total expenditures	12,803,203	13,294,462	491,259
Person-Years	2,856	2,799	(57)

C. Background

1. Introduction

The legislation referred to under the Income Security Program consists of the Family Allowances Act, the Old Age Security Act and specified parts of the Canada Pension Plan. The Income Security Programs Branch of the Department of National Health and Welfare promotes and preserves the social security and social welfare of individuals through the administration of this legislation, through the formulation of policy and legislation, and through the fulfillment of other activities as delegated by the Deputy Minister.

2. Legal Mandate

The legal mandate for this Program is set out in the Canada Pension Plan, the Family Allowances Act, 1973, the Old Age Security Act, and the National Health and Welfare Act. This legislation, except in the case of the incorporating statute, sets out a mandate which, rather than being general and permissive, is largely specific and non-discretionary. Both the determination of monthly benefits and the eligibility for them are defined by the legislation.

3. Program Objective

To maintain and improve the income security of the people of Canada.

4. Program Organization for Delivery

Activity Structure: The Program is subdivided into four activities:

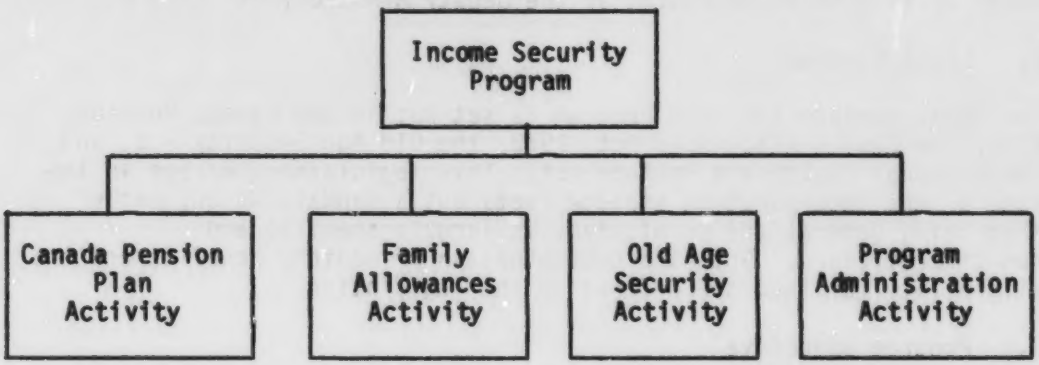
- Canada Pension Plan provides compulsory and contributory earnings-related protection to Canadian wage-earners and their families in the event the Canada Pension Plan contributor reaches age 65, becomes disabled or dies.

- Family Allowances provides financial assistance to families and institutions raising children as part of the overall Child Benefits System.

- Old Age Security provides a basic level of income for older Canadians and additional income assistance for Old Age Security recipients, and their spouses aged 60-64, who have limited income from other sources.

- Program Administration provides overall coordination of program activities by providing policy advice and analysis, planning, financial and administrative services; determines eligibility, processes payments, and maintains and provides information relative to the Canada Pension Plan, Family Allowances and the Old Age Security programs in accordance with the legislation of the Canada Pension Plan, the Family Allowances Act, 1973, the Old Age Security Act and the mandates delegated from the National Health and Welfare Act.

Figure 5: Income Security Program Activity Structure



Organization Structure: The Income Security Programs Branch is under the direction of an Assistant Deputy Minister and is divided into four responsibility areas:

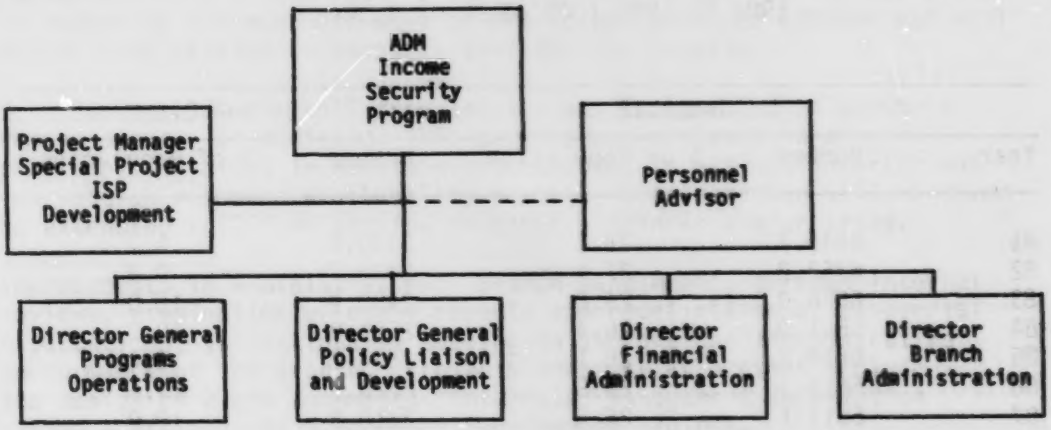
- The Programs Operations Directorate is responsible for the provision of information and counselling services to the public on the terms and conditions of the Old Age Security and Family Allowances programs and on the Canada Pension Plan; for the processing of applications for benefits under these programs; and for the maintenance of beneficiary and contributor accounts. The Directorate carries out its responsibilities through a highly decentralized organization having 305 full- and part-time client-service centres in Canada.

- The Policy, Liaison and Development Directorate is responsible for policy advice and analysis for senior management and the Minister; development of legislation; program planning; the development and analysis of quantitative data to support analysis; and international liaison.

- The Financial Administration Directorate coordinates the preparation of financial estimates and forecasts; informs and advises Branch senior management on the financial aspects and controls of the statutory programs and operating budgets; and provides all financial support services to the Income Security Programs Branch.

- The Branch Administration Directorate is responsible for records management; editing and revision services; affirmative action co-ordination; accommodation; facilities management and material management; official languages; and the operation and maintenance of administrative control systems.

Figure 3: Income Security Programs Branch - Organization



D. Planning Perspective

1. Environment

The most significant environmental factor that will affect this Program is population change. Major demographic changes are taking place in Canada. While birth rates have been declining, the elderly population has increased.

As a result of these changes, it is projected that by the year 2000, 13.2% of the total population will be over age 65 and 21.6% under 18 years of age. This compares with an estimated 10.4% elderly and 26.0% young in the 1985-86 population. Significant deviations from this projection will occur only if there are dramatic changes in such variables as immigration and the numbers of children per family. Figure 4 shows the effect of these demographic changes on the number of children and elderly people over a ten year period from 1981 to 1990.

Figure 4: Number of Children and Elderly people - 1981 to 1990 (000's)

	Under 18		65 and Over	
Year	Number	% of Population	Number	% of Population
81	6845.7	28.1	2360.6	9.7
82	6752.2	27.4	2430.7	9.9
83	6676.0	26.8	2490.9	10.0
84	6631.0	26.4	2551.8	10.2
85	6616.2	26.1	2634.7	10.4
86	6613.3	25.8	2720.9	10.6
87	6611.1	25.6	2810.8	10.9
88	6596.2	25.3	2893.5	11.1
89	6574.4	25.0	2976.7	11.3
90	6565.4	24.7	3058.2	11.5

Source: Statistics Canada, Population of Canada.

2. New Initiatives

During 1985-86, the Program will undertake or continue the following initiatives:

Income Security Programs Development: There is a recognized need to update, improve and incorporate technological advances in the Income Security Program delivery systems in order to provide improved service to the public, increase overall efficiency and limit administrative costs. In 1984-85, the design of a project to consolidate, integrate and modernize the delivery procedures and systems for all three Income Security Programs was initiated. A project plan and schedule have been developed and systems design and an organizational plan should be completed for review in 1985-86.

Toll Free Service: The Branch has an extensive network of offices across the country. Most Canadians may obtain program information or advice without charge. However, those outside the local calling area pay long distance charges for telephone access. Upon the recommendations of the Task Force on Service to the Public, the Branch is searching for economic ways of providing toll free service and will extend such service as resource availability permits.

During 1984-85, toll free service was implemented in northern remote areas. In addition, this service was extended in a province-wide pilot in Manitoba. Subsequent to evaluation after one year and as resource availability permits, consideration will be given to extending toll free service in other provinces and/or areas.

Improvements in Administration: Branch management, through internal reviews, examination of audit reports and redefinition of managerial expectations, is continually seeking to improve the administrative performance of the Branch. Projects underway at present include the design of a new automated, integrated management information system and a records management improvement project.

3. Update on Previously Reported Initiatives

To reform the pension system: The Income Security Programs Branch will continue to be involved in pension reform activities.

To improve the income situation of the elderly through improvements to the Guaranteed Income Supplement: In June 1984, legislation was passed which increased some of the benefits under the Guaranteed Income Supplement Program.

To improve disability benefit protection to disabled Canadians: The report of the Joint Federal/Provincial Study of a Comprehensive Disability Protection Program, was completed in September 1983, and submitted to federal and provincial Ministers. The Ministers agreed that the Study Group should undertake further developmental work and this is underway.

To improve the Income Security protection provided to migrants: The Branch is continuing to negotiate international social security agreements that ensure the continuity of social security protection for migrants and to coordinate Canada's income security programs and those of other countries. Agreements are in effect with France, Greece, Italy, Jamaica, Portugal and the United States. Discussions are underway towards agreements with a number of additional countries, and others will be started in the year ahead.

Reorganization of the Ontario and Nova Scotia Regional Offices: In 1982, it was announced that Family Allowances and Old Age Security operations for Ontario would be decentralized to Chatham, Peterborough and Timmins, with a unit to remain in Toronto. Canada Pension Plan operations for Ontario will be decentralized from the National Capital Region to co-locate with the other programs at the above four locations. These moves will allow for further integration of the delivery systems for the three programs. The Branch's planned relocation of the regional office for Nova Scotia from Halifax to Sydney has been cancelled.

Canada Pension Plan Contributor Information Program: Since 1966 Canadians have been making compulsory contributions to the Canada Pension Plan based upon their insured earnings. There is a need for a program to notify individuals of their contributions so that timely corrections could be made in case of error and, as well, to increase public knowledge of benefits available under the Plan. In 1983 a pilot project was implemented and the result in 1984-85 was full implementation of a regular program. The impact of the resulting increased workload has not been fully evaluated as yet but monitoring mechanisms are in place.

Control Programs: The framework has been developed for a more effective control program to ensure that individual statutory payments made under the Income Security Program are paid only to eligible recipients and in the correct amount. The improved control program may be implemented as an ongoing function.

4. Program Effectiveness

Over 99% of the population aged 65 or over apply for and receive basic Old Age Security benefits. Close to 90% of the eligible Guaranteed Income Supplement population and over 98% of the eligible Spouse's Allowances population receive benefits. The Family Allowances take-up rate is also estimated to be well over 99%. The high degree of program take-up indicates the benefits are reaching the people they were designed to serve.

One of the roles of the Old Age Security program is to provide a basic level of income for older Canadians. This serves as the basis for other retirement income. A survey of OAS beneficiaries conducted by the Branch indicates that over 35% of the total income from all sources received by the elderly comes from OAS and GIS benefits. That fact, coupled with the high degree of take-up noted above, demonstrates that the program successfully fulfills its mission.

Research conducted by the Branch points to the success of the Canada Pension Plan in meeting its objectives. Close to 1.75 million Canadians will be in receipt of CPP benefits in the 1985-86 fiscal year. A survey of CPP disability recipients indicated that CPP benefits represented the most important source of their income and accounted for close to a third of all the income reported. A further survey of CPP retirement beneficiaries indicated that CPP benefits represented the third most important source of retirement income, following OAS benefits and income from investments. For persons receiving CPP survivor benefits, the payments make up about one out of every six and a half dollars of income.

Section II
Analysis by Activity

A. Canada Pension Plan

Objective

To provide compulsory and contributory earnings-related protection to Canadian wage earners and their families in the event the Canada Pension Plan contributor reaches age 65, becomes disabled or dies, in compliance with the responsibilities assigned to the Minister of Health and Welfare by the Canada Pension Plan legislation.

Resource Summary

Operating expenditures are detailed under the Program Administration Activity.

Note: For further details of the Canada Pension Plan, refer to pages 6-39 to 6-52.

Relationship of the Canada Pension Plan to the Program

Canada Pension Plan benefit payments and administrative expenses are funded from compulsory contributions by the self-employed, employers, employees and from the income earned by the CPP Investment Fund. The CPP is administered by the federal government and the administrative costs incurred are charged to the Plan.

B. Family Allowances

Objective

To financially assist families and institutions raising children as part of the overall Child Benefits System.

Resource Summary

Family Allowances expenditures, which are estimated at $2.5 billion in 1985-86, account for 17% of total Program expenditures. Figure 6 provides the benefit payment expenditures. Operating expenditures are detailed under the Program Administration Activity.

Figure 6 : Family Allowances Benefit Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Benefit payments	2,510,000	2,418,000	2,326,572

The forecast increase of $92 million or 3.8% in benefit payments between 1984-85 and 1985-86 is due to an increase of $1.41 in the average monthly rate (from $30.57 to $31.98) due to cost of living indexing. This is slightly offset by a decrease in population of 52,882 children (from 6,592,281 to 6,539,399).

Past Financial Performance

Figure 7 shows actual compared to originally estimated benefit payments for the Family Allowances Activity. Operating expenditures are detailed under the Program Administration Activity.

Figure 7: 1983-84 Family Allowances Benefit Payments ($000)

	1983-84		
	Actual	Main Estimates	Change
Benefit payments	2,326,572	2,325,000	(1,572)

The increase in benefit payments of $1.6 million is due to a higher than anticipated number of eligible children partly offset by a slight decrease from the anticipated average monthly rate.

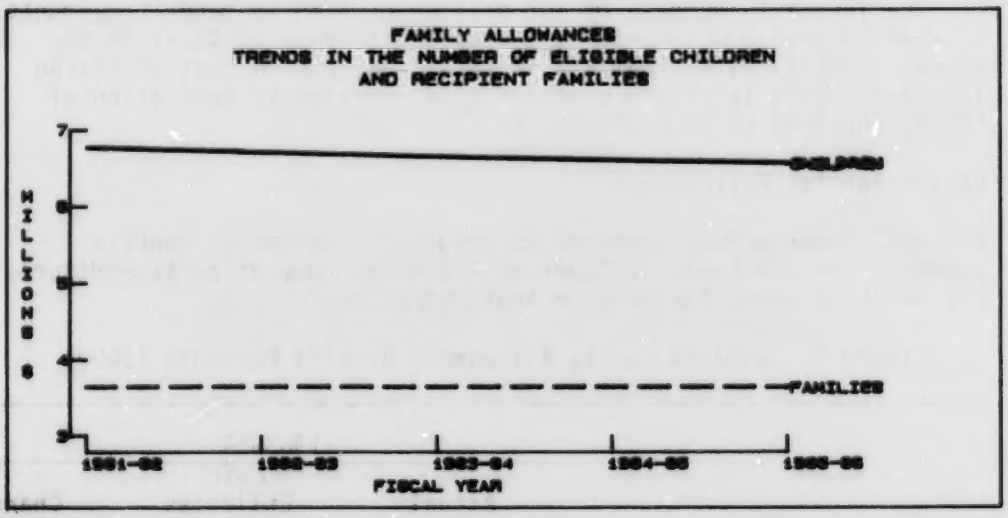
Description

The Department pays Family Allowances monthly on behalf of children under the age of 18 who are resident in Canada and who are maintained by parents or guardians who also meet certain residence requirements. The Allowance is normally paid to the mother. Special Allowances are paid on behalf of children under 18 who are maintained by welfare agencies or government departments and institutions. Currently, the Program is making payments on behalf of 6.5 million children.

Resource Justification - Benefit Payments

The major variables affecting total expenditures are the average number of recipients and average monthly payments. Figure 8 shows the trend in numbers of eligible children and the number of recipient families over a five year period.

Figure 8: Family Allowances - Trends in the Number of Eligible Children and Recipient Families



Controllable Variables: The primary controllable variables which affect total payments are the amount of monthly benefits, the eligibility criteria for receiving benefits and inflation. Figure 9 provides a five year summary of the standard and special Family Allowances monthly benefits paid by the federal government.

Figure 9: Family Allowances - Summary of Federal Monthly Benefits

Calendar Year	Family Allowances	Special Allowances
	$	$
1981	23.96	33.53
1982	26.91	37.65
1983	28.52	41.87
1984	29.95	44.68
1985	31.33	46.74

Notes:
1. Benefits are escalated annually on January 1.
2. Information for calendar year 1985 is a projection.
3. The Child Tax Credit payable in 1983 and 1984 has been increased to $343.00 to offset limitations of the 6% and 5% indexation in Family Allowances.

Provinces may vary the amount of Family Allowances which the federal government pays to their residents according to the age and/or number of children in each family. Over a four-year period, the average benefit must equal the national rate and individual payments must be at least 60% of the federal rate per child. Currently, Alberta varies the rate according to the age of the child, while Quebec varies the rate according to both the age of the child and number of children in a family.

C. Old Age Security

Objective

To provide a basic level of income for older Canadians and additional income assistance for Old Age Security recipients, and their spouses aged 60-64 who have limited income from other sources.

Resource Summary

Old Age Security expenditures are estimated at $12.5 billion for 1985-86. These expenditures account for 83% of total Income Security Program expenditures. Figure 10 shows the financial resources required for the three types of Old Age Security benefits. Operating expenditures are detailed under the Program Administration Activity.

Figure 10: Old Age Security Benefit Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Benefit Payments			
Basic Pension	8,874,000	8,204,000	7,648,959
Guaranteed Income Supplement	3,365,000	2,973,000	2,524,450
Spouse's Allowance	262,000	252,000	232,914
	12,501,000	11,429,000	10,406,323

Explanation of changes between 1984-85 and 1985-86:

Basic Pension increase of $11.52 in the average monthly rate (from $270.68 to $282.20) due to inflation, and an increase in population of 94,705 beneficiaries (from 2,525,835 to 2,620,540).

Guaranteed Income Supplement increase of $20.53 in the average monthly rate due to inflation, changes in legislation and an increase in population of 31,758 beneficiaries (from 1,254,119 to 1,285,877).

Spouse's Allowance increase of $7.02 in the average monthly rate due to inflation and an increase in population of 882 beneficiaries (from 90,860 to 91,742).

Past Financial performance

Figure 11 compares actual to originally estimated benefit payments for the Old Age Security Activity. Operating expenditures are detailed under the Program Administration Activity.

Figure 11: 1983-84 Old Age Security Benefit Payments ($000)

	1983-84		
	Actual	Main Estimates	Change
Benefit Payments			
Basic Pension	7,648,959	7,767,000	118,041[1]
Guaranteed Income Supplement	2,524,450	2,859,000	334,550[2]
Spouse's Allowance	232,914	280,000	47,086[3]
	10,406,323	10,906,000	499,677

1 The actual Basic Pension was $1.46 less than the average monthly rate (from $260.06 to $258.60). This was due to lower than anticipated rates of inflation and a decrease in population of 24,323 beneficiaries (from 2,488,824 to 2,464,501).

2 The Guaranteed Income Supplement average monthly rate was $19.52 less than the anticipated rate (from $190.84 to $171.32). This was due to lower than anticipated rates of inflation, higher than anticipated average incomes of the beneficiaries and a lower than anticipated population of beneficiaries (from 1,248,364 to 1,227,810).

3 The Spouse's Allowance average monthly rate was $26.04 less than anticipated (from $251.32 to $225.28). This was due to lower than anticipated rates of inflation, higher than anticipated average incomes of the beneficiaries and a lower than anticipated population of beneficiaries (from 92,800 to 86,182).

Description

Three kinds of Old Age Security benefits are payable, as follows:

Basic Pension: The basic Old Age Security pension is a monthly benefit paid to persons aged 65 and over who apply for it and who satisfy certain residence requirements. Ninety-nine percent of the population aged 65 and over receive this benefit. The amount of the pension may be full or partial depending on the previous periods of residence.

Guaranteed Income Supplement: Old Age Security pensioners with limited income apart from the basic pension may receive a Guaranteed Income Supplement. The amount of the supplement varies according to the reported income of the pensioner for the previous calendar year.

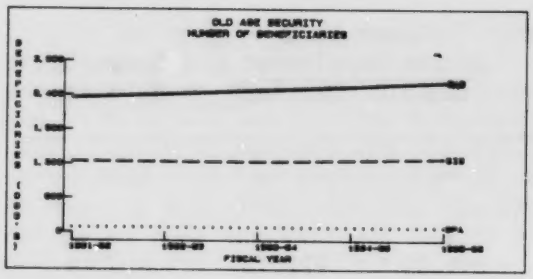
Spouse's Allowance: This income-tested monthly allowance is available to Old Age Security pensioners' spouses who are 60 to 64 years old and who meet the residence requirements that apply to the basic pension. The allowance also varies according to the reported income of the couple from the previous year.

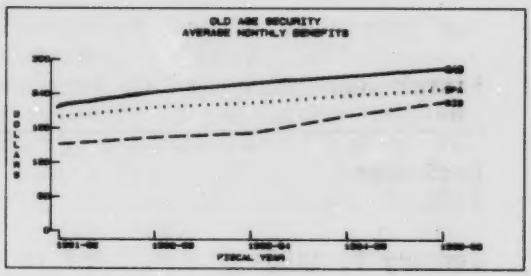
Of the 2.6 million persons who will receive Old Age Security benefits in 1985-86, 1.3 million will receive the Guaranteed Income Supplement and 92,000 will receive the Spouse's Allowance.

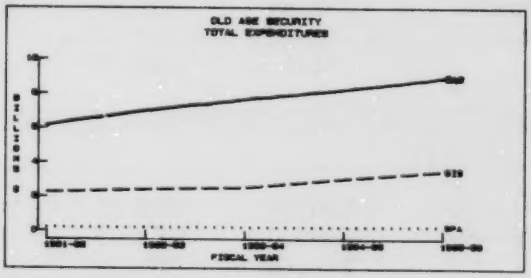
Resource Justification - Benefit Payments

Recipients and Average Monthly Benefits: In Figure 12, the main variables that affect total expenditures are summarized in two statistics: the average number of recipients and the average monthly benefits. This Figure illustrates the trend in these two statistics as well as total expenditures over a five-year period for each of the three components of Old Age Security.

Figure 12: Old Age Security - the Number of Beneficiaries, Average Monthly Benefits and Total Expenditures







Controllable Variables: Several of the variables that influence the total benefits displayed in Figure 13 cannot be controlled. Such variables include changes in target populations, as well as inflation and interest rates which affect average monthly benefits. However, Parliamentary control can be exercised over the rate of maximum monthly benefits and eligibility for benefits.

Figure 13: Old Age Security - Summary of Maximum Monthly Benefits* ($)

Fiscal year	Basic Pension	Guaranteed Income Supplement Single	Guaranteed Income Supplement Married	Spouse's Allowance
Estimates 1985-86				
January 1, 1986	287.75	341.99	222.73	510.48
October 1, 1985	285.47	339.28	220.96	506.43
July 1, 1985	282.64	335.92	218.78	501.42
April 1, 1985	278.47	330.95	215.54	494.01
Actual (Annual Average)				
1984-85	270.84	303.41	209.64	480.48
1983-84	258.78	259.99	200.47	459.25
1982-83	242.60	243.72	187.92	430.53
1981-82	218.13	219.00	168.85	386.98

*Benefits are adjusted quarterly (or indexed) to reflect increases in the Consumer Price Index.

D. Program Administration

Objective

To provide overall direction and coordination of program activities by providing policy advice and analysis, planning, financial and administrative services; to determine eligibility, to process payments and to maintain and provide information relative to the Canada Pension Plan, Family Allowances and Old Age Security programs; and to do so in accordance with the legislation of the Canada Pension Plan, the Family Allowances Act, 1973, the Old Age Security Act and the mandates delegated from the National Health and Welfare Act.

Resource Summary

Total operating expenditures shown in Figure 14 are expected to increase $5.1 million or 4.7% between 1984-85 and 1985-86.

Figure 14: Program Administration Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Expenditures			
Personnel	89,358	83,541	78,166
Goods and Services	24,567	24,858	15,700
Capital	1,200	1,492	893
Transfer Payments	-	115	326
Total Operating Expenditures	115,125	110,006	95,085
Less: Revenue Credited to the Vote	39,015	37,629	24,777
Net Operating Expenditure	76,110	72,377	70,308

The increase of $5.1 million in total operating expenditures between 1984-85 and 1985-86 is due to:

	($000)
• Workload increases	1,008
• Reorganization of Ontario and Nova Scotia Regional Offices	1,866
• CPP Contributor Information Program	1,078
• Cost increases for personnel and goods and services	4,850
• ISP Development Project	(1,899)
• Information Campaign	(559)
• Information reduction	(766)
• General reduction	(180)
• Miscellaneous	(279)
Total Change	5,119

Past Financial Performance

Figure 15 shows actual compared to originally estimated operating expenditures for the Program Administration Activity.

Figure 15: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Operating Expenditures			
Personnel	78,166	76,368	(1,798)
Goods and Services	15,700	15,480	(220)
Capital	893	361	(532)
Transfer Payments	326	-	(326)
Total Operating Expenditures	95,085	92,209	(2,876)[1]
Less: Revenue Credited to the Vote	24,777	28,747	3,970
Net Operating Expenditures	70,308	63,462	(6,846)

1 Actual expenditures turned out to be $2.9 million or 3.1% higher than anticipated due to:

	($000)
• Expenditures for the following projects for which funding has been approved through Supplementary Estimates:	
-ISP Development	(602)
-Reorganization of Ontario and Nova Scotia regional offices	(2,312)
-Control Programs	(363)
-NEED Program	(326)
• Administrative restraint measures and internal reallocations	886
• Miscellaneous	(159)
Total Change	(2,876)

Description

The Program Administration Activity encompasses:

- the development and provision of plans and policy advice for the Minister and Senior Management;
- the determination of benefit entitlement;
- the processing of payments for beneficiaries; and
- the maintenance and provision of information relative to the Income Security Program.

Performance Information/Resource Justification

The human resource requirements and performance information are presented in two ways - by Activity and by Function. (See pages 6-31 and 6-33)

Activity Information: The workload for each "program" Activity, Canada Pension Plan, Family Allowances and Old Age Security, is measured in terms of the accounts maintained. The numbers reflect the volumes as well as the relative complexity of the various benefit types. The resources include both the direct costs, such as those spent on processing the applications, and the indirect costs for overhead.

Figure 16: Program Performance

	Estimates 1983-84	Forecast 1983-84	Actual 1983-84	Change	Forecast 1984-85	Estimates 1985-86	Change
Workload[2]							
Canada Pension Plan (benefits)	1,068	1,064	1,055	(9)	1,132	1,215	83
Family Allowances (accounts)	678	677	676	(1)	675	674	(1)
Old Age Security (weighted accounts)	1,441	1,425	1,410	(15)	1,442	1,491	49
Program Workload	3,187	3,166	3,141	(25)	3,249	3,380	131
Resources (person-years)							
Canada Pension Plan	810	931	902	(29)	961	985	24
Family Allowances	675	647	635	(12)	651	659	8
Old Age Security	1,314	1,337	1,319	(18)	1,377	1,398	21
Program Resources (person-years)	2,799	2,915	2,856	(59)	2,989	3,042	53
Efficiency[3]							
Canada Pension Plan	131.85[1]	114.29	116.96[1]	2.67	117.79	123.35	5.56
Family Allowances	100.44	104.64	106.46	1.82	103.69	102.28	(1.41)
Old Age Security	109.67	106.58	106.90	0.32	104.72	106.65	1.93
Program Efficiency	113.86	108.61	109.98	1.37	108.70	111.11	2.41

1 The change in efficiency is due mainly to the addition of person-years, acquired through Supplementary Estimates, for the decentralization and relocation of regional offices.

2 Expressed in "person-years of work".

3 Expressed in index form relative to the base year 1979-80, at 100% productivity.

Program Performance: Program workload in 1983-84 was 0.79%, below the projected level. Resource utilization was 2.02% below forecast. The resulting Program efficiency was 109.98%, relative to the base-year 1979-80 at 100%, an increase of 1.37% from the forecast.

Person-year resources will increase by 4.70% between 1983-84 and 1984-85 and by 1.77% in 1985-86. Workload will increase by 3.4% between 1983-84 and 1984-85 and by 4.0% in 1985-86. Due to the decentralization and relocation of regional offices, efficiency is predicted to decrease for the Program by 1.28% between 1983-84 and 1984-85 and subsequently increase by 2.41% as costs diminish.

Canada Pension Plan (CPP): Two hundred and sixty five thousand (265,000) applications for Canada Pension Plan benefits were received in 1983-84: 32% were for retirement pension, 26% were for disability pension and related benefits, 16% for surviving spouse's pension, 4% for orphan's benefits and 22% for death benefits. The number of applications is slightly higher than expected mainly due to disability benefits which were 3% higher than originally forecasted.

Beneficiary Account Maintenance: In 1983-84, a total of 1,578,000 benefits were maintained in regular pay (992,000 retirement benefits, 157,000 disability, 328,000 surviving spouses and 101,000 orphans). Eligible accounts have to be paid regularly and the account information must therefore be maintained.

Record of Earnings: Eligibility for and the amount of CPP benefits depends upon the applicant's record of contributions and earnings. During the 1983 tax year, 8 million persons contributed to CPP. By March 1984, there were 16 million active accounts against which a total of 20 million transactions were processed during 1983-84.

General Results: The actual workload in CPP for 1983-84 was within 1% of the forecast. Resources required were well below planned levels, resulting in a higher than anticipated efficiency level.

Family Allowances (FA):

Applications for Benefits: During 1983-84, 406,000 applications for Family Allowance Benefits were received.

Beneficiary Account Maintenance: As forecast, almost 3,637,000 Family Allowances accounts were paid in 1983-84. The preponderance of benefits are paid directly to families, with only 1% going to child maintenance agencies and foster parents. Account information is maintained in order to ensure that those who are eligible continue to receive the payments regularly.

General Results: The 1983-84 workload in Family Allowances was within 0.1% of the original forecast while resource utilization was lower. These two factors resulted in increased productivity.

Old Age Security (OAS):

Applications for Benefits: In 1983-84, approximately 313,000 new applications for OAS benefits, Guaranteed Income Supplement (GIS) and Spouse's Allowances (SPA) were processed. There were 1,300,000 applications for the renewal of GIS.

Beneficiary Account Maintenance: In 1983-84, 1.2 million OAS-basic accounts, 1.2 million OAS/GIS accounts and 86,000 SPA accounts were maintained. A considerable number of maintenance actions were processed.

General Results: The workload in Old Age Security for 1983-84 was 1% below the original forecast. The drop in workload was associated with a corresponding drop in resource utilization causing the efficiency to remain as planned.

Function Information: The work activities of the Income Security Programs Branch are categorized into five main areas of endeavour: Client Services, Claims Processing, Operations Support, Policy Support, and Management and Administration.

Figure 17: Person-year Information by Function

	Estimates 1983-84	Forecast 1983-84	Actual 1983-84	Change	Forecast 1984-85	Estimates 1985-86	Change
Client Services	698	687	678	(9)	682	683	1
Claims Processing	993	975	936	(39)	967	980	13
Operations Support	917	1,059	1,055	(4)	1,145	1,176	31
Policy Support	47	45	43	(2)	45	50	5
Management and Administration	144	149	144	(5)	150	153	3
Total Person-Years	2,799	2,915	2,856	(59)	2,989	3,042	53

Client Services: Client Services includes the provision of program information, guidance and assistance to the general public. To ensure that the public has adequate access to these services there are 65 full-time and 240 part-time offices. To increase public awareness, booths are displayed at exhibitions, at fairs and in shopping centres. In addition, Branch staff members appear on radio and television shows and pre-retirement seminars and speeches are given.

Claims Processing: This function encompasses the determination of eligibility, the calculation of entitlements, and the payment and control of the benefits.

Operations Support: Operations Support primarily services the processing units. It includes maintaining indexes of applicant and beneficiary names, addresses and account numbers; sorting and delivery of mail, ensuring that all correspondence on an existing account has the correct account number; creating and maintaining files on all applications and benefits; microfilming files for more efficient storage and use by the program analysts; provision of word-processing services for correspondence with applicants and beneficiaries and data processing benefit files from which benefit cheques are issued.

Policy Support: Policy Support consists of the provision of analysis and advice to the Minister and senior management on matters related to the objectives, results and impacts of the Income Security Program's existing legislation, on proposals for change, and on social security matters in general and, program planning and international liaison.

Resource expenditures on Policy Support are included under "Program Administration".

Management and Administration: The management and administration function includes the activities of the senior management of all the Branch and its support groups. These costs in 1983-84 account for 5% of the total resources in Income Security Programs. For the fiscal years 1984-85 and 1985-86 this percentage will not increase.

Section III
Supplementary Information

A. Analysis by Object

1. Objects of Expenditure

Figure 18: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Benefit Payments			
Grants	15,011,000	13,847,000	12,732,895
Operating Expenditures			
Personnel			
Salaries and wages	78,482	74,069	68,455
Employee benefits and allowances	10,876	9,472	9,711
	89,358	83,541	78,166
Goods and Services			
Communications	7,303	6,050	4,644
Data processing services	2,108	1,961	2,154
Transportation	5,966	5,864	2,268
Materials and supplies	2,638	2,360	2,226
Information	1,655	3,143	1,731
Professional and special services	3,712	4,618	1,917
Equipment rentals	845	630	500
Other	340	232	260
	24,567	24,858	15,700
Capital - equipment, furniture and fixtures	1,200	1,492	893
Transfer Payments (NEED Program)	-	115	326
Total operating expenditures	115,125	110,006	95,085
Total Program Expenditures	15,126,125	13,957,006	12,827,980
Receipts and revenue credited to the vote			
Operating expenditures recovered from Canada Pension Plan	(39,015)	(37,629)	(24,777)
Total	15,087,110	13,919,377	12,803,203

2. Personnel Expenditures

Figure 19: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-1986 Average Salary Provision
	85-86	84-85	83-84		
Management	15	14	7	50350 - 96300	63,667
Scientific and Professional	39	36	35	14570 - 88120	60,745
Administrative and Foreign Service					
Administrative Services	187	163	136	13912 - 57987	33,762
Program Administration	540	549	515	13912 - 57987	33,958
Other	72	58	54	13330 - 63870	36,808
Technical Support	6	5	6	12635 - 57764	34,111
Administrative Support					
Clerical	1,865	1,824	1,724	12932 - 31743	20,920
Secretarial	194	194	172	12636 - 31946	18,735
Other	118	124	142	12665 - 37130	19,955
Operational	6	7	8	13253 - 40676	19,157

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Income Security Programs Branch received authorization from Canada Employment and Immigration Commission's New Employment Expansion and Development (NEED) Program to undertake, in 1983-84 and 1984-85, a project for the improvement of FA files. Details of related transfer payments are displayed in Figure 20.

Figure 20: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
NEED Program	-	115	326

4. Cost Analysis

The 1985-86 Estimates include only those budgetary expenditures expected to be incurred and charged to the Program's voted and statutory appropriations. Other items must be included when showing the cost of the Program. Figure 21 shows the net cost of the Program after services provided without charge by other departments have been added and after revenues credited to the Consolidated Revenue Fund that relate to recovery of the Canada Pension Plan administrative expenditures have been deducted.

Figure 21: Net Cost of Program ($000)

	Estimates 1985-86	Forecast 1984-85
Benefit Payments	15,011,000	13,847,000
Operating Expenditures	115,125	110,006
Add:		
Services provided without charge		
Accommodation - DPW	9,032	8,689
Cheque Issue - DSS	304	29,466
Miscellaneous	2,161	1,632
Total Operating Cost	126,622	149,793
Deduct:		
Recoverable expenditures on behalf of the Canada Pension Plan:		
Credit to Vote 35, NHW	39,015	37,629
Other Departments	3,546	3,280
Net Operating Cost	84,061	108,884
Net Program Cost	15,095,061	13,955,884

2063

Section I
Canada Pension Plan Overview

A. Description of Plan

1. Introduction

The Canada Pension Plan (CPP) is a compulsory, contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Currently, approximately 9 million Canadians contribute to the Plan and approximately 1.7 million people receive benefits.

The Plan began in 1966 and covers all of Canada except the province of Quebec which has its own plan, the Quebec Pension Plan. All benefits and administrative costs are financed from contributions received and the interest earned by the CPP Fund. Any changes to the general level of benefits or the rate of contributions require an Act of Parliament plus the agreement of at least two thirds of the ten provinces having not less than two thirds of the population. In addition, changes of this kind require three years of notice before coming into force unless notice is waived by the provinces.

2. Contributions

Most employees and self-employed persons between the ages of 18 and 65 must contribute to the Plan. Contributions are made on annual employment earnings between a minimum level known as the Year's Basic Exemption and a maximum called the Year's Maximum Pensionable Earnings ($2,300 and $23,400 respectively for calendar year 1985). Employees contribute at the rate of 1.8% of earnings within this range with a matching contribution by the employer. The self-employed pay the combined rate of 3.6%.

3. Benefits

There are three categories of benefits: retirement pensions, survivors' benefits, and disability benefits. Retirement pensions are paid to contributors who are 65 years of age or over. Survivors' benefits are paid to surviving spouses of deceased contributors and on behalf of their dependent children. A lump sum death benefit is also payable. Disability benefits are payable to contributors under age 65 with prolonged and severe disabilities and on behalf of their dependent children.

B. Operation of the Plan

As required by the CPP legislation, the federal government operates the Plan through the CPP Account and the CPP Investment Fund.

1. Canada Pension Plan Account

The CPP Account is credited with all contributions received and interest earned and is charged with all benefits paid and administrative expenses. Any monies on hand in the Account in excess of operating needs for the next three months are invested on behalf of the Fund.

2. Canada Pension Plan Investment Fund

The amounts invested constitute the CPP Investment Fund. Investments in provincial and federal government securities are made with the cash on hand in excess of the three month operating requirement. The amount made available to each province is based on the proportion of total contributions made by residents of each province during the previous ten year period. Funds not borrowed by the provinces are invested in Federal securities. Interest earned on the investments is credited to the CPP Account.

3. Departmental Responsibilities

While the CPP legislation assigns to the Minister of National Health and Welfare the responsibility for reporting on the operations and status of the Plan, six other departments also participate in the administration of the Plan. These other participants are National Revenue, Supply and Services, Public Works, Employment and Immigration, Finance, and Insurance. Finance is responsible for investing the Account's excess monies. The major responsibilities of the other participating departments in respect of the CPP are outlined on page 6-54. Costs incurred in administering the Act are recoverable from the Account. Accordingly, the Departments concerned are accountable both for the services they provide and for the amounts they recover from the Account. For convenience, presentation of the full report on the CPP is included as a part of the Estimates of the Department of National Health and Welfare.

C. Financial Summary

Figure 22 summarizes the forecast receipts, expenditures and the change in the balance of the Canada Pension Plan Account for fiscal year 1985-86.

Figure 22: Canada Pension Plan Account - Summary Statement of Transactions ($ millions)

	Forecast 1985-86	Forecast 1984-85	Change	Actual 1983-84
Receipts				
Contributions	4,700	4,300	400	3,716
Interest	3,100	2,900	200	2,534
	7,800	7,200	600	6,250
Disbursements				
Benefit payments	5,192	4,323	869	3,657
Administrative expenses	119	112	7	89
	5,311	4,435	876	3,746
Increase in Account balance	2,489	2,765	(276)	2,504
Opening balance	29,377	26,612	2,765	24,108
Closing balance*	31,866	29,377	2,489	26,612
*Closing balance comprises:				
Canada Pension Plan Investment Fund	30,021	27,771	2,250	25,305
Operating balance	1,845	1,606	239	1,307

D. Highlights of Financial Change

- The balance in the Canada Pension Plan Account at the end of fiscal year 1985-86 is expected to increase by more than $2.4 billion to $31.9 billion.
- The annual rate of increase in the balance will decrease from 10.4% in 1984-85 to 8.5% in 1985-86.
- Receipts are projected to increase by 8.3% in 1985-86 compared to 15.2% in 1984-85.
- Disbursements for benefit payments and administrative expenses are forecast to rise by 19.7% in 1985-86 compared to 18.4% in 1984-85.

E. Long Term Financial Implications

The current CPP contribution rate has remained unchanged since the Plan's inception in 1966. The rate established was expected to produce receipts that would be more than sufficient to meet benefit payments and administrative expenses for about the first 15 years of operation. It was recognized from the outset that the contribution rate would eventually have to be increased and that the amount of such increase would depend on the experience of the Plan, the funding objectives and any amendments that might be made to the Plan.

The report of the Chief Actuary, Department of Insurance, on the financial condition of the Plan (Statutory Actuarial Report No. 8 as at December 31, 1982) confirms these original expectations.

In order to show the long term financial implications of the current contribution rate and benefit payment structure, the Chief Actuary, in his Report No. 8 makes a projection concerning the behaviour of the Plan based on the assumption that contributions continue as long as possible at the present statutory rate of 3.6% of contributory earnings and there are no changes to the benefit payment structure. Under this assumption, there are three phases to the evolution of the Plan, each culminating in a "Critical Year".

Critical Year No. 1 - 1985: This is the year when all of the contributions received by the Plan will be needed to meet the benefit payments. If a funding approach was adopted whereby contributions would continue to match benefit payments, the contribution rate would have to commence to increase at this time.

Critical Year No. 2 - 1994: This is the year when total current year contributions and interest income would be needed to pay benefits and administrative expenses. If, at this point the rates were to be adjusted to maintain equality between CPP expenditures and current contributions plus interest income, the Fund balance would remain at around $45 billion indefinitely. If the rates were not changed, the assets of the Fund would begin to decline.

Critical Year No. 3 - 2004: This is the projected year in which, assuming again that no changes had occurred to the current contribution rate, the fund would be finally exhausted. Contribution rates would then have to be changed to provide at least enough receipts to meet obligations on a pay-as-you-go basis.

Section II
Canada Pension Plan Receipts

Receipts of the Canada Pension Plan are from two sources:

A. Contributions
B. Interest from Investments

A. Contributions

1. Financial Summary

Contributions to the Plan in 1985-86 are expected to make up 60% of all receipts.

Figure 23: Contribution Receipts ($millions)

	Forecast 1985-86	Forecast 1984-85	Change	Actual 1983-84
Contributions	4,700	4,300	400	3,809

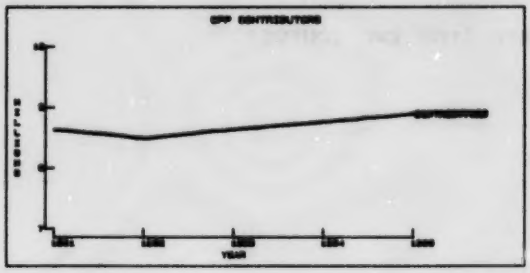
The forecast increase in contributions of $400 million or 9.3% from 1984-85 to 1985-86 is due to:

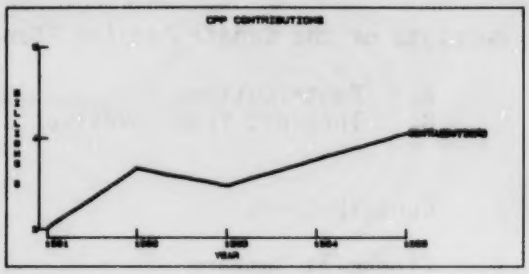
- a net increase of 100,000 contributors (from 8,300,000 to 8,400,000); and
- an increase of $41.45 in the average annual contribution of each contributor (from $518.07 to $559.52).

2. Variables Affecting the Total Amount of Contributions

The two main variables that affect the total amount of contributions are the number of contributors and the average annual contribution of individual contributors. Figure 24 shows the trends over a five year period in the number of contributors and the total amount of contributions made to the CPP.

Figure 24: Trends in the Number of Contributors and Contributions





The main reason for the rapid increase in average annual contributions is that the maximum amount of earnings on which contributions must be made is increasing at the rate of about 12.5% per annum. This is due to a provision in the CPP introduced in 1974 that maximum pensionable earnings be increased 12.5% per year until they catch up to the industrial composite of average wages and salaries. The other contributing factor is the rising incomes of working Canadians over this period.

Figure 25 shows the level of earnings subject to contribution and the maximum contributions that are currently in effect.

Figure 25: Earnings Subject to Contribution and Maximum Contribution($)

Year's	Maximum Pensionable Earnings	Year's Basic Exemption	Earnings Subject to Contribution	Maximum Employee's or Employer's Contribution	Maximum Self-Employed Contribution
1985	23,400	2,300	21,100	379.80	759.60
1984	20,800	2,000	18,800	338.40	676.80

B. Interest From Investments and Operating Balance

Interest income from investments in federal and provincial securities and the operating balance accounts for 40% of the total receipts of $7.8 billion forecast for 1985-86.

Figure 26: Interest Income ($millions)

	Forecast 1985-86	Forecast 1984-85	Change	Actual 1983-84
Interest From Investments	2,970	2,735	235	2,423
Operating balance	130	165	(35)	111
	3,100	2,900	200	2,534

Section III
Canada Pension Plan Disbursements

A. Benefit Payments

1. Introduction

Of the 1.7 million people of all ages who currently receive CPP benefits, just over one million receive retirement pensions, close to 355,000 receive surviving spouse's benefits and over 125,000 receive disability pensions. In addition, almost 225,000 dependent children of deceased or disabled contributors qualify for monthly flat rate benefits.

2. Description of Benefits

(a) Retirement Pension

Contributors to the Plan who are 65 years of age or over are eligible upon application to receive a monthly retirement pension. The maximum monthly amount of the pension is based on 25% of the average of the Year's Maximum Pensionable Earnings for the year in which the benefit becomes payable and the two previous years.

A person's retirement pension may be less than this amount if actual annual pensionable earnings were less than maximum annual pensionable earnings during the individual's contributory period, or if the length of time during which contributions were made is less than the minimum of 120 months.

(b) Survivors' Benefits

Surviving Spouses' Benefits: Monthly pensions are paid to eligible surviving spouses upon application if the deceased contributor made contributions to the Plan for a minimum qualifying period. The eligibility for benefits and the amount of such benefits are affected by the age and health of the survivor and whether or not dependent children of the deceased contributor are being maintained.

Orphans' Benefits: Flat-rate amounts are paid upon application, on behalf of a deceased contributor's children until the children reach age 18 or, if full time students, up to age 25.

Death Benefits: A lump sum death benefit is paid upon application. The amount of the benefit is the lesser of six times the monthly retirement benefit imputed to the contributor at the date of death or 11% of the maximum pensionable earnings for the year in which death occurs. Payment is normally made to the contributor's estate.

(c) **Disability Benefits**

Disability Pensions: Provided that contributions have been made for a minimum qualifying period, a person who has a prolonged and severe mental or physical disability is entitled, upon application, to a disability pension. The amount of the pension consists of a flat-rate amount, plus 75% of the contributor's retirement pension calculated at the time that the disability occurs.

Benefits to Children of Disabled Contributors: All provisions that apply to orphans' benefits also apply to benefits paid on behalf of disabled contributors' children.

All of the monthly benefits are adjusted annually in accordance with changes in the Consumer Price Index.

3. Financial Requirements

Figure 27 shows the financial requirements for each of the three benefit categories and, where applicable, the individual types of benefits within these categories.

Figure 27: Benefit Payments by Category and Type ($millions)

	Forecast 1985-86	Forecast 1984-85	Change	Actual 1983-84
Retirement pensions	3,469	2,842	627	2,379
Survivors' benefit				
Surviving spouses' benefit	813	692	121	591
Orphans' benefits	111	108	3	105
Death benefits	110	92	18	78
	1,034	892	142	774
Disability benefits				
Disability pensions	617	527	90	444
Benefits to children of disabled contributors	72	63	9	54
	689	590	99	498
	5,192	4,324	868	3,651

4. Explanation of Change in Financial Requirements

The overall increase is primarily due to increases in the average amount payable for each type of benefit which accounts for $581 million of the overall increase of $868 million and to the continuing growth in the number of beneficiaries which accounts for a further $287 million.

Figure 28 provides further details of these changes for the three largest types of benefits.

Figure 28: Highlights of Financial Changes ($millions)

Reasons for Change		Change
Retirement pension	- An increase of $35.28 in the average monthly benefit (from $225.29 to $260.57)	463
	- Growth of 58,282 in the average number of beneficiaries (from 1,051,211 to 1,109,493)	164
		627
Surviving spouse's pension	- An increase of $12.27 in the average monthly benefit (from $161.29 to $173.56)	55
	- Growth of 32,746 in the average number of beneficiaries (from 357,596 to 390,342)	66
		121
Disability pension	- An increase of $29.09 in the average monthly benefit (from $348.07 to $377.16)	46
	- Growth of 10,092 in the average number of beneficiaries (from 126,146 to 136,238)	44
		90

5. Variables Affecting Total Benefit Payments

Canada Pension Plan benefits are based on earnings, a flat-rate amount, or a combination of the two. Total flat rate benefits and flat-rate components of benefits vary with the number of beneficiaries and changes in the Consumer Price Index. For benefits that are earnings-related, additional variables are changes in the maximum amount of earnings upon which benefits are based and changes in the actual amount of contributors' earnings. It is because of these variables that new beneficiaries are receiving higher average monthly benefits than existing beneficiaries.

B. Administrative Expenses

Administrative expenses for 1985-86 are estimated at $119 million. This represents an increase of 6.0% over those forecast for 1984-85.

Figure 29: Administrative Expenses ($000)

Department	Type of Administration Service	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	Collection of contributions	58,764	54,208	45,278
Health and Welfare	Plan administration, operations, records, etc.	40,539*	39,180	26,565**
Supply and Services	Cheque issue and EDP services	14,122	12,868	11,549
Public Works	Accommodation	2,753	2,635	2,416
Employment and Immigration	Assignment of Social Insurance Numbers and maintenance of the Central Index	2,779	2.779	2,740
Insurance	Actuarial services	449	407	427
		119,406	112,077	88,975

* The 1985-86 HWC forecast is the aggregate of the Income Security Program (39,015) and the Departmental Administration Program (1,524).

** Net figure after deducting prior years' adjustments of $6,450K.

Fitness and Amateur Sport Program
Expenditure Plan
1985-86

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Extract from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $61,779,000 in support of the 1985-86 Fitness and Amateur Sport Program. The remaining expenditures, estimated at $657,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Fitness and Amateur Sport Program		
50	Fitness and Amateur Sport - Operating expenditures	9,428	8,115
55	Fitness and Amateur Sport - Contributions	52,351	52,925
(S)	Contributions to Employee Benefit Plans	657	584
	Total Program	62,436	61,624

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Fitness and Amateur Sport Program	
50	Fitness and Amateur Sport - Operating Expenditures	9,428,000
55	Fitness and Amateur Sport - Contributions, and authority to make payments out of the Consolidated Revenue Fund and to charge said payments to the National Lottery Account, for the purpose of physical fitness, amateur sport and recreation programs in accordance with terms and conditions prescribed by order of the Governor in Council, the aggregate of said payments and payments made pursuant to paragraph (d) of Treasury Board Vote L27a, Appropriation Act No. 4, 1976, not to exceed at any time 5 percent of the aggregate of amounts credited to the National Lottery Account	52,351,000

Extract from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85
	Authorized person-years	Budgetary Operating	Capital	Transfer Payments	Total	Main Estimates
Fitness	27	2,178	-	8,339	10,517	9,559
Amateur Sport	35	3,250	-	44,012	47,262	47,561
Program Administration	69	4,625	32	-	4,657	4,504
	131	10,053	32	52,351	62,436	61,624

Transfer Payments

(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
AMATEUR SPORT		
National Amateur Sport Governing Bodies	31,373	30,670
National Sport and Recreation Centre	4,441	4,390
Athlete Assistance Program	3,994	3,535
Regional National and International Multi-Sport Games	4,204	6,922
Total Amateur Sport	44,012	45,517
FITNESS		
Fitness Projects	7,478	6,573
PARTICIPaction	861	835
Total Fitness	8,339	7,408
TOTAL	52,351	52,925

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Vote 40 - Fitness and Amateur Sport - Operating Expenditures	7,429,000	7,980,732	7,776,636
Vote 45 - Fitness and Amateur Sport - Contributions, and authority to make payments out of the Consolidated Revenue Fund and to charge said payments to the National Lottery Account, for the purpose of physical fitness, amateur sport and recreation programs in accordance with terms and conditions prescribed by order of the Governor in Council, the aggregate of said payments and payments made pursuant to paragraph (d) of Treasury Board Vote L27a, Appropriation Act No. 4, 1976, not to exceed at any time 5 percent of the aggregate of amounts credited to the National Lottery Account	46,990,000	50,938,203	50,501,270
(S) Contributions to Employee Benefit Plans	529,000	589,000	589,000
(S) Payment to the Canadian Sports Pool Corporation pursuant to Section 19 of the Athletic Contests and Events Pool Act.	-	10,500,000	10,500,000
Total Program	54,948,000	70,007,935	69,366,906

Section 1
Program Overview

A. Plans for 1985-86

1. Highlights

The Fitness and Amateur Sport Program will spend 83% of its 1985-86 budget on contributions to national sport organizations, to nationally ranked athletes and to national associations concerned with fitness and physical recreation.

Fitness: A sum of $8.3 million is designated for funding contributions for projects aimed at raising the fitness level of Canadians. Fitness Canada's contributions program and consultation will focus on the following areas during 1985-86:

- projects aimed at increasing youth fitness and sport participation. This priority will be especially emphasized during International Youth Year 1985 (see page 7-16);
- projects to encourage programming agencies to provide fitness and activity programs for older adults (pre-retirees and senior citizens) (see page 7-22);
- projects to promote and encourage the provision of fitness program opportunities at the work place, particularly in industrial settings (see page 7-16);
- projects which will increase physical activity opportunities for disabled and economically disadvantaged populations (see page 7-22);
- National Physical Activity Week (see page 7-17); and
- PARTICIPaction (see page 7-19).

Amateur Sport: A sum of $44 million is designated for funding contributions to assist and direct, through national sport organizations, the development of Canadian sport at the national and international levels and to support the highest level of achievement possible in international competitive sport. Sport Canada's contributions program and consultation will focus on the following areas in 1985-86:

- appraisal of Canada's performance at the 1984 Olympic Summer Games in Los Angeles (August 1984) and the re-setting of specific priorities for the four years leading up to the 1988 Summer Olympic Games in Seoul, Korea (see page 7-31);

- support to develop, in conjunction with national sport organizations, four year plans for the summer Olympic sports leading up to the 1988 Summer Olympic Games (see page 7-31);

- support for the initiation of the Association Management Services within Sport Canada (see page 7-16);

- support for the implementation and monitoring of a drug testing and research program initiated by Sport Canada in conjunction with national sport organizations and the Sport Medicine Council of Canada (see page 7-17);

- support to proceed with the monitoring of the five year "Best Ever" plans within each national winter Olympic sport organization (see page 7-31);

- support to enable the implementation of Year Three of the "Best Ever" five year plans for Winter Olympic sports (see page 7-31);

- development of a long range plan for the application of sport science to high performance sport in Canada (see page 7-31); and

- clarification of the role of Sport Canada in domestic sport at the competitive and "sport for all" levels and development of programs in this area (see page 7-15).

2. Financial Summary by Activity

The Program Administration Activity includes all operating costs relating to promotion and communications, field sports demonstrations, as well as administrative and financial support services.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Fitness	10,517	9,739	778	7 - 23
Amateur Sport	47,262	53,736	(6,474)	7 - 28
Program Administration	4,657	41,526	(36,869)	7 - 32
	62,436	105,001	(42,565)	
Authorized person-years	131	133	(2)	-

The 1984-85 forecast figures are higher than the 1985-86 Estimates because of non-recurring items included in 1984-85 Supplementary Estimates B.

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 were:

Fitness

- A contribution of $795,000 enabled PARTICIPaction to obtain free public service advertising valued at over $14,000,000 from print and electronic media.

- With a contribution from Fitness Canada, the Canadian Public Health Association completed and published a comprehensive report on employee fitness in an industrial setting based on findings of a major demonstration project conducted during the two previous years in three locations across Canada.

- A Secretariat for Fitness in The Third Age was successfully established within the Canadian Parks/Recreation Association. The Secretariat's main tasks were implementation of the recommendations from the 1982 National Conference on Fitness and The Third Age, and provision of technical assistance, resource materials, and program expertise to groups wishing to establish fitness and activity programs for older Canadians.

- An important new film designed to promote activity among sedentary inactive members of the public and entitled "Fitness on Trial" was co-produced by T.V. Ontario and Fitness Canada and distributed through National Film Board Offices across Canada.

- Over 800,000 Fitness Canada publications were distributed free of charge in response to requests from individual Canadians during 1983-84. New publication initiatives included distribution of guides to adaptation of the Canada Fitness Award for both trainable mentally handicapped and physically disabled populations.

- In May 1983 over 6,000,000 Canadians in over 600 different communities took part in the first National Physical Activity Week co-ordinated by Fitness Canada. Fourteen national associations, provincial and territorial governments, and some 200,000 volunteers combined their efforts to ensure the success of this major promotional venture.

- Consultations were held with major national youth serving agencies and with youth fitness "experts" to identify issues and themes for a youth fitness emphasis in 1985, International Youth Year. A major report of the Canada Fitness Survey entitled Canadian Youth and Physical Activity was published in 1983 and will function as a basis for planning by education departments, all levels of government and the voluntary sector.

Amateur Sport

- The Canadian Team, participating with a large contingent of 218 individuals (112 men and 106 women), finished in third place at the World University Games held in Edmonton in July, 1983. This was the best performance ever of a Canadian Team in the FISU Games. The projection was for 13-15th place.

- The Canadian Team finished in third place (as projected) in the Pan American Games in Caracas, Venezuela, in August 1983. Canada traditionally finishes behind the USA and Cuba.

- The Canadian Team finished in eleventh place at the Winter Olympic Games in Sarajevo, Yugoslavia in February 1984. This result was in keeping with the projected target of tenth-twelfth place and was made notable by several outstanding performances by Canadian athletes such as Gaetan Boucher in speed skating and Brian Orser in figure skating.

- There were several outstanding performances by Canadian athletes outside of major Games competitions. These included the gold medal performances of Canadians Paul Martini and Barbara Underhill in the World Figure Skating Championships in Ottawa and the silver medal finish of the Canadian women's field hockey team at the World Cup in Malaysia.

2. Review of the Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Program Administration	16,249	5,264	10,985
Amateur Sport	44,696	40,457	4,239
Fitness	8,422	9,227	(805)
	69,367	54,948	14,419

The difference between actual expenditures and the Main Estimates results mainly from the following major items approved by Supplementary Estimates:

	($ millions)
Items where expenditures exceeded Main Estimates	
• Payment to the Canadian Sports Pool Corporation	10.5
• Funding for the development of a Best Ever team in the 1988 Winter Olympic Games, net of expenditures of $1.7 million which were initially approved in 1983-84 but were subsequently deferred	2.9
• Contributions to support the operating costs of the 1983 World Universiade (FISU) Games in Edmonton, Alberta	2.1
• Contributions to sponsoring organizations for Employment Initiatives projects	.8
• Contribution for the development of a Best Ever Hockey team in the 1984 Winter Olympic Games in Sarajevo, Yugoslavia	.4
Less: items where expenditures were less than approved in Main Estimates	
• Deferral of expenditures for preparation for the 1987 Canada Winter Games	(1.2)
• Temporary reduction of Sport Canada and Fitness Canada contributions in order to create a reserve in the Social Affairs envelope	(1.1)
Net difference	14.4

C. Background

1. Introduction

The Fitness and Amateur Sport Program is a component of the Department of National Health and Welfare. It represents the principal instrument by which the federal government discharges its commitment to contribute to increasing the fitness of Canadians while at the same time developing Canadian sport at the national and international level and supporting the highest level of achievement possible by Canada in international sport.

2. Legal Mandate

The passing of the Fitness and Amateur Sport Act in 1961 formally established the role of the federal government in encouraging, promoting and developing fitness and amateur sport in Canada. Although the federal government does operate several programs directly (e.g. Athlete Assistance Program, National Physical Activity Week), it mainly exerts its influence through the allocation of funds to organizations for specific activities and programs in support of its objectives.

3. Program Objective

The FAS Program Objective is to foster extensive participation in sport and physical activity within the nation, thus contributing to the fitness and sense of well-being of Canadians and to support the highest level of achievement possible by Canada in international competitive sport.

In order to meet this objective, the Fitness and Amateur Sport Program endeavours to attain the highest possible level of success by Canadians in competitive sport and to foster extensive participation in sport and physical activity within the nation. The Program thereby contributes to the involvement, fitness, and sense of well-being of Canadians, as well as enhancing their national pride.

The program focuses on the following areas:

Leadership: to provide leadership in setting national goals for the development, conduct and evaluation of sport and physical activity in Canada.

Infrastructure: to ensure the development and operation of a sound infrastructure at the national level, for the coordination and delivery of services and programs related to sport and physical activity.

Participation: to stimulate increases in the number of participants in sport and physical activity and to enhance the quality of that participation.

Excellence: to coordinate, promote and develop Canada's international stature in high performance sport in conjunction with recognized national sport organizations.

Promotion: to create a greater awareness among Canadians of the various intrinsic values and benefits of sport and physical activity.

Volunteers: to foster an environment within Canada that is conducive to the meaningful participation of qualified volunteers and the private sector in support of national sport and physical activity organizations.

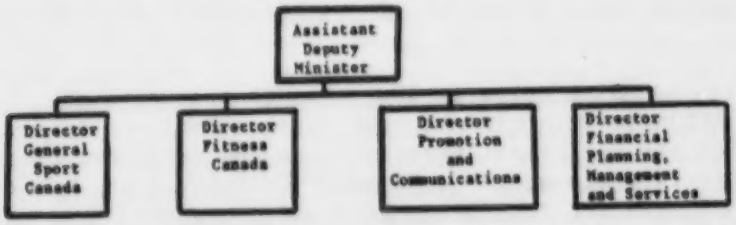
4. Program Organization for Delivery

Activity Structure: The Fitness and Amateur Sport Program is made up of three activities as shown in Figure 2 (see page 7-10).

Figure 3: Program Activity Structure

Organization Structure: The Fitness and Amateur Sport Program is organized into four Directorates in Ottawa: Fitness Canada; Sport Canada; Promotion and Communications; and Financial Planning, Management and Services. In addition, there are four small regional offices in Halifax, Montreal, Winnipeg and Vancouver. These offices are primarily concerned with the provision of information and assistance to the public and to national events (i.e., Canada Games) in the region which they serve.

Figure 4: 1985-86 Resources By Organization/Activity ($000)



	Sport Canada	Fitness Canada	Promotion and Communications	Financial Planning, Management and Services*	Total
Sport	47,262				47,262
Fitness		10,517			10,517
Program Administration			1,164	3,493	4,657
Total	47,262	10,517	1,164	3,493	62,436
Person-Years	35	27	10	59	131

* Also includes the staff of the Office of the Minister of State (Fitness and Amateur Sport), the Office of the Assistant Deputy Minister, the National Advisory Council and regional offices.

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D. Planning Perspective

1. Environment

Several key factors influence the direction of the Fitness and Amateur Sport Program.

International Factors: The United Nations has designated 1985 as International Youth Year (IYY) to focus attention on the problems and challenges facing youth. Fitness Canada will undertake initiatives to foster significant IYY participation with appropriate national voluntary organizations involved in the areas of physical recreation and fitness.

The 1983 incident involving drug abuse in sport at the Pan American Games has given Canada an opportunity to demonstrate its leadership in the curtailment of drug use. During 1984, Sport Canada, in conjunction with the national sport organizations and the Sport Medicine Council of Canada implemented a doping control testing program with the majority of Summer Olympic sports. The doping control testing program will be continued for the next four years with monitoring and assessment throughout.

As the number of countries participating in international sport throughout the world continues to increase, international sporting events are receiving more attention from governments as instruments of foreign policy. Opportunities therefore exist, not only to raise the profile of Canada as a nation, but also to increase international prestige through the performances of Canadian athletes. Canadian sport expertise can also be used by the federal government to improve relations with developing countries through provision of technical assistance to their sport programs.

Domestic Factors: Canadian universities, through the Canadian Intercollegiate Athletic Union (CIAU) have taken a decision to become more involved with national sport organizations and Sport Canada in developing high performance sport in Canada. Collaboration is continuing for the purpose of creating innovative programs among the three agencies with the end result of integrating Canadian Universities more effectively with organizations whose objective is the pursuit of sport excellence in Canada.

Through the efforts of the federal government, post-secondary institutions and other sport organizations, sport management and coaching are now recognized as viable professions in Canada. The creation of additional opportunities in these two fields is essential to further the progress of Canadian athletes and the Canadian sport infrastructure.

The fitness boom has meant more Canadians are participating in sport and recreation although participation levels decrease among older Canadians. Another major concern is that the fitness levels of youth drop off dramatically during adolescence.

While activity by national voluntary organizations in support of Fitness Canada's objectives continues unabated and a growing number of requests for contributions is being received by Fitness Canada, at the same time there is increasing evidence of interest within the corporate sector in collaborating to promote fitness.

Economic Factors: In addition to federal government funding, sport in Canada has depended on significant contributions from the private sector, either in the form of corporate donations to national sport organizations or events sponsorships, undertaken by corporations using sport as a medium for the corporate message. Attention must be paid to maintaining the integrity of sport while at the same time accepting the benefits of corporate sponsorship.

During a period of fiscal restraint and restricted financial incentives to employees, factors such as absenteeism, turnover, employee health and morale become more important to employers. Several well-documented studies have demonstrated the economic benefits available from fitness and lifestyle education programs in the workplace.

Intensive analysis of the 1981 Canada Fitness Survey Data has enabled national associations, provincial and territorial governments and Fitness Canada itself to identify priority target groups in an increasingly effective manner. This has enabled more effective national co-ordination and allocation of scarce resources for optimum impact in the field.

Social Factors: More Canadians of all ages are participating in competitive and recreational sport. Fitness and Amateur Sport has responded to this demand by providing leadership in the "Sport for All" concept and fitness projects. The Canada Fitness Survey (1981) indicates that there is a strong link between physical activity and health. More Canadians who describe themselves as "inactive" are smokers. They also show a higher level of cardiovascular disease risk. Canadians who call themselves "active" have been found to exhibit higher levels of positive emotional well-being and are more likely to demonstrate good nutritional habits. Studies conducted by Fitness Canada and by several of its client associations in the voluntary sector have demonstrated that individuals who have acceptable levels of fitness are better able to cope with stress.

Concern has been expressed about the overall well-being of Canada's elite athletes during and after the period of their intense training and competition. Sport Canada intends to address this issue through job training programs for retired athletes, extended athlete assistance and other forms of athlete services.

2. Initiatives

Major initiatives being introduced in 1985-86 include the following:

Fitness

Youth Sport and Fitness: In response to the opportunity provided by International Youth Year 1985, Fitness Canada will convene a major national Symposium on Youth Fitness and Sport Participation. Delegates from across Canada including young people themselves and representatives of programming agencies and various levels of government will consider the findings of research currently being conducted by Fitness Canada. These will include a study of the components of successful youth fitness programs and the result of a major marketing survey on techniques for marketing sport and fitness to youth in the 1980s.

Corporate Sector Collaboration: As a result of interest expressed by several major corporations, Fitness Canada will provide technical input and direction to a number of important national promotional initiatives in close collaboration with corporations who wish to identify themselves and their products with the fitness movement in 1985-86. It is anticipated that these activities will complement the more traditional activities undertaken in conjunction with provincial governments and national voluntary organizations.

Fitness in the work place: Fitness Canada will develop in 1985 an administrative structure designed to facilitate co-operation with industry in order to permit the development of fitness programs specially designed for implementation in the work place.

Amateur Sport

Quadrennial Planning: In 1985-86, Sport Canada will continue to provide leadership to national sport organizations of Summer Olympic Sports through a project designed to assist them with the preparation of quadrennial plans. The purpose of this project is to increase the quality of the performance of Canadian athletes in Olympic summer sports in order to attain the highest possible ranking by Canada in the 1988 Olympic Games.

"Best Ever" Program: The "Best Ever" program is designed to produce the "Best Ever" Canadian Team in the 1988 Winter Olympic Games in Calgary. Based on comprehensive 5 year plans for each winter sport developed under the leadership of Sport Canada, there has been an additional commitment of $25 million for programs and National Sport Organizations over the five year period leading up to 1988 Winter Olympics.

Association Management Services: National sport organizations have traditionally experienced a number of organizational problems which have had a detrimental effect on their ability to provide programs required to enhance national sport development and international competitive

performance. The purpose of the Association Management Services Program of Sport Canada is to provide leadership and resources to national sport organizations in order to enhance their management capacity and administrative effectiveness.

Drug Testing and Research: The problem of drug use by international calibre athletes has reached significant proportions as evidenced by the number of athletes disqualified from the 1983 Pan American Games and the 1984 Olympic Games. Sport Canada, in conjunction with national sport organizations and the Sport Medicine Council of Canada, will support measures required to control the use of banned substances in Canada and the sport world generally.

Athlete Assistance: In late 1984, a new category of funding called "Development Cards" was initiated for promising athletes who are part of the national training squad but not yet ready for membership on the national team in selected sports. These cards are intended to provide support to enable young athletes who have not reached C card status to train in advanced programs under the aegis of the national sport body. These cards will generally be allocated to sports where the technical complexity or training cycle of the sport is such that athletes must follow sophisticated programs for many years before attaining international standards. This concept will be more fully developed in 1985-86.

3. Update of Previously Reported Initiatives

National Physical Activity Week: The major new initiative undertaken by Fitness Canada in 1983-84 was the first National Physical Activity Week. This program was a major success in that all participation targets were exceeded and a basis for continuing collaborative programming was established among national associations, provincial and municipal governments and Fitness Canada. Expenditures on this project in 1983-84 included total contributions of $192,560 to complete the 1983 campaign. A further $553,900 was provided to fund preparations of the 1984 campaign. These amounts, which were re-allocated from within Fitness Canada's existing resource base, were higher than anticipated largely as a result of the extremely positive involvement by National Voluntary Organizations and public response to the campaign. National Physical Activity Week 1984 continued this successful pattern with close to 10,000,000 participants taking part in over 8,400 community events. Major national associations, provincial governments, municipal recreation departments and school jurisdictions all collaborated to make this one of the most successful mass participation events in the history of Canada. It is anticipated that National Physical Activity Week will continue as a major annual event involving all levels of government, the voluntary sector and, increasingly, the corporate sector.

National Team Augmentation: Canadian athletes performed as projected in international competitions in 1983-84 (see page 7-39). These results indicate that there are many positive programs at work as part of the

high performance system in Canada. These performance results can be improved, however, and Sport Canada is now working with national sport organizations to develop a strategy for higher achievement in the 1988 Olympic Games.

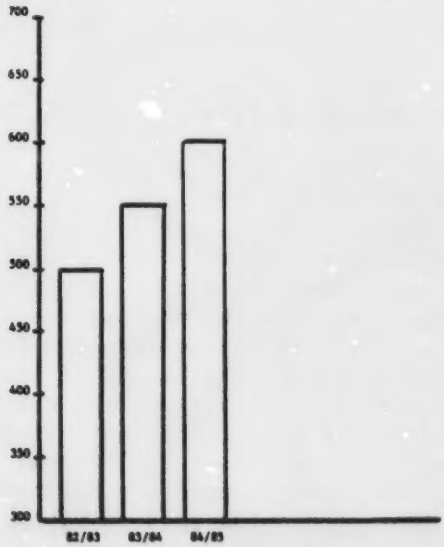
4. Program Effectiveness

Fitness: It is the stated goal of the Fitness Activity to encourage physical activity that leads towards fitness.

More than 80% of Fitness Canada's expenditures are channelled through national voluntary associations. This is an effective strategy as was demonstrated, for example, in each of the last two National Physical Activity Weeks when more than 200,000 volunteers were mobilized across Canada to organize and stage special events to mark the week.

Increased activity in the voluntary sector in support of Fitness objectives is demonstrated by the figures in the following table:

Figure 5: Number of Contribution Requests Submitted to Fitness Canada by National Associations



This increased level of activity in the voluntary sector in support of fitness is complemented by increased interest on the part of the corporate sector. Major national corporations have collaborated in the past with PARTICIPaction and are now beginning to express interest in projects to be undertaken directly in conjunction with Fitness Canada.

A key indicator of the effectiveness of Fitness Canada's programs is the number of Canadians who report regular (three times weekly) participation in physical activity. This figure has increased substantially from less than 10% in 1971 to over 38% in 1981.

Figure 6: Percentage of Canadians Participating in Regular Physical Activity

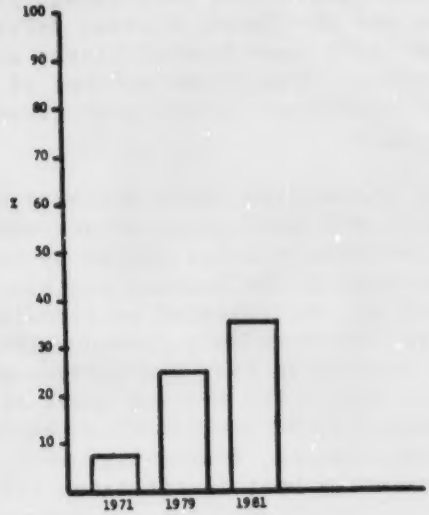
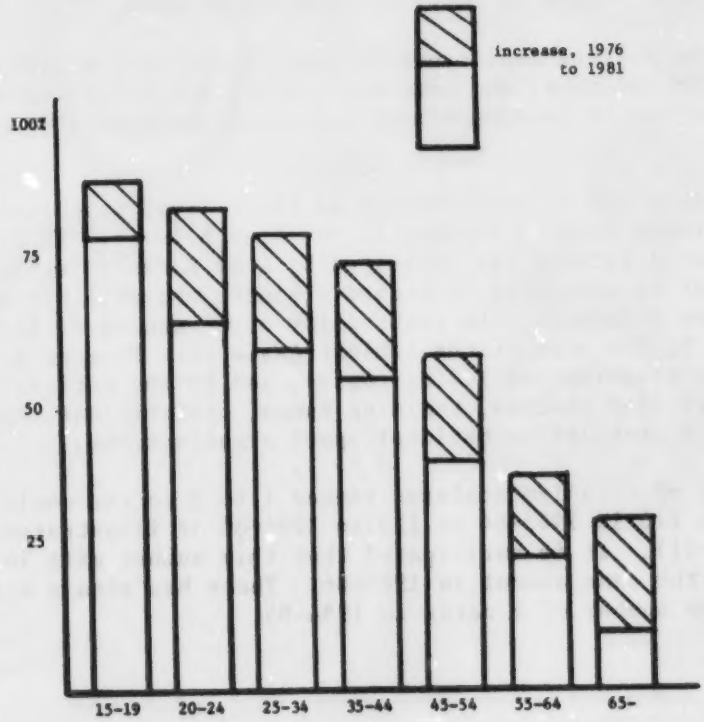


Figure 7: Increased Participation in Physical Activities by Age Group



Between 1976 and 1981 participation has increased in every age group.

Note: It is anticipated that the latter two program effectiveness indicators, when updated, will continue to show a trend towards increased activity by Canadians. The most recent collection of data to illustrate this was the Canada Fitness Survey in 1981. The feasibility of conducting some form of repeat survey in 1986 is currently being examined. Should the outcome of this review prove to be positive a significant updating of these and other indicators will be possible.

Amateur Sport: More than 80% of the Amateur Sport Activity expenditures are directed towards the promotion and development of amateur sport in Canada and the support of high performance achievements by Canadians in international competition. A measure of the success of this endeavour is Canada's international sport ranking, as indicated by standings in the major multi-sport games (Olympics, Pan-American, Commonwealth, etc.). These rankings are difficult to predict as they are influenced by factors other than the Program's contributions. The Amateur Sport Activity supports national full-time coaches (25-30 in 1984-85); training centres which bring together top athletes, coaches, facilities, and medical/scientific services provided by host institutions (in 1984-85, there are national or regional training facilities in at least 18 sports); national team training and competitive programs; along with direct financial assistance to athletes to enable them to participate in their national programs. Figure 25 (see page 7-39) shows anticipated rankings based on levels of contributions for 1985-86.

Through the Athlete Assistance Program, Canadian athletes ranked 1 to 16 in the world and those who have been identified as having potential to advance to the top 16 receive direct financial assistance from Sport Canada.

Approximately 25% of the athletes at the C level supported by the Athlete Assistance Program advance to the A or B level. If Canada is to improve its world ranking (as indicated by A or B ranked athletes), assistance must be continued to C card athletes who will ultimately advance to A or B levels. The probability of advancing to higher levels is influenced by the size of the Athlete Assistance Program stipend (which defrays training and living costs), and by the national team program support (for coaches, training camps, competitions, sport science services, etc.) provided to national sport organizations.

The number of Canadian athletes ranked 1 to 8 in the world has increased from 116 in 1983-84 to 125 in 1984-85 as illustrated in Figure 8 (see page 7-21). It is anticipated that this number will increase by approximately the same amount in 1985-86. There has been a significant increase in the number of B-cards in 1984-85.

Figure 8: Number of Athletes Assisted

Year	Total Athletes Assisted	A	B	C	Development
1982-83	797*	101	124	572	
1983-84	732	116	96	520	
1984-85	780	125	130	525	100

A Cards: Athletes are ranked 1 to 8 in the world (individual sports); or 1-4 (team sports).

B Cards: Athletes are ranked 9 to 16 in the world (individual sports); or 5-8 (team sports).

C Cards: Athletes are not yet ranked in the top 16 but have been identified as having potential to advance to top 16.

Development Cards: Promising athletes not yet at C card status, training in programs at the national level (see page 7-17).

* Includes 124 athletes funded by a special "Atlantic Block" (not included in 1983-84 and following years.)

Section II
Analysis by Activity

A. Fitness

Objective

To raise the fitness level of Canadians through increased participation in physical activity thereby contributing to health, well-being and the capacity to perform daily activities.

Within this objective, specific targets for 1985-86 include:

- to increase the motivation of Canadians to engage in physical activity:
  - through National Physical Activity Week (May 26 - June 3, 1985), to sensitize 15 million Canadians to the benefits of physical activity and to achieve the active participation of 12 million Canadians;
  - by assisting PARTICIPaction to obtain free publicity coverage by 150 television and cable stations, 300 radio stations, 700 weekly newspapers and 250 special interest publications; and
  - by developing and promoting fitness resources aimed at specific target groups, for example, adolescent youth, older Canadians, etc.
- to increase the availability and accessibility of programs that facilitate participation in physical activity:
  - by disseminating to programming agencies quality resource materials on successful programs for specific target groups e.g., adolescent youth, senior citizens;
  - by establishing mechanisms to introduce employers to the benefits of employee fitness programs and by providing information and technical consultation to assist them in initiating programs;
  - by establishing and promoting appropriate standards for program leaders in conjunction with provincial government departments and national associations; and
  - by revising the content of the Canada Fitness Award Program for adolescent youth.

- to improve the environment, organization infrastructure and program delivery systems for physical activity in Canada:

  - by publishing and disseminating research findings on appropriate programming for adolescent youth;

  - by continuing to develop training modules for volunteer administrators in fitness, physical activity and sport organizations;

  - by continuing to promote the implementation of program models to encourage "Sport for All"; and

  - through the development and adoption of formal program agreements with provincial governments, thus reducing overlap and duplication of services.

Resource Summary

The Fitness Activity represents 17% of the Fitness and Amateur Sport budget for 1985-86.

Figure 9: Activity Expenditures $000 and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Fitness	10,517	27	9,739	27	8,422	24

Past Financial Performance

Actual expenditures were 9% lower than the amounts approved in Main Estimates, due primarily to specific budget cuts which were absorbed during the year.

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Fitness	8,422	9,227	(805)

Explanation of Change:

- The decrease results primarily from a temporary reduction of contributions for fitness projects in order to create a reserve in the Social Affairs envelope.

Description

Fitness Canada's efforts are directed towards focusing the attention and activities of the fitness field on issues of national relevance. It identifies areas of need, develops program materials and services and innovative program models, both directly and indirectly, and promotes their acceptance and implementation. It supports selective research, information collection and dissemination, and the development of national standards for fitness programs directly, or by providing contributions and working closely with organizations carrying out that work.

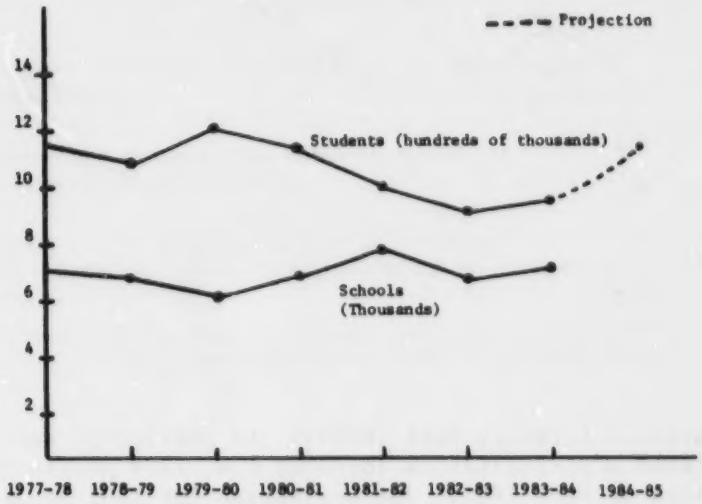
Financial and technical support is also provided to national voluntary organizations for fitness promotion, leadership development, demonstration programs, the delivery of fitness programs and organization management. Fitness Canada actively consults and liaises with all provincial governments, organizations and agencies involved in fitness.

Funding Process: Fitness Canada issues call letters for contribution requests to national voluntary associations and other agencies, and assesses their requests according to established criteria and stated priorities. Priorities emphasize the development of certain age groups, population segments or program areas based on the results of studies and surveys such as the Canada Fitness Survey. On the basis of Fitness Canada's assessment of the applications, final funding recommendations are made to the Minister.

Performance Information/Resource Justification

Canada Fitness Award Program: The Canada Fitness Award program has tested the speed, power, strength, agility and endurance of some 17 million boys and girls age 6-17 since its inception in 1970. In 1983-84, approximately 1,021,000 children out of a possible 4,900,000 across Canada participated in the Canada Fitness Award program. Participation is expected to increase to 1,100,000 in 1984-85 and 1,200,000 in 1985-86.

Figure 11: Canada Fitness Awards

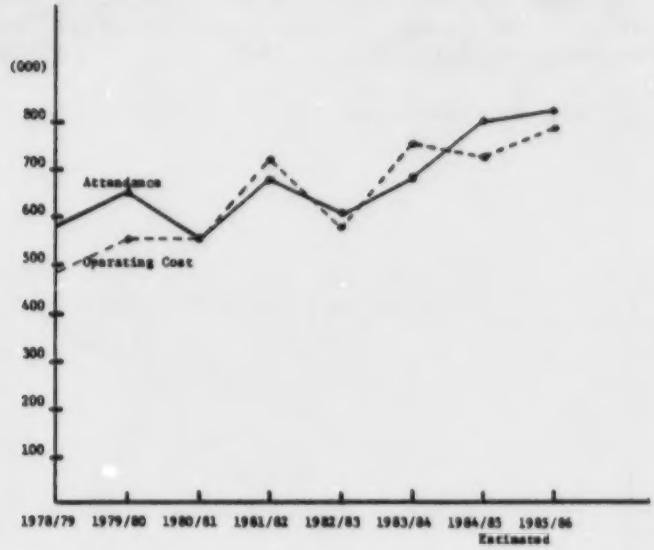


Sport Action Unit: The Sport Action Unit consists of two mobile exhibition units which are used to promote sport and physical fitness activities.

The units are set up at exhibitions, fairs, schools and community centers, and members of the local community are invited to participate in the sports activities. The display consists of numerous participation activities in which young and old are encouraged to try their skills at sports such as tennis, baseball, football, and numerous physical fitness tests. Attendance usually totals over half a million persons each year.

The cost of operating this program, in terms of the cost per visitor to the Sport Action Unit is approximately $0.90.

Figure 12: Sport Action



National Physical Activity Week (NPAW): As previously reported, Fitness Canada achieved a participation level of 6 million people in NPAW 1983, and 10 million in NPAW 1984. The projection for 1985-86 is 12 million participants.

With constant resource levels, the following table illustrates participation trends in NPAW.

Figure 13: Participation Trends in NPAW

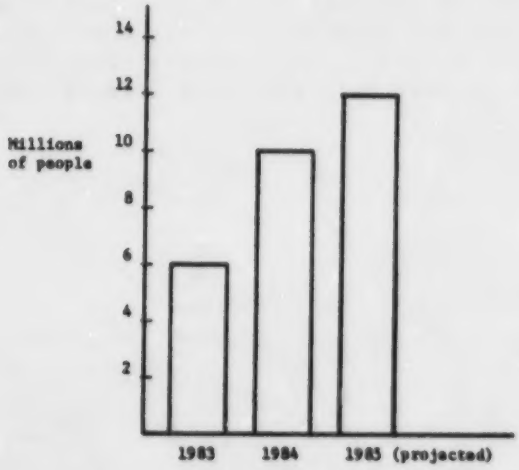


Figure 14: Breakdown of Fitness Contributions (1985-86)

Purpose	Amount $
• to assist in the development of uniform standards of programs and leadership	833,900
• to improve the volunteer delivery system at the national level	3,335,600
• to promote and inform Canadians about physical activity	1,334,240
• to conduct surveys and research and disseminate the results	1,250,850
• to encourage innovation through pilot or demonstration projects	1,167,460
• to enhance the advocacy role of national associations in encouraging changes to Canadian lifestyle.	416,950
	8,339,000

B. Amateur Sport

Objective

To develop Canadian sport at the national and international level and to support the highest possible level of achievement by Canada in international sport.

Specific goals relating to this activity are as follows:

- To coordinate, promote and develop high performance sport in Canada in conjunction with recognized national sport organizations.
- To assist in the development of domestic sport in Canada in those areas which require coordination at the national level.
- To provide administrative and technical leadership, policy direction, consultative services, and financial resources to assist national sport organizations to function effectively as the primary agents for excellence and co-ordinated sport development in Canada.
- To develop federal government sport policies.

A specific target for 1985-86 is to prepare the Canadian Team for the Summer FISU Games to be held in Kobe, Japan.

Resource Summary

The Amateur Sport activity represents 76% of the Fitness and Amateur Sport budget for 1985-86.

Figure 15: Activity Expenditures $000 and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Amateur Sport	47,262	35	53,736	37	44,696	33

Past Financial Performance

Actual financial requirements were 11% higher than originally anticipated.

Figure 16: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Amateur Sport	44,696	40,457	4,239

Explanation of Change: The following major program expenditures were approved in Supplementary Estimates:

	($ millions)
Items where expenditures exceeded Main Estimates	
• Funding for the development of a Best Ever team in the 1988 Winter Olympic Games, net of expenditures of $1.7 million which were initially approved in 1983-84 but were subsequently deferred	2.9
• Contributions to support the operating costs of the 1983 World Universiade (FISU) Games in Edmonton, Alberta	2.1
• Contribution for the development of a Best Ever Hockey team in the 1984 Winter Olympic Games in Sarajevo, Yugoslavia	.4
Less: item where expenditures were less than approved in Main Estimates	
• Deferral of expenditures for preparation for the Canada Winter Games	(1.2)
Net difference	4.2

Description

The Amateur Sport Activity concentrates on the following program components:

2105

High Performance Sport/Sport Excellence: This component encompasses those endeavours that have as their objective the attainment of the highest possible level of achievement by Canadian athletes in international sport with particular emphasis on the Olympic Games sports. Sport Canada administers technical programs such as the Athlete Assistance Program, the Sport Science Support Program, the Applied Sport Research Program and the Hosting Program and provides technical consultation and financial resources to national sport organizations in such areas as national team programs, national and international competitions, coaching, sport sciences and high performance sport centres.

In 1985-86, Canada will participate in the following major international Games:

- World University Games (Summer Sports), Japan, 1985

Domestic Sport Development: This component provides funding and policy direction for the development of technical and competitive programs serving participants below the international high performance level. Major activities of this component include national developmental events such as the Canada Games and respective sport national championships, the developmental programs of the Coaching Association of Canada and the technical education programs of national sport organizations.

Sport Infrastructure: The activities of this component provide funding and policy direction for the development and maintenance of an effective sport delivery system at the national level. Included in this component are the National Sport and Recreation Centre and those aspects of national sport organizations involving their administrative staff, offices, meetings, planning, etc.

Planning and Assessment: This component focuses on planning and assessing Sport Canada's programs and the progress of Canadian amateur sport in general. Its responsibilities also include the development and organization of Sport Canada's planning process in a manner compatible with both the needs of the Fitness and Amateur Sport Program and the requirements of the Department and central agencies.

Funding Process

Funding decisions insofar as national associations are concerned are the result of a review procedure reflecting Sport Canada's program priorities. Applications for funds from national sport organizations are reviewed in light of the priorities of Sport Canada, the plans and accomplishments of the national sport organizations and the comprehensiveness of the submission. On the basis of this examination, final funding recommendations are made to the Minister.

Performance Information/Resource Justification

The performance of the Amateur Sport Activity may be assessed through such indicators as the performance of Canadian athletes in major multi-sport Games and World Championships, the number of athletes eligible to receive funding through the Athlete Assistance Program, the number of High Performance Sport Centres established, and the number of professional coaches employed in amateur sport.

In major multi-sport games in 1984, Canada, as a nation, placed fourth in the Summer Olympic Games in Los Angeles. Although this ranking was undoubtedly assisted by the absence of several nations, the Canadian performance was the highest ranking ever achieved. If projected results from boycotting nations are factored into the L.A. results, Canada still finishes with a "best ever" ranking.

In 1983-84, $25 million were allocated to Fitness and Amateur Sport over a five-year period to assist with the preparation of the Canadian Team for the 1988 Winter Olympics. Sport Canada has designed a process to work with national sport organizations to plan and implement technical programs which will produce the "Best Ever" team in 1988. In 1983-84, Sport Canada worked with the 10 winter Olympic sport organizations to develop their planning and monitoring systems. In 1984-85, work continued on the implementation and monitoring of these plans.

In 1983-84, a federal government program on High Performance Sport Centres was initiated. In 1984-85, several High Performance Sport Centres in specific sports were put in place across the country. In 1985-86 at least 15 sports will develop long-range plans for the incorporation of centres into their high performance activities.

In 1985-86, contributions will be provided to national sport organizations for the following purposes:

Figure 17: Breakdown of Amateur Sport Contributions (1985-86)

Purpose	Amount $
1. High Performance Sport (including national team programs, athlete assistance, Major Games Teams, medical services, event hosting, coaching, technical programs, administrative support).	23,766,480
2. Domestic Sport System (including Coaching Association, technical programs, national championships, Canada Games).	10,562,880
3. Sport Infrastructure (including the National Sport and Recreation Centre professional staff salaries and administrative support to National Sport Organizations).	9,682,640
	44,012,000

C. Program Administration

Objective

To provide overall direction to and coordination of program activities by providing policy advice and direction; planning, financial and administrative services; promotion and communications support services.

Resource Summary

Figure 18: Activity Expenditures $000 and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Promotion and Communications	1,164	10	1,253	10	963	11
Financial Planning, Management and Services*	3,493	59	3,773	59	4,786**	60
Payment to the Canadian Sports Pool Corporation	-	-	36,500	-	10,500	-
	4,657	69	41,526	69	16,249	71

* Also includes the staff for the office of the Minister of State (Fitness and Amateur Sport), the office of the Assistant Deputy Minister, and regional offices.

** In 1983-84, all operating costs, including salary and wages and person-years were allocated solely to the Administration activity. Subsequent to that date, operating costs have been allocated directly to the three individual activities. For comparative purposes, prior years figures by activity have been restated and differ from those reported in Public Accounts.

Past Financial Performance

Actual financial requirements were 309% higher than originally anticipated.

Figure 19: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Program Administration	16,249	5,264	10,985

Explanation of Change: The following major program expenditures were approved in Supplementary Estimates:

- Payment to the Canadian Sports Pool Corporation (10.5 million)
- Contributions to sponsoring organizations for Employment Initiatives Projects (0.8 million)
- Other adjustments, net (0.3 million)

Description/Resource Justification

The Program Administration Activity provides financial and administrative support services as well as promotion and communication support services to the Fitness and Amateur Sport Program; in addition, it includes the other branch-wide services of the program (i.e., office of the Minister of State for Fitness and Amateur Sport, office of the Assistant Deputy Minister and regional offices).

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 20: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	4,691	4,495	4,222
Employee benefit plans	657	584	589
	5,348	5,079	4,811
Goods and services			
Transportation and communications	2,402	1,230	1,082
Information	527	700	687
Other professional and special services	1,229	1,191	1,117
Rental	72	72	50
Purchase repair and upkeep	92	92	102
Utilities, materials and supplies	383	400	360
All other expenditures	-	36,500	10,503
Capital	32	32	154
Transfer Payments	52,351	59,705	50,501
Total expenditures	62,436	105,001	69,367

2. Personnel Expenditures

Figure 21: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Senior Management	4	4	5	50,530/96,300	70,907
Scientific and Professional Education	4	4	3	13,609/68,070	40,765
Administrative and Foreign Service					
Administrative Services	9	8	8	13,912/57,987	37,833
Financial Administration	7	6	6	13,853/57,980	37,947
Information Services	7	7	7	13,579/57,980	38,403
Personnel Administration	-	-	1	13,330/63,870	-
Program Administration	39	41	39	13,912/57,987	41,448
Technical					
General Technical	2	2	2	12,635/55,682	32,616
Administrative Support					
Clerical	25	27	25	12,932/31,743	22,324
Office Equipment	3	3	1	12,665/25,271	22,102
Secretarial	19	19	19	12,636/31,946	22,109
Operational					
General Services	3	3	5	13,253/39,988	20,825
Minister's Exempt Staff	9	9	-	-	36,111

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 22: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contribution*			
Fitness			
Contributions towards costs of projects aimed at raising the fitness level of Canadians and contributions towards the administrative and project costs of national recreation associations and agencies to assist in the promotion and development of physical recreation for Canadians.	7,478	6,753	6,353
Contribution to the operating expenses of PARTICIPaction's campaign to make Canadians aware of the benefits of physical recreation and to encourage greater fitness amongst all segments of the population.	861	835	795
Amateur Sport			
Contributions towards the administrative and project costs of amateur sport organizations to assist in the promotion and development of amateur sport for Canadians.	31,373	33,720	29,449
Contribution to the National Sport and Recreation Centre Inc. towards the costs of services provided to resident and non-resident organizations.	4,441	4,390	4,125

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions towards the academic, living and training expenses of outstanding amateur athletes.	3,994	4,335	3,662
Payment, in accordance with agreements, to the sponsoring organizations of multi-sport regional, national and international games towards the capital and operational expenses of games held in Canada and for the operational expenses of single sport international championships held in Canada.	4,204	8,122	5,241
Contribution towards the upgrading of the Speed Skating Oval in Ste Foy, P.Q.	-	1,125	-
Student summer and youth employment.	-	-	8
New Employment Expansion and Development (NEED) Program.	-	-	65
Program Administration			
Payments in accordance with agreements with sponsoring organizations for employment initiatives projects.	-	425	803
	52,351	59,705	50,501

* A detailed listing of the associations that receive contribution funding from the Fitness and Amateur Sport Program is available in the annual report published for the Program.

B. Cost Analysis

Program Costs by Activity: The overall cost of the Fitness and Amateur Sport Program includes the operating costs and contributions along with the value of services provided free by other departments. These additional services include the value of accommodation provided by the Department of Public Works ($616,000) and financial services by the Department of Supply and Services ($146,000) and other services provided by the Treasury Board ($89,000) and Labour Canada ($5,000). The program does not generate revenue, however, we do account for collections under the Inter- Provincial lottery agreement (approximately $35 million per annum).

Figure 24: Net Program Costs ($000)

	1985-86 Operating Expenditures	1985-86 Transfer payments	Add Other Costs	Total Cost	Total Cost 1984-85
Fitness	2,178	8,339	-	10,517	9,739
Amateur Sport	3,250	44,012	-	47,262	53,736
Program Administration	4,657	-	856	5,513	41,526
	10,085	52,351	856	63,292	105,001

C. Additional Information

1. Canada's International Sport Ranking

Figure 25: Canada's International Sport Ranking

	Common-wealth Games	Pan American Games	Winter Olympic Games	Summer Olympic Games	World Universiades
1978-79	1st Edmonton, Canada (projected 1st)				
1979-80		3rd San Juan, Puerto Rico	13th Lake Placid, U.S.A.		14th Mexico City Mexico
1980-81				* Moscow, USSR	
1981-82					12th Bucharest, Romania
1982-83	3rd Brisbane, Australia (projected 1st-3rd)				
1983-84		3rd Caracas, Venezuela	11th Sarajevo, Yugoslavia (projected 10th-12th)		3rd Edmonton (projected 13th-15th)
1984-85				4th Los Angeles, U.S.A. (projected 10th-12th)	Italy (no projection as a nation)
1985-86					(Projected 8th) Kobe, Japan

* Canada did not participate due to the boycott of the 1980 Olympic Games. Therefore, no standing was achieved. Canada did rank 10th in the 1976 Olympic Games held in Montreal. The estimated standing of Canada in 1980, based upon a comparison of Canadian performances with those achieved in Moscow, is 15th.

XV Olympic Winter Games Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $49,798,000 in support of the 1985-86 XV Olympic Winter Games Program. The remaining expenditures, estimated at $93,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	XV Olympic Winter Games Program		
60	Operating expenditures	1,396	-
65	Capital expenditures	33,900	-
70	Contributions	14,502	-
(S)	Contributions to Employee Benefit Plans	93	
	Total Program	49,891	-

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	XV Olympic Winter Games Program	
60	XV Olympic Winter Games - Operating Expenditures	1,396,000
65	XV Olympic Winter Games - Capital Expenditures	33,900,000
70	XV Olympic Winter Games - Contributions	14,502,000

Program by Activities

	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
XV Olympic Winter Games	13	1,489,000	33,900,000	14,502,000	49,891,000	-

Transfer Payments

	1985-86 Main Estimates	1984-85 Main Estimates
Contributions		
XV Olympic Winter Games	14,502,000	-
Total	14,502,000	-

Section 1
Program Overview

A. Highlights

The Government of Canada has established this Program to provide direct funding, to participate as an "active contributor", and to coordinate federal services in support of the XV Olympic Winter Games.

Selected initiatives of the Program for 1985-86 are as follows:

- The continued construction of Canada Olympic Park, venue for the ski-jump, bobsleigh and luge competitions of the XV Olympic Winter Games.
- The continued monitoring of the construction of the Olympic Speedskating Oval being funded by the Program and constructed by the University of Calgary as the venue for the speedskating competitions.
- The continued planning and coordination of essential and discretionary services to be provided by the Government of Canada.
- Conclusion of all remaining agreements with Games partners.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

Activity	Estimates 1985-86	Forecast 1984-85	Change
XV Olympic Winter Games Program	49,891	45,908	3,983
Authorized person-years	13	13	-

The 1984-85 Main Estimates (see page 8-4) reflect no resources. This Program has been funded through Supplementary Estimates and this is reflected in 1984-85 Forecast.

The increase of $3,983,000 in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

- the capital and contributions payments have been established by the terms and conditions of agreements with recipient organizations $3,480,000
- a net increase in salaries and wages, contributions to employee benefit plans and contributions due to inflation $ 610,000

C. Background

1. Introduction

The XV Olympic Winter Games will take place in February 1988. The Government of Canada has established this Program to provide direct funding, to participate as an "active contributor" in the Games, and to coordinate federal services in support of the Games. The Program will exist through fiscal year 1988-89 with direct funding expenditures from the Federal Government of $200 million (1982-83 dollars).

The Program will liaise with the provincial and municipal levels of government through participation in the Calgary Organizing Committee's Board of Directors and Executive Committee, and the Calgary Olympic Development Association's Board of Directors. In coordinating federal efforts, the Program will liaise with numerous federal departments concerning the provision of federal essential and discretionary services.

2. Legal Mandate

The legal mandate for the Program is based on the Fitness and Amateur Sports Act of 1961.

3. Program Objective

To support the successful planning and staging of the XV Olympic Winter Games so that they will be a matter of national pride, and to optimize economic, athletic and cultural benefits before, during and after the Games.

4. Program Description

The Program:

- provides direct funding towards operating, capital expenses and endowment funding to enable the Government of Canada to meet its objectives for participating in the planning and staging of the XV Olympic Winter Games;
- participates in the Calgary Organizing Committee's Board of Directors and Executive Committee, and the Calgary Olympic Development Association's Board of Directors;
- coordinates the provision of all federal services in support of the Games; and
- provides appropriate visibility to the Government of Canada in matters relating to the XV Olympic Winter Games before, during and after the Games.

5. Program Organization for Delivery

This temporary Program consists of a single Activity. It reports to the Minister of Fitness and Amateur Sport and to the Deputy Minister of the Department of National Health and Welfare.

D. Planning Perspective

1. Environment

In September 1981, the International Olympic Committee (IOC) selected Calgary to host the 1988 Olympic Winter Games. The Government of Canada was involved in this project from the outset by contributing towards the cost of the bid for the Games. In an effort to reinforce Calgary's position with the IOC, it also made a commitment to provide direct funding and to provide federal essential services.

From the beginning, the Government of Canada assumed a partnership role in this event. When the IOC awarded the bid to the City of Calgary, the governments of Canada, Alberta and the City of Calgary established special secretariats or liaison offices to coordinate their involvement in the Games. It was generally recognized, both in the structure and staffing of these offices, that, although the Olympics are a sporting event, the preparations for the Games focus on negotiations, financial management, facility construction, the planning of services and public affairs.

2. Initiatives

During 1985-86, the Program will undertake the following:

- The continued construction of Canada Olympic Park, venue for the ski-jump, bobsleigh and luge competitions of the XV Olympic Winter Games.
- The continued monitoring of the construction of the Olympic Speedskating Oval being funded by the Program and constructed by the University of Calgary as the venue for the speedskating competitions.
- The continued planning and coordination of essential and discretionary services to be provided by the Government of Canada.
- Conclusion of all remaining agreements with Games partners.

3. Program Effectiveness

Through the Office for the 1988 Olympic Winter Games, the Government of Canada negotiates the required agreements with other Olympic partners, coordinates legislative and regulatory changes, manages the federal direct funding contribution, directs design and construction of federal capital projects, coordinates the planning and delivery of federal service and logistic support to the Games, and coordinates federal public affairs, communications and promotion plans.

The effectiveness of this Program will be seen when the 1988 Olympic Winter Games are held in Calgary. No evaluation component is proposed as this is a sunset Program.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 2: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	666	640	396
Contributions to employee benefit plans	93	83	57
Other personnel costs	-	-	-
Transportation and communications	200	190	109
Information	48	-	59
Professional and special services	272	336	142
Rentals	100	103	86
Purchased repair and upkeep	5	-	1
Utilities, materials, and supplies	35	35	28
All other expenditures	70	5	-
	1,489	1,392	878
Capital	33,900	22,266	15,317
Transfer payments	14,502	22,250	26,200
Total expenditures	49,891	45,908	42,395

2. Personnel Expenditures

Figure 3: Average Annual Salary by Category

	Authorized Person-Years		Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85		
Management	5	3	50,350-96,300	79,625
Administration and Foreign Services	4	4	13,912-57,987	40,312
Administrative Support	4	6	12,932-31,946	24,308

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 4: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Payments towards operating and capital expenses to enable the Government of Canada to meet its objectives for the planning and staging of the XV Olympic Winter Games to be held in Calgary in 1988	14,502,000	22,250,000	26,200,000

B. Cost Analysis

Figure 5: Program Costs for the Year 1985-86 ($000)

	XV Olympic Winter Games Program	
	Estimates 1985-86	Forecast 1984-85
Operating Expenditures	49,891	45,908
ADD:		
Services provided without charge:		
Accommodation DPW	29	29
Cheque Issue - DSS	2	3
Employee Surgical Medical Insurance - TB	11	10
Employee Compensation Payments	1	-
Total Operating Cost	49,934	45,950

Departmental Administration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $39,979,000 for operating expenditures and grants and contributions to operate the Departmental Administration Program during the 1985-86 fiscal year. The amount is net of estimated expenditures of $1,524,000 for administrative services to be charged to the Canada Pension Plan. The remaining expenditures, estimated at $4,177,000, for contributions to employee benefit plans and the Minister's salary and motor car allowance will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Departmental Administration Program		
1	Program expenditures	39,979	42,441
(S)	Minister of National Health and Welfare - Salary and Motor Car Allowance	42	41
(S)	Contributions to Employee Benefit Plans	4,135	3,911
	Total Program	44,156	46,393

Votes - Wording and amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Departmental Administration Program	
1	Departmental Administration - Program expenditures, the grants listed in the Estimates and contributions including recoverable expenditures on behalf of the Canada Pension Plan	39,979,000

Program by Activities

	1985-86 Main Estimates						1984-85 Main Estimates
	Authorized person-years	Budgetary				Total	
		Operating	Capital	Transfer payments	Less: Revenues credited to vote		
Departmental Executive	90	5,287,000	13,000	-	160,000	5,140,000	7,146,000
Policy, Planning and Information	136	8,104,000	3,000	1,770,000	248,000	9,629,000	10,463,000
Intergovernmental and International Affairs	22	1,363,000	5,000	465,000	-	1,833,000	1,787,000
Corporate Management	599	28,587,000	78,000	5,000	1,116,000	27,554,000	26,997,000
	847	43,341,000	99,000	2,240,000	1,524,000	44,156,000	46,393,000

Transfer Payments

	1985-86 Main Estimates	1984-85 Main Estimates
Grants		
Institute for Social and Economic Research at the University of Manitoba	-	217,000
United Nations Fund for Drug Abuse Control	366,000	333,000
Membership fees to international organizations	99,000	-
Voluntary health and social services organizations under the Thérèse Casgrain Award	5,000	5,000
Contributions		
To provinces and territories for the purpose of developing and implementing welfare information systems	1,770,000	2,270,000
Total	2,240,000	2,825,000

Section 1
Program Overview

A. Highlights

- Net Program expenditures are anticipated to be $44.2 million in 1985-86. This represents an increase of $.366 million or .8 percent over 1984-85 forecast expenditures.

- The authorized person-year level for 1985-86 is 847, down 34 from the forecast 1984-85 level of 881. This represents a decrease of 3.9 percent.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Departmental Executive	5,300	5,528	(228)	9.12
Policy, Planning and Information	9,877	10,192	(315)	9.14
Intergovernmental and International Affairs	1,833	1,815	18	9.16
Corporate Management	28,[illegible]70	27,806	864	9.19
	[illegible]680	45,341	339	
Less: receipts and revenues credited to the Vote*	1,524	1,551	27	
	44,156	43,790	366	
Authorized person-years	847	881	(34)	

* Costs incurred for administrative services to the Canada Pension Plan (CPP) are recoverable from the Plan.

The increase of $366,000 in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	($000)
• discretionary expenditure reductions;	(1,147)
• for all activities, a net increase in salaries and wages, contributions to employee benefit plans and Canada Pension Plan recovery due to inflation	1,593

Figure 2: Gross Expenditures by Activity (percentage distribution 1985-86)

C. Background

1. Introduction

The Departmental Administration Program encompasses the areas of audit, evaluation, public affairs, financial management, personnel administration services, general administrative services and management information systems. It also provides direction, planning, coordination, policy development and information to the Department as a whole.

The Program coordinates, monitors and when required, initiates departmental policies and strategies on those international and federal/provincial/territorial health and welfare issues where they affect more than one departmental program or require interdepartmental consultation.

Important links are also maintained with central agencies to ensure compliance with government regulations, standards and strategies.

2. Legal Mandate

The legal mandate for the Departmental Administration program is based on the Department of National Health and Welfare Act.

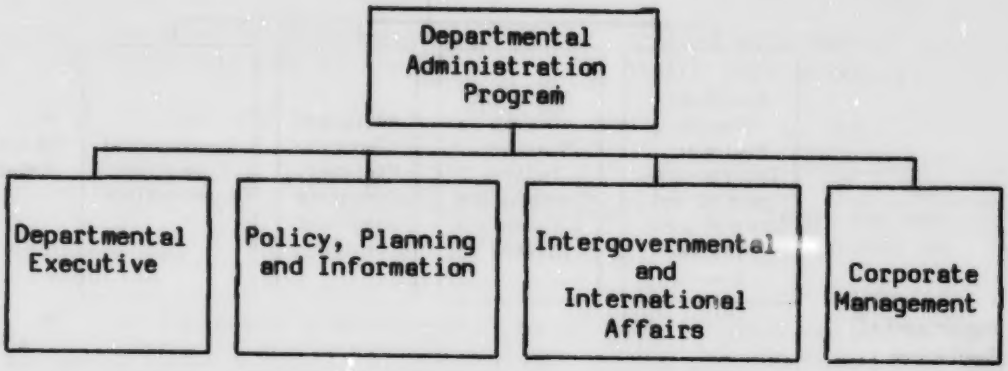
3. Program Objective

The object of the Departmental Administration Program is to provide executive direction and management services.

4. Program Organization for Delivery

Activity Structure: The Program is comprised of four activities as described in Figure 3.

Figure 3: Activity Structure

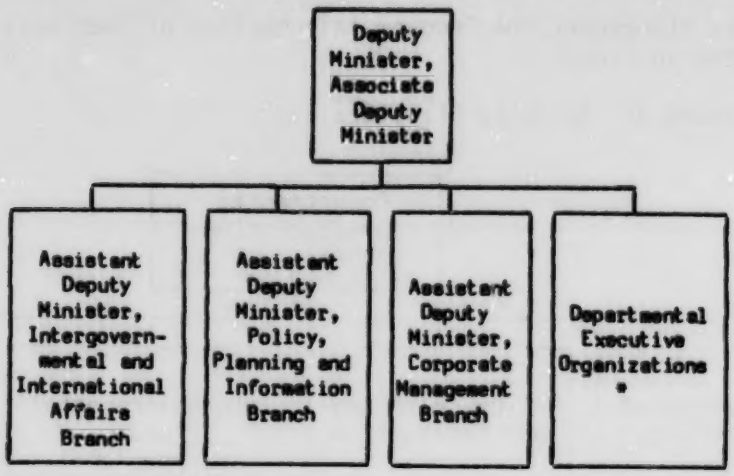


The major portion of the operation of the Program is carried on at the Headquarters of the Department located in the National Capital Region. Some public affairs services and personnel services are provided in many regions across Canada.

Organization Structure: The Departmental Administration Program is under the general direction of the Deputy Minister and the Associate Deputy Minister. There are three Branches, headed by an Assistant Deputy Minister, as well as many directorates, secretariats or offices also reporting directly to the Deputy Minister or the Associate Deputy Minister.

The Program carries out a variety of corporate level functions and includes resources needed to accomplish this role. Personnel, Program Evaluation and Internal Audit are centralized under this Program. The Administrative Services and Public Affairs Directorates provide some direct services to the other programs as well as functional direction and advice. The areas of planning and finance provide corporate level direction, advice and coordination to other departmental programs. The Program Administration activities found in other programs of the Department provide specific services that are not supplied at the corporate level.

Figure 4: Resources by Organization/Activity ($000)



	Assistant Deputy Minister, Intergovernmental and International Affairs Branch	Assistant Deputy Minister, Policy, Planning and Information Branch	Assistant Deputy Minister, Corporate Management Branch	Departmental Executive Organizations *	Activity Total
Departmental Executive	-	-	-	5,140	5,140
Policy, Planning and Information	-	9,629	-	-	9,629
Intergovernmental and International Affairs	1,833	-	-	-	1,833
Corporate Management	-	-	27,554	-	27,554
Total (Net of CPP Recoveries)	1,833	9,629	27,554	5,140	44,156
Person-Years	22	136	599	90	847

*Departmental Executive organizations are comprised of Special Adviser, Policy Development; Program Evaluation; Principal Nursing Officer; the Secretariats for the National Council of Welfare and the National Advisory Council on Aging; Minister's Office, Deputy and Associate Deputy Minister's Office.

D. Planning Perspective

1. Environment

The Program plays a major role in ensuring that the Department's inputs to the policy-making process are based on rigorous research and analysis, that appropriate measures are taken in order to improve accountability and that effective and efficient management practices are established throughout the Department as well as to ensure that the department meets central agency requirements.

2. Initiatives

During 1985-86, the Departmental Administration Program will undertake the following:

- to prepare a comprehensive analysis of federal policies as they affect the social security of Canadian families;
- to provide an assessment of policy options with respect to contributions to the provinces for health care services;
- to complete the development of a new approach to the management of Electronic Information Systems (EIS) in the Department which is to include the establishment of an EIS directorate, a departmental process for Long Range Systems Planning and the utilization of advanced office automation technology;
- to implement a departmental management information system to assist in the effective decision-making process throughout the Department;
- to review and strengthen the financial administration function in the Department;
- to ensure that the action plan of the affirmative action program is carried out throughout the Department; and
- to initiate co-ordinative requirements in planning the Department's hosting of the 1986 General Assembly of the International Social Security Association to be held in Montreal in September 1986.

3. Program Effectiveness

The major portion of the Program's operations involves policy development and coordination, information, advisory services, planning and direction. These are supportive of other programs in the Department of National Health and Welfare and are regulated or required to a large extent by central agencies.

Section II
Analysis by Activity

A. Departmental Executive

Objective

To provide advice and direction in the development of policies and programs which will ensure the provision of an appropriate level of health and welfare services throughout the nation.

Resource Summary

The Departmental Executive Activity accounts in fiscal year 1985-86 for 11 percent of the total resources of the Departmental Administration Program and 10 percent of the total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Departmental Executive	5,300	90	5,528	97	4,720	89
Less: receipts and revenues credited to the Vote*	160		105		105	
	5,140	90	5,423	97	4,615	89

* Costs incurred for administrative services to the Canada Pension Plan are recoverable from the Plan.

Description/Resource Justification

The Departmental Executive Activity is responsible for overall management of the Department and consists of the Departmental Executive (Offices of the Minister, Deputy Minister and the Associate Deputy Minister, the National Council of Welfare, the National Advisory Council on Aging, the Principal Nursing Officer), the Special Adviser and Program Evaluation.

This activity provides advice and direction on different health and social services matters.

Departmental Executive: Provides advice to the Minister, the Deputy Minister and the Associate Deputy Minister on matters related to health, welfare, nursing and the quality of life of older Canadians.

Special Adviser: Provides advice to the Deputy Minister and the Associate Deputy Minister on social policy issues, promotes the development of policies to safeguard the health and welfare of Canadian women and their families, and ensures that government policies are fully applied in the collection, use and disclosure of information under departmental control.

Program Evaluation: Is responsible for the review and assessment of all departmental programs to determine the adequacy of their objectives and designs, their continued relevance, the results which they have achieved, and alternative means of their delivery.

B. Policy, Planning and Information

Objective

To support the development of departmental policies and the management of its programs by initiating and undertaking policy research and analysis, by implementing and maintaining information systems and by contributing to the Department's planning processes.

Resource Summary

The Policy, Planning and Information Activity accounts for 22 percent of the total expenditures and 16 percent of the total person-years of the Departmental Administration Program in 1985-86.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Branch Management	1,522	25	1,458	25	1,448	24
Policy Resources	2,404	41	2,304	39	2,161	34
Information Systems						
Operating	4,181	70	3,918	64	3,669	64
Grants and Contributions	1,770	-	2,512	-	2,475	-
	9,877	136	10,192	128	9,753	122
Less: receipts and revenues credited to the Vote*	248		240		233	
	9,629	136	9,952	128	9,520	122

* Costs incurred for administrative services to the Canada Pension Plan are recoverable from the Plan.

Description

The Policy, Planning and Information Activity consists of three components:

Branch Management: Coordinates and supports the planning, management and administrative functions of the activity.

Policy Resources: Initiates and undertakes research and analyses of health and social policy issues in support of the policy development responsibilities of the Department, assesses options for future implementation, coordinates and prepares the Department's Environmental Assessment.

Information Systems: Implements and maintains information systems that support the development, management and evaluation of social policies and programs. These responsibilities include the provision of technical and financial assistance to provincial departments of social services for the development of welfare management information systems to assist them in automating the delivery of welfare programs cost-shared under the Canada Assistance Plan. (Contributions by provinces are shown on page 9-24.)

Performance Information/Resource Justification

The Policy, Planning and Information Activity provides authoritative and definitive advice and information to the Minister and to senior management of the Department on health and social policy issues, thereby enabling them to participate effectively in the policy making process. It also provides policy and program management and evaluation information and assistance to other federal entities, to provincial governments, to non-governmental organizations and to the public.

The dimensions of the programs on which this Activity has an impact include some $24 billion in departmental spending, as well as federal, provincial and private sector spending of approximately twice that amount.

C. Intergovernmental and International Affairs

Objective

To provide support to the departmental executive and program branches and coordination in the department's federal/provincial and international liaison activities.

Resource Summary

The Intergovernmental and International Affairs Activity accounts in fiscal year 1985-86 for 4 percent of the total resources of the Departmental Administration Program and 3 percent of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures	1,368	22	1,383	22	1,474	22
Grants	465	-	432	-	303	-
	1,833	22	1,815	22	1,777	22

Description

The Intergovernmental and International Affairs Activity consists of three components:

International Affairs: Oversees the Department's international health activities and specifically Canadian participation in international organizations for which it has a direct responsibility, such as the World Health Organization, the Pan American Health Organization, the United Nations (UN) Commission on Narcotic Drugs, etc., as well as bilateral health relations with foreign governments.

The Directorate also develops the Canadian position on social policy issues before the United Nations, coordinates participation in international social affairs, promotes Canadian participation in

UN Research and Training Programs, relations with the OECD in social, scientific and environmental matters, and pursues cooperative relationships with other international governmental and non-governmental organizations and their Canadian affiliates operating in the social welfare field.

Federal-Provincial and Interdepartmental Liaison: Coordinates relationships with the provincial/territorial governmental and other federal departments. This Directorate, which serves as the key anchor point for federal/provincial/territorial conferences of Ministers and Deputy Ministers of Health and Social Services, provides secretariat services for these conferences, monitors the network of federal/provincial advisory committees and working groups and engages in day-to-day liaison with central agencies. The Directorate provides representation of the Department on the Interdepartmental Committee on Human Rights.

International Information and Planning: Carries out activity planning including the coordination of international and federal/provincial inputs to Departmental planning processes. Its responsibilities include the procurement and distribution of information on international trends in health and welfare matters, provision for exchanges of information with other countries, and the organization of visits and study tours for foreign officials and scholars. The sub component is responsible for the development and implementation of special international events such as international years or the hosting of major international conferences in which the Department has the lead role in the federal government. The Directorate administers the World Health Organization Fellowships Programme which enables qualifying health professionals to obtain short-term studies abroad and also carries out Branch administrative functions.

Performance Information/Resource Justification

Although largely unquantifiable, the outputs of Intergovernmental and International Affairs can be grouped within four broad categories:

- enhanced flow of information and expertise to and from provincial/territorial and international sources and coordination of programmes for officials and delegations from foreign countries and delivery of World Health Organization Fellowships Programme;

- increased departmental visibility resulting from the development and maintenance of relationships with international organizations for which the Department is responsible and/or to which the Government of Canada is committed; examples include: participation in activities of the European Centre for Social Welfare Training and Research, the International Social Security Association, the International Council of Social Welfare and the International Union of Family Organizations;

- maintenance of open relationships with provincial/territorial authorities which are conducive to the fulfilment of departmental and national objectives; and

- provision of informed policy advice to the Minister, Deputy Minister and Associate Deputy Minister and departmental programs on international and federal/provincial/territorial issues.

D. Corporate Management

Objective

To provide a full range of management services to the Departmental Executive, as well as management services and functional direction to program branches, including personnel and financial resource management, audit and administrative and public affairs support.

Resource Summary

The Corporate Management Activity accounts in fiscal year 1985-86 for 63 percent of the total resources of the Departmental Administration Program and 71 percent of the total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Branch Management	842	19	746	19	646	18
Corporate Planning and Management Practices	736	18	595	15	768	13
Personnel Administration	12,770	292	12,409	298	11,522	307
Financial Administration	1,215	30	1,103	28	1,344	29
Administrative Services	7,791	138	7,587	139	6,966	153
Electronic Information Systems	849	19	999	19	-	-
Internal Audit	1,568	31	1,388	29	1,514	28
Public Affairs	2,899	52	2,979	54	2,988	51
	28,670	599	27,806	601	25,748	599
Less: receipts and revenues credited to the Vote*	1,116		1,206		1,338	
	27,554	599	26,600	601	24,410	599

* Costs incurred for administrative services to the Canada Pension Plan are recoverable from the Plan.

Description

The Corporate Management Activity consists of eight components:

Branch Management: Has the responsibility for the general orientation and coordination of management functions in the Corporate Management Branch, advising departmental officials on departmental managerial and administrative matters. It also provides financial and official languages services to all activities of the Departmental Administration Program.

Corporate Planning and Management Practices: Is responsible for contributing to departmental efficiency and effectiveness by improving the information, structure and environment for decision-making and by ensuring that objectives, goals and results are precisely identified and communicated throughout the department. This is ensured by the establishment and operation of a departmental planning system, the coordination and control of a departmental program to improve management practices and the coordination and integration of corporate management systems.

Personnel Administration: Is responsible for assisting departmental managers in achieving their overall program objectives and in discharging their responsibility for personnel management by providing services and advice in personnel matters and by providing for the fair and equitable treatment of employees. It also ensures the exercise of personnel authorities by delegated managers and personnel administrators in a responsible manner.

Financial Administration: Is responsible for ensuring that policies and systems of financial administration are established, maintained and operated; exercising financial and budgetary controls and coordination of departmental operations; advising senior departmental management on financial management matters.

Administrative Services: Is responsible for the development and implementation of effective departmental policies, guidelines and systems for the following services: Accommodation, Materiel, Departmental Library, Records, Paperwork, Security. It is also responsible for the management of services that are performed on a centralized basis such as Security Services and for the provision of advice, functional guidance and/or direction to the administrative areas of program branches.

Electronic Information Systems: Is responsible for developing and maintaining Department-wide information systems and networks, for ensuring compatibility of systems, hardware and software, for leading and coordinating long range and operational EIS planning and for setting standards and guidelines for hardware, software and protocols for communications.

Internal Audit: Appraises the control framework applicable to departmental programs and objectives, the efficiency of departmental operations, systems and procedures, as well as measures of efficiency and effectiveness used by management.

Public Affairs: Coordinates the development and implementation of efforts to inform the public about the Department's corporate and program objectives and undertakings, provides direction and guidance on public communications strategies and provides a feedback mechanism.

Performance Information/Resource Justification

The provision of services for the Department and/or Program in the areas of planning, personnel, financial and general administrative services represents one of the three key results for this activity. A number of achievement indicators which are used by management to assess performance have been established and include staffing actions and classification requests processed, number of invoices processed, number of tenant services requests processed. Despite the climate of economic restraint, the activity will try in fiscal year 1985-86 to maintain and/or upgrade the level of services provided in order to respond to the increased demand.

The provision of functional direction, advice, information and control to senior departmental management in the areas listed above is another key result of this activity.

Finally, the development of policies, systems, standards and procedures to support management is considered another key result due to the fact that this facilitates effective and efficient management throughout the Department. A measure of effectiveness is the ability to comply with the requirements and directives of central agencies and to meet these on a timely basis.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	29,574	28,303	26,680
Contributions to employee benefit plans	4,135	3,680	3,813
Other personnel costs	61	60	60
Transportation and Communications	3,140	2,996	2,509
Information	1,045	870	513
Professional and special services	3,100	3,357	2,520
Rentals	380	428	227
Purchased repair and upkeep	775	907	756
Utilities, materials, and supplies	1,091	1,474	1,568
All other expenditures	40	36	37
	43,341	42,111	38,683
Capital	99	281	532
Transfer payments	2,240	2,949	2,783
Less: receipts and revenues credited to the Vote	1,524	1,551	1,676
Total	44,156	43,790	40,322

2. Personnel Expenditures

Figure 10: Average Annual Salary by Category

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	40	44	36	50,350-96,300	65,962
Scientific and Professional					
Economics, Sociology and Statistics	63	67	59	14,570-65,080	50,901
Library Science	11	10	10	19,782-50,712	33,529
Others	2	2	3	27,103-83,020	62,660
Administration and Foreign Service					
Administrative Services	95	97	88	13,912-57,987	35,168
Administrative Trainee	7	-	-	13,890-27,530	23,626
Computer Systems Administration	32	28	28	18,766-61,433	38,312
Financial Administration	31	33	31	13,853-57,980	46,212
Information Services	32	31	24	13,579-57,980	42,432
Organization and Methods	19	23	23	13,520-57,980	43,044
Personnel Administration	110	119	125	13,330-63,870	38,344
Program Administration	8	26	4	13,912-57,987	39,513
Purchasing and Supply	5	3	3	12,766-57,987	37,866
Technical	39	43	39	10,719-63,173	33,298
Administrative Support	328	340	341	12,636-37,130	22,072
Operational	16	19	15	12,307-48,317	19,385
Minister's Exempt Staff	9	9	9	-	44,444

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 11: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Institute for Social and Economic Research at the University of Manitoba	-	217,000	205,000
Membership Fees to International Organizations	99,000	98,500	-
United Nations Fund for Drug Abuse Control	366,000	333,000	303,000
Voluntary Health and Social Services Organizations under the Thérèse Casgrain Award	5,000	5,000	5,000
	470,000	653,500	513,000
Contributions			
Banff Centre School of Management	-	25,000	-
Welfare Information Systems:			
Alberta Department of Social Services and Community Health	-	65,000	99,996
British Columbia Ministry of Human Resources	200,000	250,000	150,000
Manitoba Department of Community Services	160,000	-	-
Manitoba Department of Employment and Economic Security	400,000	325,000	115,000
New Brunswick Department of Social Services	310,000	400,000	440,000
Newfoundland and Labrador Department of Social Services	400,000	300,000	154,500
Northwest Territories Department of Health and Social Services	-	-	-
Nova Scotia Department of Social Services	-	251,000	267,607
Ontario Ministry of Community and Social Services	-	256,000	750,000
Prince Edward Island Department of Health and Social Services	-	11,000	16,000
Saskatchewan Department of Social Services	300,000	350,000	271,165
Yukon Territories Department of Health and Human Resources	-	62,000	5,732
	1,770,000	2,295,000	2,270,000
Total	2,240,000	2,948,500	2,783,000

B. Cost Analysis

Figure 12: Program Costs by Activity for the Year 1985-86 ($000)

	1985-86					Forecast 1984-85
	Departmental Executive	Policy, Planning and Information	Intergovernmental and International Affairs	Corporate Management	Total	
Operating Expenditures	5,300	9,877	1,833	28,670	45,680	45,341
ADD:						
Services provided without charge:						
Accommodation DPW	382	577	93	2,539	3,591	3,763
Cheque Issue - DSS	9	14	2	61	86	210
Employee Surgical Medical Insurance - TB	61	93	15	408	577	675
Employee Compensation Payments	3	5	1	23	32	28
Total Operating Cost	5,755	10,566	1,944	31,701	49,966	50,017
DEDUCT:						
Recoverable expenditures on behalf of the Canada Pension Plan	160	248	-	1,116	1,524	1,551
Net Operating Cost	5,595	10,318	1,944	30,585	48,442	48,466

C. Revenue Analysis

The recovery of costs incurred for administrative services to the Canada Pension Plan is the only major revenue within the Departmental Administration Program. It involves work performed by common operations services for the Canada Pension Plan in the areas of personnel and financial administration services, general administrative services, internal audit, etc.

Figure 13: Revenue Source ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Vote netting revenue cost recovery re: Canada Pension Plan	1,524	1,551	1,676
Vote netting revenue	1,524	1,551	1,676

Immigration Appeal Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Immigration Appeal Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis of the resources requested. Section II provides further information on costs and resources as well as special analysis that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from the Public Accounts. They are provided as an aid in assessing the program's financial performance over the last year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $4,039,000 in support of the 1985-86 Immigration Appeal Board. The remaining expenditures, estimated at $458,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	**1985-86 Main Estimates**	1984-85 Main Estimates
	Immigration Appeal Board		
30	Program expenditures	**4,039**	3,945
(S)	Contributions to Employee Benefit Plans	**458**	420
	Total Program	**4,497**	4,365

Votes - Wording and Amount

Vote No.	Department or agency (dollars)	**1985-86 Main Estimates**
	Immigration Appeal Board	
30	Immigration Appeal Board - Program expenditures	**4,039,000**

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Budgetary Capital	Total	
Immigration Appeal Board	89	4,487	10	4,497	4,365

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 35 - Immigration Appeal Board Program Expenditures	2,915,000	3,332,000	3,128,269
Statutory - Contributions to Employee Benefit Plans	319,000	355,000	355,000
Total Program	3,234,000	3,687,000	3,483,269

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The Board will schedule 150 weeks of hearings. Some 900 appeals, refugee claims allowed to proceed, and related matters will be decided. The turnaround time for cases required to be heard in court will average 18-20 months.

- An additional 1,500 applications for redetermination of claims to Convention refugee status will be considered in chambers.

2. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Immigration Appeal Board	4,497	4,719	(222)
Person-years	89	89	-

Explanation of Change: The financial requirements for 1985-86 are 5% or $222 thousand lower than the 1984-85 forecast expenditures. This decrease is due primarily to:

- decrease in capital funds related to the implementation of the Information System Development Project of $222 thousand.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $354 thousand or 8% higher than the 1984-85 Main Estimates of $4,365 thousand (Extracts from Part II of the Estimates, page 4). The difference of $354 thousand reflects the following item:

- A Supplementary Estimate of $354 thousand for the implementation of the Information System Development Project.

B. Recent Performance

1. Highlights

Highlights of the program's performance during 1983-84 are outlined below.

A total of 2,608 decisions were rendered by the Board. Of these, 870 were heard in court; 263 were withdrawn and 1,475 were redeterminations of refugee claims heard in chambers.

The average processing time for cases heard at full public hearings was between 14-16 months. Most redeterminations were disposed of within 3 to 4 months.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Immigration Appeal Board	3,483	3,234	249
Person-years	68	72	(4)

Explanation of Change: During 1983-84, the Board was provided with additional resources of 7 person-years and $417,000 through Supplementary Estimates for purposes of opening a new office in Winnipeg. Due to difficulties in securing appropriate accommodation and staffing new positions, the Board did not utilize the majority of these additional resources.

C. Background

1. Introduction

The Immigration Appeal Board is an independent statutory judicial tribunal established under the Immigration Act, 1976 to hear and decide upon appeals made under sections 72, 73 and 79 of the Act, and to hear applications for redetermination under the provisions of section 70 of the Act.

2. Legal mandate

The Immigration Appeal Board receives its mandate under Part IV of the Immigration Act, 1976.

3. Program Objective

The objective of the Board is "to make available to persons who have been ordered removed from Canada or to persons in Canada whose relatives have been refused admission to Canada, an independent court to which they may appeal such decisions, not only on legal grounds, but also on discretionary grounds; and to permit the redetermination of refugee claims".

4. Program Description

Functions: Under the Immigration Act, 1976 the Immigration Appeal Board carries out two major functions:

Appeals: The Immigration Act, 1976 provides for four types of appeals that can be heard by the Board in a full public hearing (court): (a) under section 72, permanent residents of Canada or Convention refugees who have been ordered deported from Canada may appeal on legal and/or equitable grounds; (b) under section 72, persons with valid visas, who have been refused admission to Canada, may appeal on legal and/or equitable grounds; (c) under section 73, the Minister of Employment and Immigration may appeal to the Board from the decision of an adjudicator allowing a person to enter or remain in Canada; and (d) under section 79, a Canadian citizen, who has sponsored an application for landing in Canada made by member of the family class, may appeal the refusal of that application (see pages 16 to 18 for the extracts from the Immigration Act, 1976).

Applications for Redetermination of a Claim to be a Convention Refugee: A Convention refugee is any person who, by reason of a well-founded fear of persecution for reasons of race, religion, nationality, membership in a particular social group or political opinion, is unwilling to return to his country of nationality or habitual residence (see page 16 for extract from section 2 of the Immigration Act, 1976). Persons whose claim to be a Convention refugee has been refused by the Minister of Employment and Immigration may apply to the Board for a redetermination of their claim. An application for redetermination is first considered by a quorum of the Board in chambers (out of court). The application must be accompanied by a statutory declaration setting out the details of the applicant's claim and by the transcript of an examination under oath in respect of his claim. The Board considers these documents and if it finds that there are reasonable grounds to believe that the claim upon a hearing could be established, it must allow the application to proceed to a full public hearing. In all other cases it must refuse to allow the application to proceed and is required to determine that the applicant is not a Convention refugee.

Procedures: Unless an in camera hearing is requested by one of the parties, all appeals and applications allowed to proceed and matters arising out of these actions are heard in full public hearings. The hearings involve presentation of evidence (written or oral) and legal arguments. The Minister of Employment and Immigration is a party to all appeals and applications for redetermination which have been allowed to proceed. The Minister is represented before the Board by designated officers within the Canada Employment and Immigration Commission (CEIC).

Written reasons for judgement must be prepared by the Board in all sponsorship appeals and in any other case at the request of one of the parties. Decisions of the Board are reviewable by the Federal Court of Appeal.

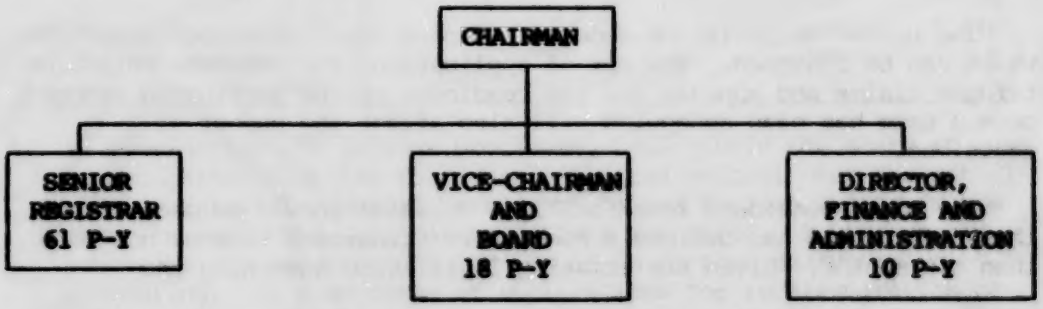
5. Program Organization for Delivery

The Immigration Appeal Board has its headquarters in Ottawa. Permanent courts are established in Ottawa, Montreal, Toronto and Vancouver. A permanent registry office is located in Winnipeg. The board sits on a regular basis at its regional courts, and travels to other cities in Canada as the volume of cases requires.

The Board may consist of no less than seven (7) and not more than eighteen (18) members, including a Chairman and five (5) Vice-Chairmen. The Board presently consists of the Chairman, five (5) Vice-Chairmen and eleven (11) members, all of whom are appointed by the Governor in Council. Three (3) members constitute a quorum of the Board.

Two branches provide administrative support to the Board. The Operations Branch, under the direction of the Senior Registrar, is responsible for operational support including the administration of the courts, the provision of legal advice and the control of court documents. The Finance and Administration Branch, headed by a Director, is responsible for financial, personnel and administrative support. Figure 3 shows the organization structure of the Board.

Figure 3: Organization Structure



D. Planning Perspective

1. Environment

The actions before the Immigration Appeal Board result directly from decisions made within the Canada Employment and Immigration Commission. While appellants before the Board represent a small number of the immigrant population, major changes to the immigrant intake levels, as set by CEIC, could affect the number of appeals reaching the Board, as could major policy changes or changes to the legislation. The number of applications for redetermination of a claim to be a Convention refugee made to the Board is influenced by the global refugee situation.

Bill C-58, passed in June 1984 amended the Immigration Act, 1976 to provide that any three members of the Board may constitute a quorum. Prior to the amendment either the Chairman or a Vice-Chairman was required to hear every case brought before the Board. At the same time the Minister appointed Dr. W. Gunther Plaut to study the refugee determination process in Canada and to identify various alternatives for the fair and expeditious processing of claims to Convention refugee status.

2. Initiatives

Major changes in the Board's direction or in the nature of its operation are dependent upon changes to the legislation.

3. Program Effectiveness

While the number of decisions made and the turnaround time are significant factors in measuring the Board's effectiveness, more important is the obligation to ensure and protect the rights of the parties to be heard in a manner and atmosphere consistent with the spirit of the Immigration Act, 1976 and the principles of natural justice. The Board ensures that this obligation is met by monitoring the internal systems which support the judicial functions to exact compliance with the law and established practices and procedures in the administration of the courts and the registry.

The number of decisions made will depend upon the number of panels which can be convened. The mix of applications for redetermination of refugee claims and appeals and the readiness of the parties to proceed once a case has been scheduled will also affect the number of decisions.

The Board considers that ideally a decision should be made within three months and has defined a reasonable turnaround time as not more than six months. Given the existing legislation governing the

composition of the Board, and the current workload trends, the Board will fail to reach this goal and the turnaround time will continue to increase. By the end of 1985-86 it is expected that appellants will be required to wait 18 to 20 months before their appeals are decided. Refugee claimants who have applied for a redetermination of their claims by the Board will face a waiting period of 4 to 5 months before a decision to allow or to refuse to allow the claim to proceed will be made. A further 18-20 months could elapse before those allowed to proceed will be heard in court.

4. Performance Information/Resource Justification

The Board's workload consists primarily of two major items, appeals and applications for redetermination. Applications for redetermination are initially reviewed in chambers in order to determine if they will be allowed to proceed to a full hearing whereas all appeals are heard at a full hearing. Figure 4 presents the workload for the Board. The cases heard at a full public hearing shown in Figure 4 include appeals, matters arising out of appeals, and applications allowed to proceed.

Figure 4: Workload Information

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Cases heard at Full Public hearing			
Pending at the beginning of the year	2,382	1,732	1,087
Received	1,800	1,800	1,755
Withdrawn	250	250	240
Heard and decided	900	900	870
Pending at year end	3,032	2,382	1,732
Process time (Months)*	18-20	16-18	14-16
Cases heard in Chambers			
Pending at the beginning of the year	388	308	251
Received	1,600	1,600	1,555
Withdrawn	20	20	23
Heard and decided	1,500	1,500	1,475
Pending at year end	468	388	308
Process time (Months)*	5	4	3

* In considering the average processing time within the Board it must be recognized that the Board has a limited control over the actual hearing date. In general, cases are called for scheduling in the order in which the originating notices are filed. However postponements and adjournments can result in further delays in rescheduling. In some cases of applications for redetermination of refugee claims the Board is not able to proceed with a redetermination (in chambers) because of incomplete documentation.

The intake of cases which must be heard at a full public hearing is expected to remain at the 1,800 level in 1985-1986. The Board plans to schedule 150 weeks of public hearings with an average of six cases decided each week.

The intake of applications for redetermination of refugee claims is expected to reach 1600. Since there is no requirement for the parties to be present, the Board is able to schedule these hearings with greater flexibility than for those cases required to be heard in court. It is planned to schedule most of these cases for consideration in chambers.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Operating expenditures for the Immigration Appeal Board are presented in Figure 5.

Figure 5: Expenditures by Object($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	3,273	3,230	2,516
Contributions to employee benefit plans	458	420	355
	3,731	3,650	2,871
Goods and Services			
Transportation and communications	424	424	354
Information	36	36	21
Professional and special services	138	197	98
Rentals	19	19	19
Purchased repair and upkeep	18	18	32
Utilities, materials and supplies	118	88	53
All other expenditures	3	3	1
	756	785	578
Total operating	4,487	4,435	3,449
Capital	10	284	34
Total expenditures	4,497	4,719	3,483

2. Personnel Expenditures

Figure 6: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Board Members	18	18	14	54,710 - 80,640	66,008
Senior Management	2	2	2	50,350 - 59,220	54,940
Scientific and Professional	4	3	1	20,523 - 88,120	30,245
Administration and Foreign Service	17	16	16	13,912 - 57,987	35,323
Technical	2	2	-	12,635 - 57,764	32,635
Administrative Support	46	48	46	12,636 - 31,946	25,296

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 7: Program Costs ($000)

	1985-86 Operating Expenditures	Add* Other Costs	Total Net Cost	Total 1984-85
Immigration Appeal Board	4,497	822	5,319	5,460

* The adjustment made to the voted budgetary operating expenditures to arrive at total net cost consists primarily of accommodation provided without charge by Public Works.

C. Extracts from the Immigration Act

1. Section 2 - Interpretation

"Convention refugee" means any person who, by reason of a well-founded fear of persecution for reasons of race, religion, nationality, membership in a particular social group or political opinion, (a) is outside the country of his nationality and is unable or, by reason of such fear, is unwilling to avail himself of the protection of that country, or (b) not having a country of nationality, is outside the country of his former habitual residence and is unable or, by reason of such fear, is unwilling to return to that country.

The term "Convention" in the expression "Convention Refugee" refers to the United Nations Convention Relating to the Status of Refugees signed at Geneva on the 28th day of July, 1951 and includes the Protocol thereto signed at New York on the 31st day of January, 1967.

2. Section 70 - Application for Redetermination

(1) A person who claims to be a Convention refugee and has been informed in writing by the Minister pursuant to subsection 45(5) that he is not a Convention refugee may, within such period of time as is prescribed, make an application to the Board for a redetermination of his claim that he is a Convention refugee.

(2) Where an application is made to the Board pursuant to subsection (1), the application shall be accompanied by a copy of the transcript of the examination under oath referred to in subsection 45(1) and shall contain or be accompanied by a declaration of the applicant under oath setting out:

(a) the nature of the basis of the application;

(b) a statement in reasonable detail of the facts on which the application is based;

(c) a summary in reasonable detail of the information and evidence intended to be offered at the hearing; and

(d) such other representations as the applicant deems relevant to the application.

3. Section 72 - Removal Orders

(1) Subject to subsection (3), where a removal order is made against a permanent resident or against a person lawfully in possession of a valid returning resident permit issued to him pursuant to the regulations, that person may appeal to the Board on either or both of the following grounds, namely,

(a) on any ground of appeal that involves a question of law or fact, or mixed law and fact, and

(b) on the ground that, having regard to all the circumstances of the case, the person should not be removed from Canada.

(2) Where a removal order is made against a person who

(a) has been determined by the Minister or the Board to be a Convention refugee but is not a permanent resident, or

(b) seeks admission and at the time that a report with respect to him was made by an immigration officer pursuant to subsection 20(1) was in possession of a valid visa,

that person may, subject to subsection (3), appeal to the Board on either or both of the following grounds, namely,

(c) on any ground of appeal that involves a question of law or fact, or mixed law and fact, and

(d) on the ground that, having regard to the existence of compassionate or humanitarian considerations, the person should not be removed from Canada.

(3) Where a deportation order is made against a person described in paragraph (2)(a) or (b) who

(a) is a person with respect to whom a certificate referred to in subsection 40(1) has been issued, or

(b) has been determined by an adjudicator to be a member of an inadmissible class described in paragraph 19(1)(e), (f) or (g),

that person may appeal to the Board on any ground of appeal that involves a question of law or fact, or mixed law and fact.

4. Section 73 - Appeal by Minister

The Minister may appeal to the Board on any ground of appeal that involves a question of law or fact, or mixed law and fact, from a decision by an adjudicator that a person who was the subject of an inquiry is a person who may be granted admission or is not a person against whom a removal order should be made.

5. Section 79 - Appeal by Sponsor

(1) Where a person has sponsored an application for landing made by a member of the family class, an immigration officer or visa officer, as the case may be, may refuse to approve the application on the grounds that

(a) the person who sponsored the application does not meet the requirements of the regulations respecting persons who sponsor applications for landing, or

(b) the member of the family class does not meet the requirements of this Act or the regulations,

and the person who sponsored the application shall be informed of the reasons for the refusal.

(1.1) Notwithstanding subsection (1), where an application for landing made by a member of the family class is refused on the grounds that the member of the family class is a person described in any of paragraphs 19(1)(d) to (g), the person who sponsored the application shall be informed of those grounds but not of the reasons on which those grounds are based.

(2) A Canadian citizen who has sponsored an application for landing that is refused pursuant to subsection (1) may appeal to the Board on either or both of the following grounds, namely,

(a) on any ground of appeal that involves a question of law or fact, or mixed law and fact; and

(b) on the ground that there exist compassionate or humanitarian considerations that warrant the granting of special relief.

(3) The Board may dispose of an appeal made pursuant to subsection (2) by allowing it or by dismissing it, and shall notify the Minister and the person who made the appeal of its decision and the reason therefor.

(4) Where the Minister has been notified by the Board that an appeal has been allowed pursuant to subsection (3), he shall cause the review of the application to be resumed by an immigration officer or visa officer, as the case may be, and the application shall be approved where it is determined that the person who sponsored the application and the members of the family class meet the requirements of this Act and the regulations, other than those requirements upon which the decision of the Board has been given.

Indian and Northern Affairs Canada

1985–86 Estimates

Part III

Expenditure Plan

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1985-86 Estimates

Part III

Indian and Northern
Affairs Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are six chapters in this document. The first provides an introduction to be Department. The other present the Program Expenditure Plans for five departmental programs.

Chapters two to six begin with extracts from Part II of the Estimates for the particular Program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from Volume II, of the Public Accounts for chapters three to six. These are provided as an aid in assessing the program's financial performance over the past year.

Each Program expenditure plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters while detailed tables of contents are provided for each program. Within Section I of each Program Expenditure Plan, a final summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

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Roles and Responsibilities

The Department of Indian Affairs and Northern Development Act, 1970 (as amended) defines the scope of the Department's responsibilities. Broadly speaking, the Department:

- fulfills the lawful obligations of the federal government arising from treaties and the Indian Act (for example, paying treaty benefits and administering Indian lands and trust monies);

- provides for the delivery of basic services (such as education, social assistance, housing, and community infrastructure) to status Indian and Inuit communities;

- assists Indians and Inuit to acquire employment skills and to develop viable businesses;

- negotiates the settlement of accepted claims relating to aboriginal title not extinguished by treaty or other means, or relating to past non-fulfillment of government obligations;

- provides transfer payments to the governments of Yukon and the Northwest Territories to assist them in providing public services to territorial residents in accordance with the Yukon and Northwest Territories Acts and other agreements;

- provides for the balanced development of the North, through management of natural resources (oil and gas, minerals, water, forests and lands), protection and management of the northern natural environment, including Arctic seas, fostering of economic and employment opportunities for northerners, and funding of social and cultural programs; and

- fosters political development of the two northern territories and coordinates federal policies and programming for the North.

The Department is seeking to fulfill these responsibilities by promoting self-reliance on the part of Indian bands and responsible government in the North.

- In response to the special committee on Indian self-government, native people will expect a continuation of negotiations towards the formal recognition of some form of Indian self-government.

- Claims settlements also favour self-reliance. For example, the Cree-Naskapi Act passed in June, 1984, provides for a broad measure of self-government for the Crees and Naskapis of northern Québec. This law fulfilled substantial parts of the federal government's obligations under the James Bay and Northern Québec Agreement (1975).

- With respect to the territorial governments, the Department, in 1982, renewed the Federal Government's committment to responsible government in the North, accepted in principle the sub-division of the Northwest Territories, and agreed to move toward a formula based approach to providing financial support to the territories. Acceptance in principal was made subject to conditions on boundary location, distribution of government powers, settlement of land claims and continuing support of division by N.W.T. residents. Formula financing will be introduced in 1985-86.

The Department is also a major contributor in support of the on-going constitutional discussions regarding, inter alia, the definition of the rights of Canada's aboriginal peoples.

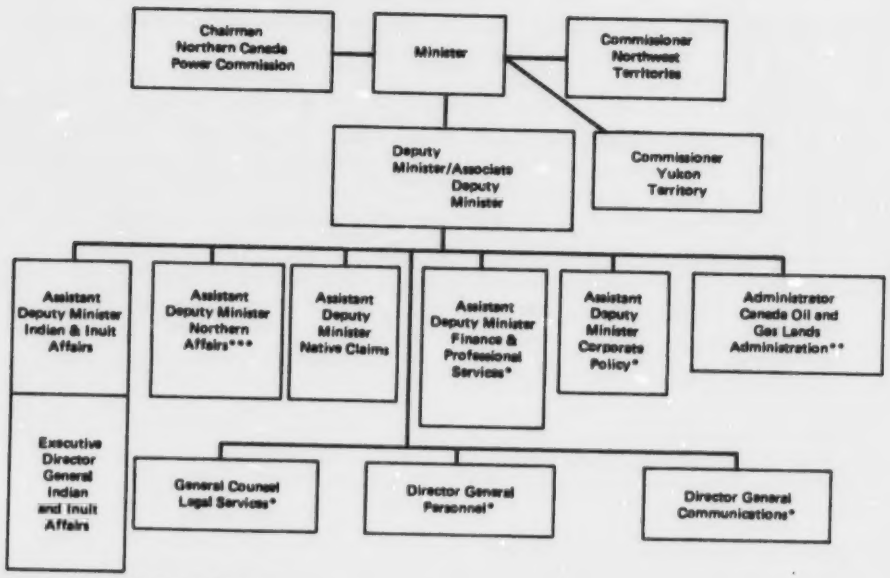
Departmental Organization and Programs

Indian and Northern Affairs Canada (INAC) has grouped its activities into five programs:

- Indian and Inuit Affairs Program;
- Northern Affairs Program;
- Transfer Payments to the Territorial Governments Program;
- Native Claims Program; and
- Departmental Administration Program.

The organizational structure of the Department is aligned with its programs as shown in Figure 1. The organization is highly decentralized with approximately 75% of its employees delivering over 500 distinct services in 11 regions comprising 49 district offices. This high degree of decentralization is required to respond to the varying needs of a clientele that is highly diversified culturally, economically and geographically.

Figure 1: Departmental Organization Structure



* Administration Program Elements
** COGLA reports jointly to DIAND and Energy, Mines and Resources
*** Includes Transfer Payments to the Territorial Governments Program

Departmental Spending Plan

A summary of the Department's spending plan by program is presented in the form of a standard financial schedule.

Figure 2: Departmental Spending Plan by Program 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Budgetary				
Indian and Inuit Affairs	1,505,054	1,467,148	37,906	2-11
Northern Affairs*	124,851	146,879	(22,028)	3-9
Transfer Payments to the Territorial Governments	578,000	501,352	76,648	4-6
Native Claims	22,093	50,012	(27,919)	5-10
Departmental Administration	52,197	51,124	1,073	6-8
	2,282,195	2,216,515	65,680	
Non-budgetary				
Native Claims Settlements	45,424	15,345	30,079	5-10
	2,327,619	2,231,860	95,759	

*Note: This does not include a statutory item of $2,886,000 for the Environmental Studies Revolving Fund.

Departmental Priorities

The Department's principal areas of emphasis over the next few years are:

- continuing participation in the ongoing constitutional process leading to clarification of the rights of Canada's aboriginal peoples;
- the elimination of discrimination on the basis of sex from the Indian Act in conformity with the Charter of Rights;

- developing legislative framework options for Indian self-government, as well as introducing interim administrative changes to support the objective of self-government;

- strengthening the cooperative relationship between the Department and its client groups through the collective development of consultation processes;

- meeting outstanding lawful obligations and resolving grievances and claims with respect to Indian and Inuit people;

- ensuring efficient implementation of land claims agreements reached between native people and the federal government;

- strengthening Indian economic development programs aimed at improving self-reliance and reducing the need for maintenance-oriented programs;

- improving the delivery of services that meet Indian needs in the areas of housing, education, infrastructure, band government and other social service programs, including improved access to appropriate provincial services;

- providing a policy and regulatory framework for economic development in the North, in balance with the environmental, social and cultural concerns of northerners; and

- promoting constitutional development and establishing an appropriate timetable for the devolution of additional responsibilities to the territorial governments.

Indian and Inuit Affairs Program
Expenditure Plan

1985-86

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Foreword

In order to assist the reader to better understand terminology generally used concerning the Department and within the text of the Indian and Inuit Affairs Program, the following definitions are provided:

Aboriginal:

- Generally speaking, refers to the descendants of the original inhabitants of Canada. The Constitution Act, 1982 specifies that aboriginal peoples include the Indian, Inuit and Métis peoples of Canada. There are no specific legal definitions of the three aboriginal peoples identified in the Constitution. The following, however, provides a general description of each group.

Indian:

- A status Indian is a person registered or entitled to be registered as an Indian according to the Indian Act. Approximately 50% of the status Indians in Canada are treaty Indians, that is, persons who belong to a body or band of Indians who were signatories to a treaty with the Crown. The Department, by virtue of the Indian Act, is responsible to provide support and services to status Indians only.

- Non-status Indians generally include Indian peoples or those descended from them who, for one reason or another, have lost their right to be registered as Indians as defined by the Indian Act. This group includes Indian women who have married non-Indian men.

Inuit:

- The Inuit are the aboriginal inhabitants of northern Canada, who generally reside north of the 60th parallel, although some live in northern Québec and Labrador. The federal government's power to make laws in respect to Indians, and lands reserved for Indians was interpreted to extend to Inuit by the Supreme Court of Canada in 1939. However, Inuit are not covered by the Indian Act.

Métis:

- There are at least two different views about the meaning of the term Métis. Some maintain that the term refers to those of aboriginal ancestry who are descended from the historic Métis community of Western Canada. Others say that Métis refers to anyone of aboriginal ancestry who identifies as Métis, as distinct from Indian or Inuit. The Department has no legal responsibilities towards Métis.

Location of Aboriginal Peoples:

Indians: As of September 1984 there were 581 Indian bands across Canada and approximately 332,000 status Indians. The majority of Indians live in bands with a membership of less than 1,000. Approximately 39% of bands have 301 to 1,000 membership. Approximately 31% have populations between 101 and 300 and 16 bands (3%) have a membership over 2,000. The largest band has a membership of about 10,000 and the average band has about 550 members.

The majority of Indian bands south of the 60th parallel are located on reserves and lands set aside for their exclusive use through treaties and other legal arrangements. In the Yukon and Northwest Territories, only a small number of Indians live on reserve lands. There are 2,254 separate parcels of reserves and lands in Canada, with a total area of approximately five million hectares.

Inuit: There are approximately 25,400 Inuit who live in small communities in the Mackenzie Delta, along the mainland coast of the Northwest Territories, on the shores of Hudson and Ungava Bays, in Labrador and in settlements on the Arctic Islands. These communities are situated for the most part on bays, river mouths, inlets or fiords. The Indian and Inuit Affairs Program serves only those Inuit, numbering 7,000 living in Northern Québec and Labrador. Northern Affairs manages programs providing services to the other 18,000 Inuit resident in the Northwest Territories either directly or through the NWT government.

In the text of the Indian and Inuit Affairs Program where the term Indian is used, by inference this includes Inuit. Whenever the term Indian and Inuit is used it is to ensure clarity and accuracy within the context of the statement.

Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,484,116,000 in support of the Indian and Inuit Affairs Program. The remaining expenditures, estimated at $20,938,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Indian and Inuit Affairs Program		
5	Operating expenditures	278,546	428,861
10	Capital expenditures	94,194	96,836
15	Grants and contributions	1,111,376	855,759
(S)	Indian annuities	880	880
(S)	Contribution to employee benefit plans	20,058	17,354
	Total Program	1,505,054	1,399,690

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Indian and Inuit Affairs Program	
5	Operating expenditures, and	
	(a) expenditures on works, buildings and equipment on other than federal property;	

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	(b) recoverable expenditures under agreements entered into with the approval of the Governor in Council with provincial governments and local school boards in respect of social assistance to non-Indians residing on Indian reserves and the education in Indian schools of non-Indians;	
	(c) authority for the Minister to enter into agreements with provincial governments, school boards, and charitable and other organizations for the provision of support and maintenance of children;	
	(d) authority to provide in respect of Indian and Inuit economic development activities, for the instruction and supervision of Indians and Inuit, the furnishing of materials and equipment the purchase of finished goods and the sale of such finished goods; and	
	(e) authority to sell electric power, fuel oil and services incidental thereto together with usual municipal services to private consumers in remote locations when alternative local sources of supply are not available in accordance with terms and conditions approved by the Governor in Council and to provide the same to departments and agencies of the Government of Canada operating in Arctic Quebec.	278,546,000

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
10	Capital expenditures, and (a) expenditures on buildings, works, land and equipment, the operation, control and ownership of which may be transferred to provincial governments on terms and conditions approved by the Governor in Council, or to Indian bands, groups of Indians or individual Indians at the discretion of the Minister, and such expenditures on other than federal property; (b) authority to make recoverable expenditures in amounts not exceeding the shares of provincial governments and local school boards of expenditures on roads and related works and on education, including the education in Indian schools of non-Indians; and (c) authority for the construction and acquisition of housing for Indians and Inuit, for its occupation by Indians and Inuit, in return for such payments, if any as the Minister may fix for its sale or rental to Indians and Inuit on terms and conditions and at cost or any lesser amount approved by the Governor in Council and for payment to Indians and Indian bands in the construction of housing and other buildings.	94,194,000
15	The grants listed in the Estimates and contributions.	1,111,376,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85
	Authorized Person-years	Budgetary Operating	Capital	Transfer payments	Total	Main Estimates
Reserves and Trusts	326	19,498		12,893	32,391	28,436
Elementary/Secondary Education	1,592	79,752		310,392	390,144	367,510
Post Secondary Education	17	9,013		50,156	59,169	48,876
Social Assistance	119	21,355		223,318	244,673	234,263
Welfare Services	1	6,945		57,305	64,250	60,311
Other Education and Social Services	10	1,131		10,740	11,871	11,706
Economic Development	189	11,390		45,015	56,405	56,309
Band Management	180	11,526		112,664	124,190	119,983
Capital Facilities and Community Services	478	50,962	92,058	289,773	432,793	374,077
Program Management	750	43,555			43,555	23,713
Program Administration	738	43,477	2,136		45,613	74,506
	4,400	298,604	94,194	1,112,256	1,505,054	1,399,690

Section I
Program Overview

A. Highlights

During the 1985-86 Estimates year the Indian and Inuit Affairs Program expects to undertake the following:

- to pursue the concept of Indian self-government by supporting initiatives and changes in the Program that will facilitate the transition to Indian nationhood (see page 2-22);

- to prepare for the removal of provisions in the Indian Act that discriminate against Indian women and their children (see page 2-22);

- to pursue means to ease current administrative constraints in respect of service delivery and to remove impediments to effective community decision-making and financial planning (see page 2-23);

- to improve the administration of Reserves and Trusts services to bands by the computerization of present systems and to provide increased support on litigation issues (see page 2-23);

- to upgrade educational capital facilities and enhance educational services to meet the special needs of Indian students (see page 2-23); and

- to assist, through financial and advisory support, Indian and Inuit communities to deal effectively with the impact of resource development projects (see page 2-23).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Reserves and Trusts	32,391	29,299	3,092	2-29
Elementary/Secondary Education	390,144	376,380	13,764	2-34
Post-Secondary Education	59,169	50,482	8,687	2-39
Social Assistance	244,673	237,973	6,700	2-43
Welfare Services	64,250	63,072	1,178	2-47
Other Education and Social Services	11,871	11,706	165	2-52
Economic Development	56,405	79,324	(22,919)	2-56
Band Management	124,190	121,733	2,457	2-63
Capital Facilities and Community Services	432,793	411,395	21,398	2-70
Program Management	43,555	39,352	4,203	2-77
Program Administration	45,613	46,432	(819)	2-79
	1,505,054	1,467,148	37,906	
Authorized person-years	4,400	4,377	23	

The increase in Estimates 1985-86 over Forecast 1984-85 amounts to $37,906,000 or 2.6%. This increase results mainly from allowances for inflation. Forecast 1984-85 is greater than Main Estimates 1984-85 by $67,458,000 or 4.8% as a result of Supplementary Estimate funding. Major items in Supplementary Estimates included $21,247,000 for increased Education and Social Service Costs and $15,066,000 for the Canada Works and Indian Summer Canada Programs.

Revenues generated by the Program in the Economic Development and Reserves and Trusts activities are credited to the Consolidated Revenue Fund and are not available for use by the Program.

Figure 2: Proportion of Financial Requirements by Activity 1985-86

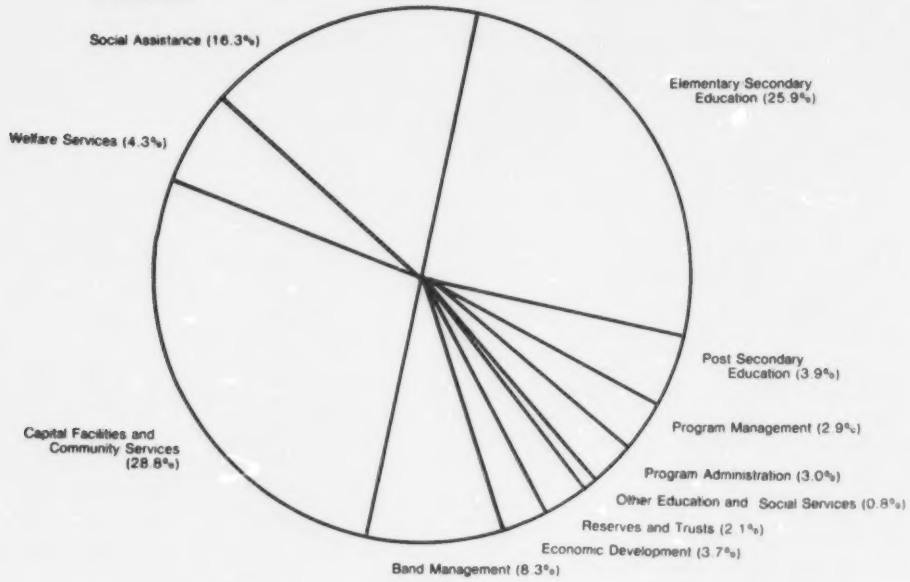
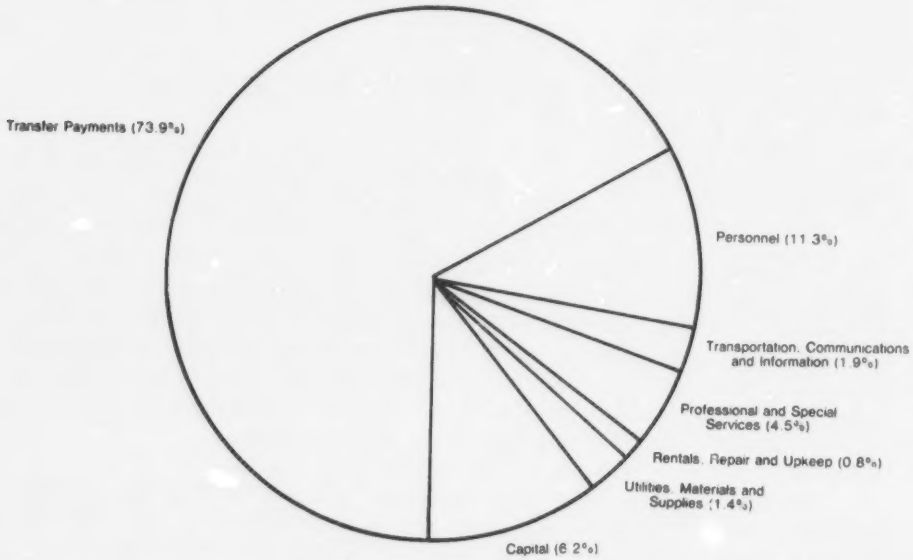


Figure 3: 1985-86 Financial Requirements by Standard Object



C. Background

1. Introduction

The Indian and Inuit Affairs Program provides a wide range of services of a federal, provincial and municipal nature to Indians and Inuit. The focus is on the cultural, social and economic concerns of status Indians and the Inuit of Northern Quebec and Labrador.

In carrying out its functions, the Program works in close cooperation with other federal government departments and agencies such as National Health and Welfare, Department of Justice, Canada Employment and Immigration Commission, R.C.M.P., and Canada Mortgage and Housing Corporation. In addition, program officials play a number of roles to provide training and advice, technical expertise, advocacy, the monitoring of operations and negotiating with federal/provincial/municipal governments for the delivery of services.

The Program delivers services to Indians and Inuit through six operational sectors: Reserves and Trusts, Education, Social Development, Capital Facilities and Community Services, Economic Development, and Band Management. These operations are supported by the Program Management and Program Administration activities.

Reserves and Trusts exists to protect the rights and interests of the Indian peoples of Canada. As described in the Indian Act, reserve lands, their resources, estates, band trust funds, membership and treaties are dealt with by Reserves and Trusts.

The educational services give access to elementary/secondary schools and to post-secondary institutions and also support a variety of cultural endeavours. Social development services provide income maintenance and child welfare and family services to individuals and families in need.

Economic Development provides assistance to Indians, Indian bands and Inuit people in creating and developing employment-related opportunities. This Activity also supports Indian and Inuit communities in the area of resource development impact studies and negotiations.

Capital Facilities and Community Services supports the physical improvement and protection of communities including housing, essential community services, schools and recreational facilities.

Band Management provides assistance to Indian bands and Inuit communities in the areas of management planning, community-based development planning and policy development. It also supports bands in program administration and service delivery, and assists them in increasing their capacity to govern their communities.

Program Management provides for management support at the headquarters and regional offices as well as staff services such as policy development and program planning.

Program Administration provides for departmental common service funding in headquarters and services in regional offices such as personnel, finance and public information in support or on behalf of the regional operations.

2. Legal Mandate

The Program derives its legal mandate from the Indian Act, the Department of Indian Affairs and Northern Development Act, 1970 (as amended) and administers various other acts (for detailed listing see Section III, page 2-106).

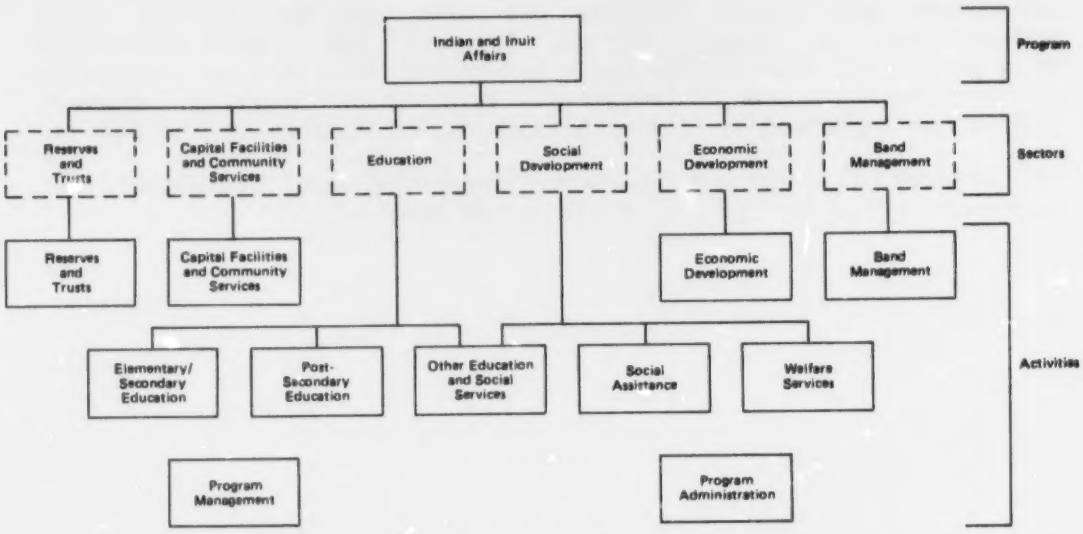
3. Program Objective

In keeping with the principles of self-development, access of opportunity, responsibility and joint participation within Canadian society, to assist and support Indians and Inuit in achieving their educational, cultural, and social, as well as their economic and community development needs and aspirations, and to ensure that Canada's constitutional and statutory obligations and responsibilities to the Indian and Inuit peoples are fulfilled.

4. Program Organization for Delivery

Activity Structure: The Indian and Inuit Affairs Program consists of 11 activities, nine of which are operational and two which carry out program management and administrative functions. Figure 4 presents the activity structure of the Program.

Figure 4: Activity Structure



Organization Structure: The Program's headquarters is located in the National Capital Region where five directors general report through the Executive Director General to the Assistant Deputy Minister, Indian and Inuit Affairs. National Headquarters is responsible for policy development, resource allocation, planning and monitoring on a national basis.

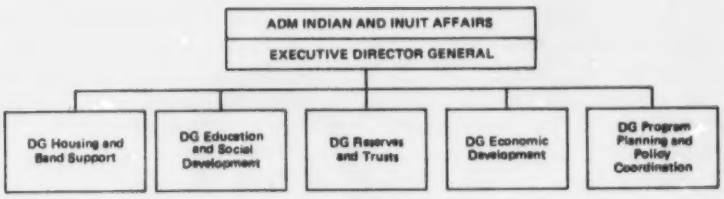
Program services are delivered through nine geographically dispersed regional offices. Each regional office is headed by a regional director general (regional directors in NWT and Yukon) who, as the senior corporate representative in the region, reports to the ADM. A statement of each region's resource requirements may be found on page 2-18.

Within the regions there are 33 district offices, and five service centres servicing, as of September, 1984, 581 bands, 113 Indian organizations and 14 Inuit communities and settlements. A listing of regional and district offices is provided in Section III, page 2-107. Through these offices approximately 450 services are delivered. Services are provided through a variety of methods such as direct service delivery, grants, contributions and loans.

In 1983/84 close to 60% of the Program expenditures were made through contribution arrangements to Indian bands. The bands are in turn responsible for providing the services for which a contribution arrangement was made. Services are also provided through other methods such as direct service delivery and loans. Detailed descriptions of service delivery mechanisms are in the respective activity presentations in Section II, Analysis by Activity. Service delivery is supported by Program Management and Program Administration.

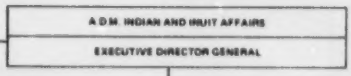
Figures 5 and 6 present resources and organizational responsibilities for the activities of the Program.

Figure 5: 1985-86 Resource Allocation by Activities/ Organization



						Totals ($000)	PY's
Reserves and Trusts			32,391			32,391	326
Elementary/Secondary Education		390,144				390,144	1,592
Post-Secondary Education		59,169				59,169	17
Social Assistance		244,673				244,673	119
Welfare Services		64,250				64,250	1
Other Education and Social Services		11,871				11,871	10
Economic Development				56,405		56,405	189
Band Management	124,190					124,190	180
Capital Facilities and Community Services	432,793					432,793	478
Program Management	6,256	11,207	4,164	5,834	16,094	43,555	750
Program Administration					45,613	45,613	738
Total Estimates	563,239	781,314	36,555	62,239	61,707	1,505,054	
Authorized Person-Years	785	1,961	408	271	975		4,400

Figure 6: 1985-86 Resource Allocation by Regions



	Headquarters Region	Regional D.G. Atlantic	Regional D.G. Quebec	Regional D.G. Ontario	Regional D.G. Manitoba	Regional D.G. Saskatchewan	Regional D.G. Alberta	Regional D.G. B.C.	Regional Director N.W.T.	Regional Director Yukon	Total ($000)	PY's
Reserves and Trusts	11,567	8,827	787	2,412	1,475	2,393	1,316	3,445	85	94	32,391	326
Elementary/Secondary Education	–	14,233	64,250	69,002	67,024	70,798	58,418	58,808	–	2,523	390,144	1,592
Post-Secondary Education	–	3,518	6,152	12,339	8,834	12,653	7,996	9,312	–	368	59,169	17
Social Assistance	–	17,325	22,189	29,964	54,095	48,301	31,340	38,710	–	3,749	244,673	119
Welfare Services	–	2,315	7,281	9,878	15,885	8,276	6,336	14,791	–	1,498	64,250	1
Other Education and Social Services	7,582	–	581	1,805	104	345	528	745	–	181	11,871	10
Economic Development	6,779	1,512	8,715	9,780	8,410	6,849	7,217	7,800	686	677	58,405	189
Band Management	7,880	5,447	11,055	21,818	17,189	16,380	11,615	27,952	2,128	2,856	124,190	180
Capital Facilities and Community Services	6,384	13,907	67,759	87,446	79,044	98,776	48,807	63,597	–	6,173	432,793	478
Program Management	6,894	2,527	4,497	6,213	2,680	5,962	4,486	6,834	643	919	43,555	750
Program Administration	12,035	1,987	4,530	5,212	4,848	5,803	4,439	6,061	40	860	45,813	738
Total Estimates	61,121	71,598	185,786	253,759	257,268	235,518	180,484	236,055	3,562	19,907	1,506,064	–
Authorized Person-Years	320	197	448	807	687	723	579	645	11	83	–	4,400

D. Planning Perspective

1. Environment

Demography: Of approximately 332,000 status Indians 235,000 live on reserves or Crown Land and 97,000 live off-reserve, generally in large urban centres. The majority of Program services are provided to bands and individual Indians living on reserves or Crown lands. Indians living off-reserve are basically entitled to the same range of services as those Indians living on reserves if they meet the eligibility criteria for a service. As of September, 1984 there were 581 bands which have memberships ranging from 10 to over 10,000. There are 2,254 separate parcels of reserves and lands totalling approximately 5 million hectares. Reserves vary in size from less than one hectare to several hundred thousand hectares. These reserves and lands are located all across Canada and while some are located in or near urbanized areas the majority are located in rural and remote areas, some as far as 800 air kilometers from the nearest town. The remoteness of many Indian reserves results in the lack of infrastructures that are comparable to those of reserves located in urbanized areas.

The diversity of band population numbers and their locations make it difficult for the Program to achieve economies of scale in the delivery of services. There are large variances in the costs of service delivery to Indians because of their geographical location. Figure 7 illustrates the general location of Indian bands.

Figure 7: Location of Indian Bands

The growth rate of the Indian population has declined dramatically from 3.3% in 1976 to its current rate of 2.5%, yet it is still higher than the 1.4% national growth rate. This will result in increasing demands for jobs, housing and possibly social assistance as the higher birth rate has been the case for more than a decade.

The general location of approximately 25,000 Inuit is illustrated in Figure 8. The Indian and Inuit Affairs Program is responsible for only those Inuit (approximately 7,000) living in Northern Quebec and Labrador.

Figure 8: Location of Inuit Communities

Indian Self-Government: The objective of Indian self-government is to break the dependency cycle and to recognize Indian communities, through constitutional and non-constitutional measures, to be self-governing with responsibility to constituents for the provision of services and the well-being of their people. Efforts continue to be made towards the enhancement, both in quality and quantity, of Indian control of their own affairs. Many of the details of the restructured relationship will have to be worked out after careful consideration and full consultation with Indian people. Nevertheless, some aspects of the restructured relationship such as improved funding and administrative arrangements can be undertaken now.

Federal/Provincial Responsibilities: The constitutional process is of particular concern because of the shared federal-provincial jurisdiction issues regarding Indians. Jurisdictional interpretations and financial responsibility vary from province to province for Indians residing both on and off-reserve. The fundamental jurisdictional issues must be addressed in order for Indians to receive the same level of service as non-Indians. Also, there is a requirement for extra services to meet the unique circumstances of Indians, particularly for preventive services and training opportunities.

Program Transfers to Indian Control: The rate of transferring service delivery responsibility from the Department to Bands, Associations and Tribal Council administration, while continuing, has slowed over the past four years. The percentage of the Program's total budget managed by Bands, Associations and Tribal Councils is at about 57% for 1983-84 and has remained relatively constant since 1979-80, as compared to approximately 20% in 1971-72. Factors influencing the slowdown since 1979-80 include solvency concerns of bands, general resource limitations relative to the increased costs of the transfer of service delivery, administration and management to bands, and saturation in some program areas.

2. Initiatives

Program initiatives and emphasis over the next few years will include the following:

- During 1985-86, the Program will review its organizational structures and procedures in order to improve its advisory and support functions with respect to client needs and expectations. Transitional arrangements for those bands wishing to opt-in to any new proposed legislation will continue to be studied with respect to financial and socio-economic impacts.

- The Program is preparing for anticipated changes to the Indian Act. Policies concerning Indian persons who have for a variety of reasons lost Indian status (i.e. marriage to a non-Indian) are being formulated. The implications in terms of the number of non-status persons regaining status and the requirement for additional and increased volumes of services is being reviewed. The Program will, through selected studies, determine the impact of such amendments. These studies will be conducted within existing resource levels.

- In fiscal year 1984-85, the Department obtained approval to fund contribution agreements on a 180-day basis provided that properly audited reports were provided at the end of the six month period. The Department intends to continue such efforts to re-evaluate and modify administrative practices with a view to cutting down time lags and reducing the burden of the bureaucratic process on Indian bands and Inuit communities.

- Reserves and Trusts will continue the initiative of developing automated systems to provide the Department and Indian communities with more timely and accurate data and information in the areas of Land Registry, Membership Registry, Trust Accounting, Election and By-Law Registry and Oil and Gas Royalty Revenue. During 1985-86 Reserves and Trusts will increase funding to approved test-cases which require judicial resolution.

- An increase in capital funding will help meet the accelerating demand for infrastructure and education services in Indian communities. In 1985-86, these additional funds will allow the Program to upgrade existing facilities to acceptable standards in the areas of health and safety and to address the backlog in infrastructure and facilities.

- The special needs of Indian students such as language and cultural education as well as education standards will be addressed in cooperation with the Assembly of First Nations.

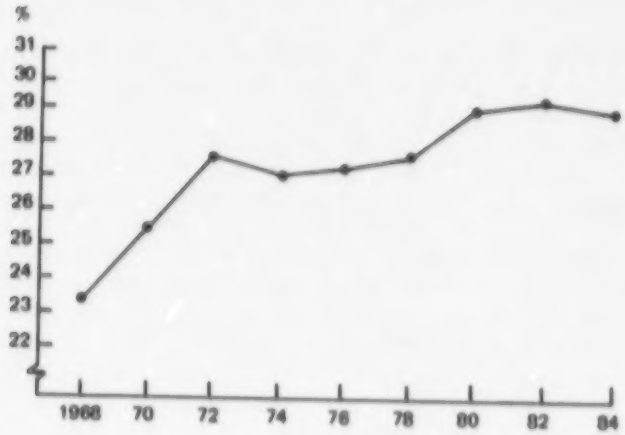
- Resource development impact funding and services provides Indian and Inuit reserves and communities with the means to acquire research, advisory services and negotiating expertise to arrive adequately at acceptable terms of resource developments that impact on their environment. An example was the signing in 1983 by the Lax Kw'alaans Band with Dome Petroleum of an agreement that could result in excess of $39 million accruing to the Band as well as other benefits. Currently there are 88 resource development projects in progress and $5.5 million is being funded to address the satisfactory negotiations of agreements between bands and developers. It is anticipated that a number of significant development agreements will be concluded during fiscal year 1985-86.

3. Program Effectiveness

The Program's primary objective is to assist the Indian and Inuit peoples in meeting their cultural and socio-economic needs and in attaining their aspirations. Various performance indicators show the progress that has been made in the socio-economic areas and changes in how they are now being addressed. A major indicator is the fact that approximately 60% of the Program's expenditures for services are being managed by bands in 1983-84 compared to approximately 20% in 1971-72.

The differences in the economic well-being of native peoples and non-native Canadians is pronounced. For example, the 1981 census showed that the average Indian income was approximately two-thirds of the non-native average. The unemployment rate among Indians residing on reserves and Crown lands is approximately five times the national average. An effect of such disparity has been in the past a movement of Indians off their reserves and into urbanized centres. Figure 8 shows the percentage of Indians who live off-reserve or not on crown lands. The continuation of the migration - particularly because it is disproportionally made up of younger Indians-will impede on-reserve progress. Recently, however there has been reduced off-reserve migration due to a general economic recession thus creating extra demands for community services.

Figure 9: Percentage of Indians Living Off-Reserve and not on Crown Lands

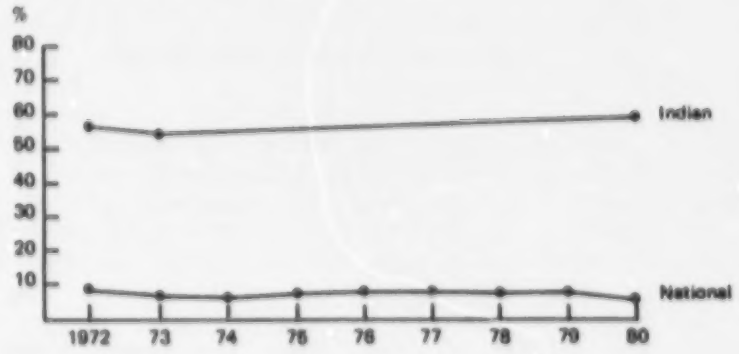


During the last 10 years the Program has increased expenditures (in real dollars) by an average of 5% per year. Coupled with this enlarged support is the thrust of the Department to have the bands manage the funds (through grants and contributions) and deliver the services. A key aspect of greater band responsibilities is shown through the education activities where the number of band managed schools has risen from 115 to 181 over the last three years.

Because of the high unemployment rate on reserves the Program supports Indian and Inuit entrepreneurs, provides funds for job creation projects and sponsors job skill improvement courses. An example of the effect of this support in terms of the number of work weeks and jobs expected to be created during 1984-85 is 97,824 and 5,514 respectively. Substantial increases have been made in the last few years. This progress is further enhanced through the recent job creation thrust of the Native Economic Development Program of the Department of Regional and Industrial Expansion. The Department has programs that support initiatives to employ native people and in 1984-85 23% of the staff were native.

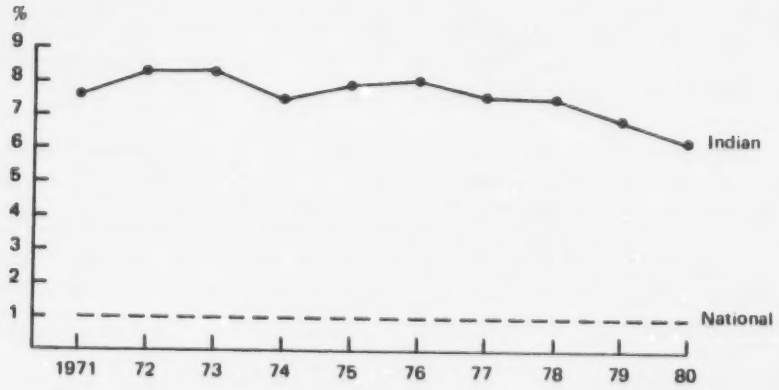
Even with employment development thrusts of the Program there are many individuals living on-reserve who are in need of social assistance. As shown in Figure 10 more than 50% of the on-reserve Indian population is receiving some form of social assistance. When compared to the Canadian population as a whole it is seen that the gap between the proportions of Indians and all Canadians receiving social assistance remains great.

Figure 10: Percentage of Population Receiving Social Assistance - Indian vs. National Average



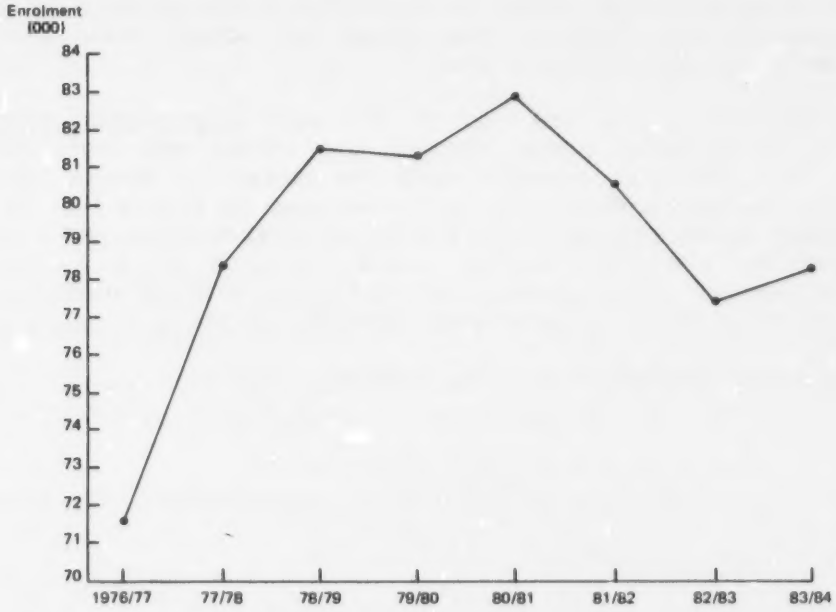
Of particular importance to Indian and Inuit communities is the percentage of children in care. As was noted in the Report of the Special Committee on Indian Self-Government in Canada (1983), the proportion of Indian children in care is more than five times the national rate. The Program, in cooperation with Indian bands and parents, is making efforts to reduce the gap (see Figure 11).

Figure 11: Percentage of Indian Children in Care vs National Average



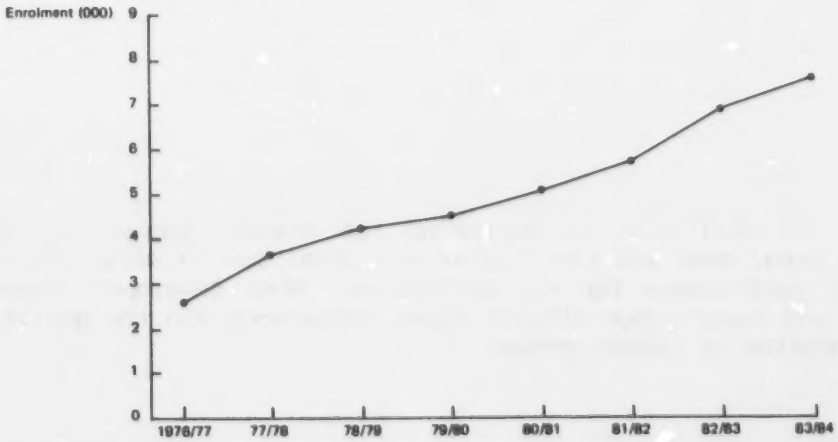
A critical area of concern and effort is education. The Indian act empowers the Minister to provide educational services to Indian students from ages six to 18 living on reserves or Crown land. In addition, participation in post-secondary institutions is encouraged through the provision of grants to eligible Indians and Inuit. Figure 12 and 13 show the change in departmentally funded Indian enrolment in elementary/secondary schools and in post-secondary institutions. The growth of the former has been higher than the national rate because of the higher birth rate of the Indian population. The pronounced increase in Indian post-secondary full-time enrolment is largely a result of the Department's Post-Secondary Education Assistance Program.

Figure 12: Elementary/Secondary School Enrolment



The decrease in the last few years is due to the federal governments clarification of policy and change in funding off-reserve students in general and the elimination of funding off-reserve urban students for their books and supplies. The decrease shown between 1980-81 to 1982-83 does not necessarily mean that approximately 5,000 students ceased attending school. It means the Department discontinued funding all off-reserve students thereby striking them from the departmental data collection process.

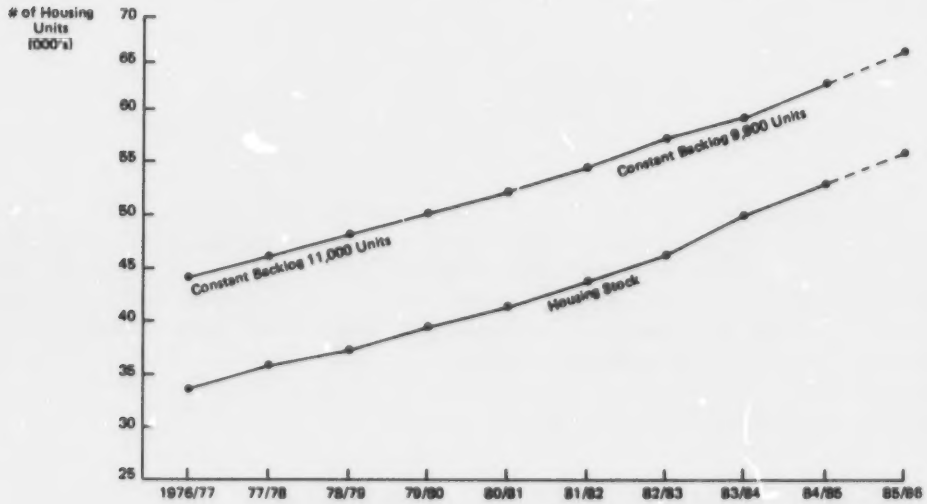
Figure 13: Post-Secondary School Enrolment



During the last 10 years there has been a significant shift towards greater band control of education. This is shown by the fact that 47% of departmental education expenditures now go through bands. Of considerable significance, the number of school committees has grown from 250 to 450 over this period.

Schools and houses are two of the most significant types of capital works projects funded through the Indian and Inuit Affairs Program. Over the last several years the number of houses built on reserves has grown substantially as illustrated in Figure 14. Despite this increase about one in three Indian on-reserve homes was crowded, as defined by the 1981 census, which compares to 1 in 43 for non-Indian homes. The Department is conducting a major evaluation on housing and will report in subsequent expenditure plans.

Figure 14: Changes in Housing Backlog



Despite the difficulty of measuring the overall impact of the Program, the Department and the Program are committed to establishing indicators of performance for all activities. When developed, these will measure and report upon effectiveness, efficiency and the quality of service received by client groups.

Section II
Analysis by Activity

A. Reserves and Trusts

Objective

To fulfill the legal obligations of the Government of Canada in matters respecting Indians.

Resource Summary

This activity accounts for 2.1% of the total Indian and Inuit Affairs Program expenditures and 7.4% of the person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Lands, Estates and Membership	16,334	229	14,275	227	13,035	228
Indian Natural Resources and Trusts Funds	4,417	57	4,744	56	3,661	57
Institutions and Treaty Management	10,306	31	9,501	31	3,656	31
Litigation Support	1,334	9	779	10	1,394	9
	32,391	326	29,299	324	21,746	325

Of total expenditures in this activity, 41.2% relate to personnel costs, 13.3% to professional and special services and 39.8% to transfer payments.

Description

The Reserves and Trusts Activity exists to protect the rights and interests of the Indian peoples of Canada as specified in the Indian Act, the Financial Administration Act, other legislation and various Indian treaties. The Minister, pursuant to the Indian Act, exercises trust authority on behalf of the Crown to administer reserve lands and the natural resources found thereon; to administer the trust funds of bands and the estates of certain individual Indians; to determine entitlement to Indian status and band membership; and to administer the elections of band councils, the passage of by-laws; and the Crown's treaty obligations.

The four sub-activities of Reserves and Trusts are:

Lands, Estates and Membership: This sub-activity ensures that Indian lands are well managed, the estates of deceased and certain living Indians are properly administered and all status Indians are duly registered.

The Reserves and Trusts Branch administers 2,254 reserves and other lands, having a total area of five million hectares, through the negotiation and registration of transactions in the form of Certificates of Possession, leases, permits and various contracts for the right to use, occupy or have an interest in these lands. All such transactions must be executed by the Crown since title is vested in the Crown.

The Activity currently administers the estates of more than 1,000 deceased Indians, with $1 to 5 million of cash assets on deposit at any time. Funds of Indians such as minors and those mentally incompetent are also administered in over 20,000 individual interest-bearing accounts with a total value of $70 million.

The responsibilities of Reserves and Trusts involve the registration of persons meeting the criteria for determining entitlement of Indian status and band membership. The accuracy of current membership registers is fundamental to all other responsibilities of Reserves and Trusts, as they affect land and resource administration, band fund administration and the administration of elections and referenda.

Indian Natural Resources and Trust Funds: Reserves frequently contain natural resources such as minerals, oil and gas, and forests. The Branch administers resource transactions, generally in the form of leases, permits and various contracts, for the extraction and sale of these resources.

A significant function of this sub-activity is the administration of trust funds for all 581 bands. In this context, the Branch is responsible for the receipt of all revenue and capital monies deriving from land and resource transactions. These funds are public monies for a special purpose (that is, designated as Indian monies for the use and benefit of bands) and are deposited in interest-bearing accounts in the Consolidated Revenue Fund (CRF). Revenue monies are primarily generated through land leasing transactions and also include interest earned from all band accounts in the CRF. Capital monies are mainly derived from non-renewable resource transactions (oil and gas, for example) and include funds obtained through the sale of lands. All capital and some revenue monies are expended on authorization of the Minister with the consent of the Band Council for the use and benefit or general progress and welfare of the band. In many cases revenue monies are also managed and expended by bands by permission of the Governor in Council and pursuant to the Indian Act.

Institutions and Treaty Management: A number of functions related to elections, appeals, bylaws, appointment of officials and treaty payments are grouped in this sub-activity. Electoral officers are appointed to oversee the conduct of elections for band councils every two years (except where councils are established by custom rather than the Indian Act). Electoral officers are also appointed for the conduct of referenda on such subjects as sale of reserve lands or the consumption of alcohol on reserves. Appeals concerning both elections and referenda are administered and determinations rendered by the Minister or delegated officials. Bands may also pass bylaws, subject to approval or disallowance by the Minister, for such matters as the licensing of businesses, the raising and expenditure of monies by the band through taxation, and the appointment of officials to conduct the business of council. Finally, the payment of monies and other treaty obligations such as the provision of ammunition are also administered under this sub-activity.

Litigation Support: Increasingly the Department's administration of the lands, resources, trust funds and estates of Indians and bands is being challenged in the courts. Challenges generally arise from past or present policies and from practices of other operational sub-activities of the Indian and Inuit Affairs Program. Litigation against the Crown by native peoples is also increasing as a result of the constitutional guarantee of aboriginal and treaty rights. The Litigation Support sub-activity is designed to provide support of a legal and research nature in responding to the rising incidence of litigation. Where the Branch or other operational activity itself is uncertain of the propriety of existing policy or practice, funds will be provided by Litigation Support for test cases to seek a judicial resolution.

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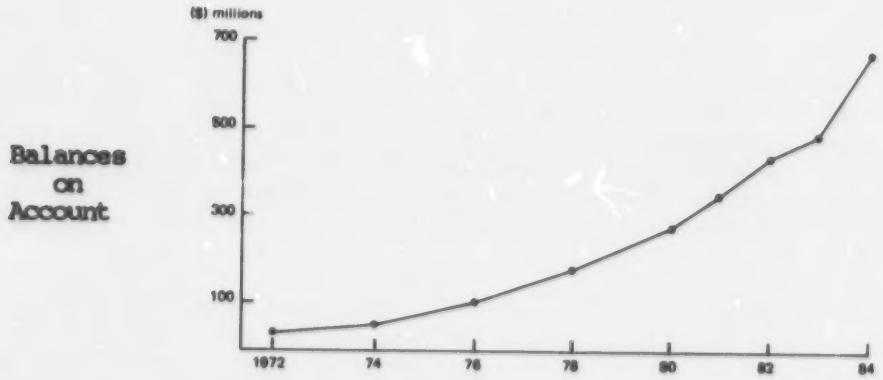
Performance Information/Resource Justification

The prime justification for the provision of resources lies in the requirement to meet the Government of Canada's statutory obligations to Indians. Resourcing is therefore a function of the number of bands and individual Indians for whom services must be provided and also of the number and value of the various types of trusts and services administered by the Activity.

The number of Indians is currently in the order of 332,000 distributed among 581 bands which vary in size from ten to more than 10,000 members. The number of changes in membership registration arising from such events as births, deaths, adoptions, and marriages is presently running at a rate of 40,000 per year.

While varying from year to year, trust fund balances managed by the Branch have been steadily increasing as illustrated in Figure 16. Currently annual receipts are approximately $800 million, with annual disbursements in the order of $300 million. Trust fund balances in 1985 will be in excess of $1,000 million.

Figure 16: Indian Trust Funds Administered by Reserves and Trusts

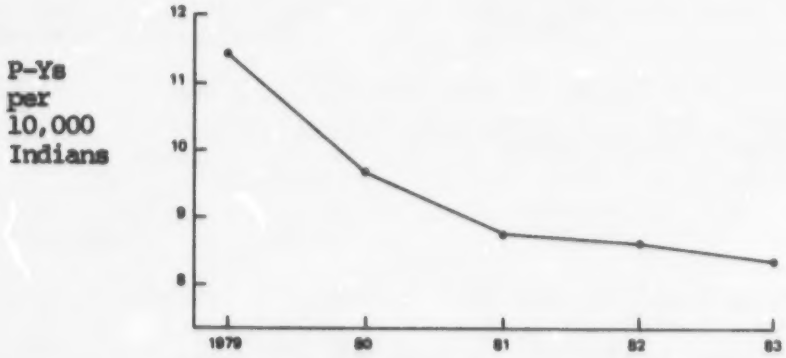


An increased incidence of litigation against the Crown has necessitated higher resourcing levels. Prior to 1970, the number of litigation cases against the Crown were few in number. Since 1970, some 100 cases have been brought and are currently before the courts, many seeking alleged damages in the multi-millions of dollars for breach of trust and other reasons. The large potential liability associated with current and future litigation necessitates an increase in skilled branch staff to deal with the complex work involved.

Program resources will be utilized to support several important initiatives planned for 1985-86. These include the continuing development of a computerized system for a land registry, a land transaction system, an election and bylaw registry system and a performance measurement system. Resources will also be used to implement a trust accounting system and a membership registry system.

In terms of overall responsibilities, the activity's proportion of staff to the number of Indians served has declined over the past several years (see Figure 17). This has occurred despite increasing complexity in the various types of transactions and despite the greater workloads resulting from growth in the value of trust funds.

Figure 17: Reserves and Trusts Staff per 10,000 Indians



M-29

B. Elementary/Secondary Education

Objective

To ensure that all eligible Indians and Inuit have access to a quality and range of elementary/secondary education that is relevant to the social, economic, and cultural needs and conditions of the individuals, bands, and communities being served.

Resource Summary

This activity accounts for 25.9% of the total Indian and Inuit Affairs Program expenditures and 36.2% of the person-years.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Instructional Services - Band Schools	59,883	-	58,580	-	48,031	-
Instructional Services - Provincial Schools	172,624	-	160,297	-	157,684	-
Instructional Services - Federal Schools	71,759	1,296	72,977	1,291	57,858	1,293
Student and Educational Support	85,878	296	84,526	293	82,416	295
	390,144	1,592	376,380	1,584	345,989	1,588

Costs shown above do not include the expenditures related to the operation and maintenance of capital facilities such as schools, student residences and teacher residences. Of total expenditures in this activity 15.8% relate to personnel costs and 79.5% to transfer payments.

Description

Elementary/Secondary Education derives its authority from sections 114 to 119 and 121 to 123, inclusive, of the Indian Act and by specific Orders in Council.

Through this activity the Department provides for or purchases a full range of educational services for approximately 77,400 elementary/ secondary Indian students residing on reserves or on Crown lands. These services are provided in one of three modes of delivery - federal, provincial and band operated schools - each of which is unique in its organizational structure.

Instructional services for all three delivery modes comprise all services related to the teaching-learning process and include the provision of teachers, administrative support to teachers, instructional supplies, paraprofessional staff and culture based programs such as cultural education, native language instruction and curriculum development.

Instructional Services Band Schools: Bands manage their own schools (191 schools) under contribution arrangements. The current trend within the Department is for more local control of elementary/secondary education with the goal of increasing the percentage of students enroled in band operated schools, which now stands at 21%.

Instructional Services - Provincial Schools: A large percentage of the Indian student population (51%) attend provincial schools under 600 joint tuition and capital agreements. Provincial schools operate under their respective provincial educational acts which, in some cases, can limit Indian influence in program content and delivery.

Instructional Services - Federal Schools: A third system of education is the federal school system, (169 schools) with the Department assuming the role normally ascribed to provincial ministries of education.

Student and Educational Support: To ensure that students receive the necessary support, the Department provides daily and seasonal transportation, living allowances for those students who must leave their homes to attend schools, guidance and counselling and, where necessary, group homes or student residences. Band boards and committees who help determine and develop Indian student curricula are also funded. Physical facilities for federal and band schools are provided through the Capital Facilities and Community Services Activity.

Performance Information/Resource Justification

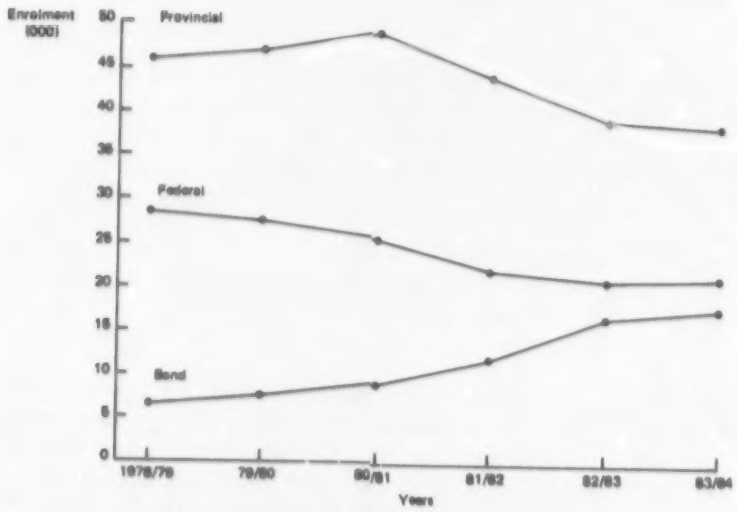
The Indian Act specifies that Indian children who are living on reserves or Crown lands and who are from ages seven to 16 must attend school. Indians, age four to six and over 16, living on reserve, are also eligible to attend.

The provision of special services, such as special language instruction to promote cultural development results in additional costs over and above normal expenditures.

The growth of the Indian school-age population has been the prime reason for enrolment increases. The policy of local control has also contributed to higher enrolment and retention rates because the parents are more actively involved in their children's education.

A significant shift in student enrolment from federal and provincial schools to band schools has occurred as a result of the Department's efforts directed towards local control of Indian education.

Figure 19: Student Enrolment by Type of School



Performance information can be shown through a comparison of trends in Indian and national elementary/secondary education. In the future the Department will endeavour to develop standard achievement tests for assessing the academic progress of Indian and Inuit elementary and secondary school children.

Figure 20 shows the growth in the age-grade progression of the average 11 year-old Indian child. Normal progress is defined as a child who advances a grade for each year in school. Thus an 11 year-old or younger who is in Grade 5 meets or exceeds the norm. The figure illustrates that the percentage of students at or above the norm is increasing which in turn means the number of grade failures is continually decreasing.

Figure 20: Age-Grade Progression: Eleven-Year Old Students At or Above the Norm

% at or above the norm

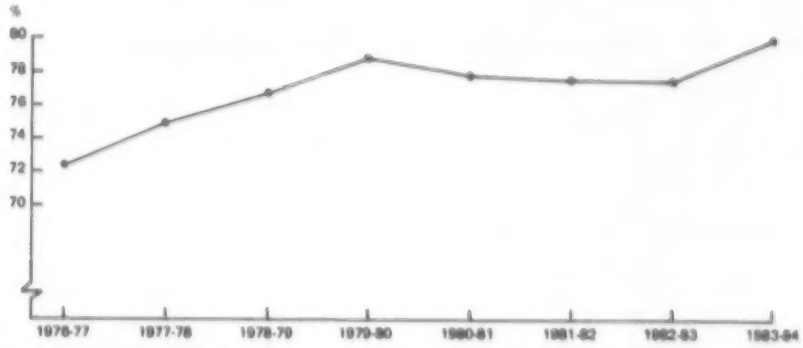
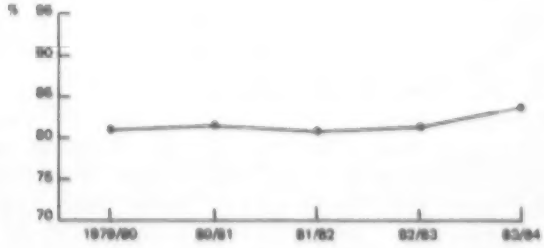


Figure 21: Age-Grade Progression of Total Indian School Population



By making the curriculum more relevant, it is expected that the number of secondary school graduates will rise. Figure 22 shows the number of students in the graduation year for the last five years.

Figure 22: Number of Secondary School Students in their Graduation Year

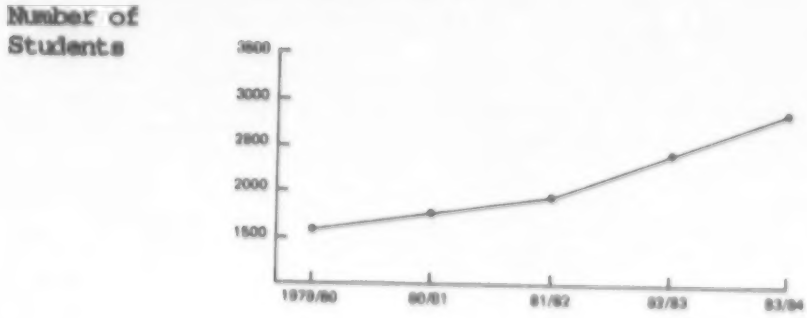
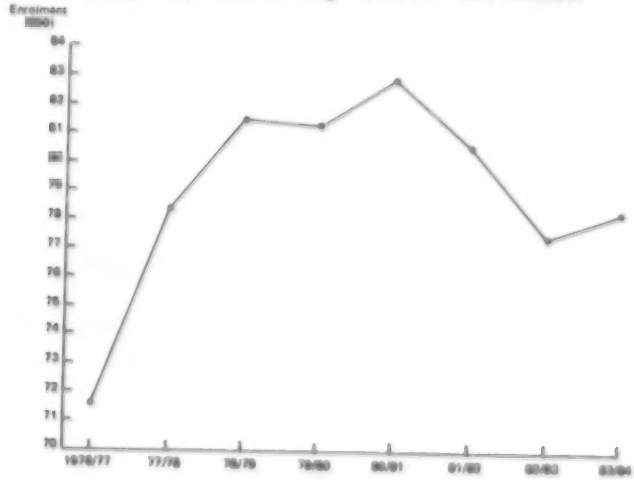


Figure 23: Elementary/Secondary School Enrolment



The decrease in the last few years is due to the federal government's policy of clarification and change in funding off-reserve students in general and the elimination of funding off-reserve urban students for their books and supplies. The decrease shown between 1980-81 to 1982-83 does not necessarily mean that approximately 5,000 students ceased attending school. It means that the Department discontinued funding all off-reserve students thereby striking them from the departmental data collection process.

C. Post-Secondary Education

Objective

To encourage and support the educational and/or career development opportunities of Indians and Inuit through post-secondary education.

Resource Summary

This activity accounts for 3.9% of the total Indian and Inuit Affairs Program expenditures and 0.4% of the person-years.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
University and Professional	53,016	17	46,917	17	43,055	17
University/ College Entrance Preparation (UCEP)	6,153	-	3,565	-	-	-
	59,169	17	50,482	17	43,055	17

As the UCEP program was established late in 1984-85 regions will not be able to make use of all of their UCEP allocations. This will be reflected in 1985-86 projections which are expected to be revised upwards when the UCEP program is established in all regions.

Of total expenditures in this activity, 1.2% are related to personnel costs 11.1% to professional and special services and 84.7% to transfer payments.

Description

This activity ensures that eligible Indians and Inuit have access to programs of financial assistance and instructional support services to participate in post-secondary education. It also endeavours to increase the number of Indian and Inuit students taking post-secondary studies so that the proportion of Indians attending post-secondary institutions and completing post-secondary courses of study, approaches the national proportion.

Educational and personal counselling services are available to all students enrolled in institutions of higher learning. These services may be provided by regular or contracted employees of bands or the Department.

University and Professional: Indians and Inuit who have been accepted by post-secondary institutions such as accredited universities, colleges, and CEGEP (Québec) qualify for financial support covering the cost of tuition, tutorial assistance, books and supplies, transportation, living allowances and child care expenses for students with dependants. Special incentives such as grants to individuals in the amounts of $750 for a masters degree and $1,500 for a doctorate are also provided to post-graduate students.

The Department also promotes, through special tuition arrangements with post-secondary institutions, the development of special programs to meet the needs of Indian and Inuit students and then communities; examples are special teacher training, pre-law courses, and social work education.

University/College Entrance Preparation Program (UCEP): A recent addition to the Post-Secondary Education Activity is the University/College Entrance Preparation Program. The program enables Indian and Inuit students to qualify for entrance to regular university and college programs through attendance in a one year preparation program. The impact will be an annual addition of approximately three hundred students in regular university and professional studies.

Performance Information/Resource Justification

The criteria for student eligibility under the terms of the post-secondary program include the following: the applicant must be a registered Canadian Indian or Inuit and resident of Canada at time of application and he/she has to have been accepted for registration by a accredited university, community college, CEGEP, technical institute, school of nursing, teachers college, etc., into courses which have secondary school graduation as a normal prerequisite to registration; students who are accepted as "mature" applicants are also eligible for support. UCEP students must be aged 20 years or older and have a completed Grade XI standing.

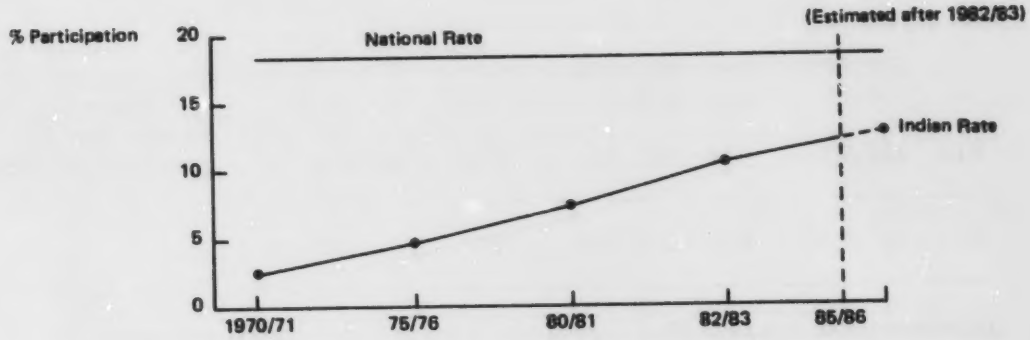
The Post-Secondary Education Activity is projecting increasing enrolments and increasing unit costs. The unit cost is the aggregation of the costs of tuition services and student allowances. This cost is largely influenced by the tuition fees set by the institutions and by increases in the cost of living. Since the mid 1970's annual expenditures have increased six-fold while enrolment has grown from 2,500 to over 7,000 in 1984-85. In this same period, average annual per student costs have more than doubled and now approximate just under $7,000.

The rate of participation in post-secondary education for the 18 to 24 age group of Indians has increased from less than 1% to about 12% in the last 20 years. The current national average figure is about 20%.

The enrolment has been increasing because the eligible Indian population is growing and the number of high school graduates entering university is also increasing. This is mainly due to an increasing number of mature matriculants and the special programs made available to Indian post-secondary students.

Figure 25 illustrates the difference between Indian and national post-secondary education participation rates. Since 1965 the gap has been considerably narrowed.

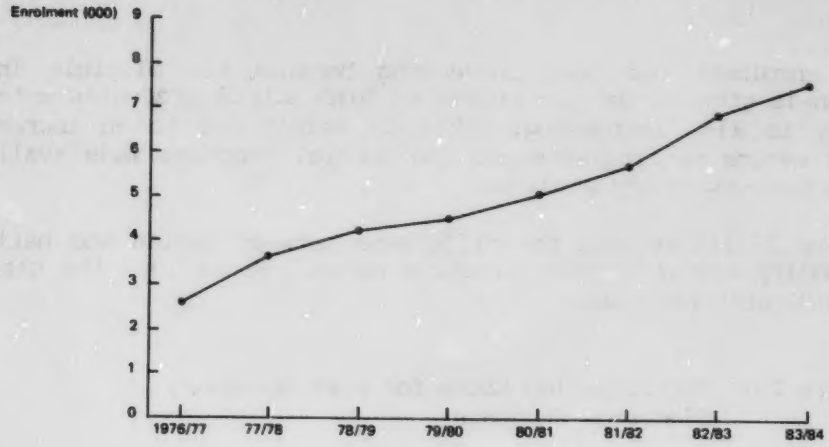
Figure 25: Participation Rates for Post-Secondary Education Students



By introducing programs like the University/College Entrance Preparation Program it is expected that a greater number of students will enter regular university and professional training programs and thus increase the participation rate of Indians in post-secondary institutions. In absolute numbers, post-secondary Indian graduates are increasing and the current rate is about 400 annually.

The Departmental Evaluation Branch will be studying the post-secondary education activity and the findings will be reported in subsequent expenditure plans.

Figure 26: Post-Secondary School Enrolment



D. Social Assistance

Objective

To provide eligible Indian and Inuit individuals who are in need with assistance and welfare services in accordance with government standards.

Resource Summary

This activity accounts for 16.3% of the total Indian and Inuit Affairs Program expenditures and 2.7% of the person-years.

Figure 27: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Basic Needs	220,475	-	214,708	-	195,371	-
Special Needs	6,847	-	7,076	-	5,407	-
Social Assistance Service Delivery	17,351	119	16,189	118	17,946	119
	244,673	119	237,973	118	218,724	119

Of total expenditures in this activity 1.8% relate to personnel costs 6.4% to professional and special services and 91.3% to transfer payments.

Description

Social Assistance provides funds and services to Indian individuals and families and certain categories of non-Indian individuals and heads of families who are in need as determined by a needs-test and who do not meet residency requirements for assistance off-reserves and Crown lands. This activity enables the individual and their dependents to maintain health, safety, dignity, and family unity.

Basic Needs: Single persons or heads of families who are in need because of lack of employment or unemployability and meet residence requirements qualify for assistance in cash or in kind to meet the basic requirements of food, clothing, shelter, household supplies and personal needs.

Counselling, referral and social casework techniques are utilized by departmental and band workers to motivate and enable social assistance recipients to achieve independence and self-sufficiency. Recipients are encouraged and supported in utilizing the services of other departmental (e.g., education and economic development programs) and non-departmental programs to acquire education and skills in order to avail themselves of employment opportunities to overcome dependency. Under the Work Opportunities Program (WOP), basic needs entitlements may be used to fund band-operated projects for the employment of people who would otherwise be dependent on social assistance.

Another component of Social Assistance is the Child Out of Parental Home Program (COPH). An allowance may be issued under specified conditions for the maintenance of a child by members of the extended family or other persons in the community when the natural parents are unable to provide care or payment for the child's support. In 1983-84, approximately $3,654,700 was expended on this type of assistance.

Special Needs: Special need allowances are provided to secure the well-being and safety of an individual or family who are eligible for basic allowances. Special needs are those goods or services such as: travel and transportation, burials, repair or replacement of household furnishings and appliances, and some funds for the replacement of items such as clothing and furniture lost by fire or other disaster.

Social Assistance Service Delivery: Services within this sub-activity include counselling, maintenance and recovery, eg., overpayments, eligibility testing to determine needs, administrative review and appeals by a client of his/her needs assessment, as well as the development and administration of formal and informal agreements with municipal, territorial and provincial governments for the reimbursement of services provided to Indian people.

Indian bands manage this Activity under contribution arrangements. It is estimated that more than 80% of the Indian population is served by band-administered social programs.

Where a band manages the social program or service, basic administration costs are borne by the Band Management Activity, while activity-specific costs are assumed by Social Assistance.

Performance Information/Resource Justification

Entitlement to financial assistance under Basic Needs is determined by application of general eligibility criteria such as status, residency and a needs test which measures the budgetary requirements of the applicant relative to the resources available to him/her and dependents. If all conditions are met and it is shown there is a deficit between needs and resources, the applicant is deemed eligible and issued assistance in an amount equal to the deficit.

Total number of case-months* of basic needs assistance, excluding Children Out of Parental Home, was 504,034 in 1983-84, which breaks down into 236,896 case-months of assistance to unemployable recipients and 267,138 case-months to employables. The average cost per case-month of assistance is approximately $384.18. Figure 28 illustrates the trend in the provision of basic needs over the last three years.

Figure 28: Basic Needs Case-months (by Type)

	1983-84	1982-83	1981-82
Employables	267,138	255,277	230,921
Unemployables	236,896	226,378	204,779
Total case months	504,034	481,655	435,700

In the Child Out of Parental Home category there were 20,966 case-months of assistance, or a monthly average of about 1,747 children being supported by the program. This averages out to approximately $174.32 per case-month in 1983-84.

Special Needs requests must meet eligibility criteria established by Activity management. Special Needs expenditures in 1983-84 were $7,227,000.

A significant contribution is made by the activity to the improvement of local employment levels, the development of skills and the creation of additional community goods and services, by the use of social assistance funds for employment projects operated under band auspices. The entitlement of eligible individuals and heads of families may be transferred to projects that are designed to use these funds for the creation of new jobs in the community. It is estimated that in 1983-84 approximately 31,200 person-months of employment were

* The costing unit for Social Assistance is a monthly case unit which is defined as the cost of assistance issued to an individual or head of a household for a full calendar month. A monthly case unit could be a mix of individual and or family beneficiaries for all or a portion of a calendar month.

directly created by the use of Social Assistance funds, under the Work Opportunities Program and the New Employment Expansion and Development program, a time-limited initiative that operated from April, 1983 to June, 1984. This high level of activity is expected to continue in 1985-86 under the Work Opportunity Program and the new Indian Summer Youth Employment and Canada Works Programs.

E. Welfare Services

Objective

To ensure that Indian and Inuit individuals, who are in need of care and protection from neglect and mistreatment, or assistance in coping with personal or situational problems, have access to welfare services in accordance with government approved standards.

Resource Summary

This activity accounts for 4.3% of the total Indian and Inuit Affairs Program expenditures and 0.1% of the person-years.

Figure 29: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Child Welfare Services	44,637	-	45,279	-	40,405	-
Adult Care	6,759	-	6,534	-	7,466	-
Individual and Family Care Services	12,854	1	11,259	1	7,724	1
	64,250	1	63,072	1	55,595	1

Of the total expenditures in this activity 0.1% relate to personnel costs 6.4% relate to professional and special services and 89.2% to transfer payments.

Description

This activity funds and in certain instances also provides a broad range of services intended to nurture and protect children, individuals or families living on reserves. Services and assistance are provided through agreements or arrangements with different levels of governments as well as voluntary and private service organizations.

The Welfare Services Activity is organized into three sub-activities.

Child Welfare Services: This sub-activity provides funding and ensures that agreements with the provinces for the care of abused and neglected Indian and Inuit children with reserve residency are delivered in accordance with terms and conditions prescribed by activity management. This sub-activity also provides for bilateral and tripartite agreements between the federal government, provincial governments and Indian bands for the delivery of Child Welfare services on-reserve. Services include the provision of institutional care, the selection of families for foster care and payment of maintenance, the selection of group homes, along with the placement and maintenance of individuals and other services such as counselling.

Adult Care: Adult Care funds assistance and services to eligible Indian adults who are incapacitated because of age or disability, with the purpose of enabling them to maintain a satisfactory level of physical and mental functioning and independence. The range of services provided include: institutional care for those adults who require constant supervision or assistance; foster care to adults who require some assistance with their daily activities but at a level less than in an institutional setting; and in-home care which supports maximum independence for persons who require some assistance with daily living by providing services such as homemakers and meals for adults in their own homes. Not included are the services and cost for intermediate nursing home care for incapacitated adults.

Individual and Family Care Services: This sub-activity provides non-statutory services to Indian families, or individuals not covered under specific legislation or agreements with provinces. These services include counselling to individual adults and families, the placement and supervision of children with parental consent, the recruitment, selection and supervision of foster homes, intermediate care for incapacitated adults and other placement resources in Indian communities.

Performance Information/Resource Justification

The main goal of the Welfare Services Activity is to ensure that eligible Indian and Inuit children, families or individuals on reserve receive personal, family or community welfare services relevant to their unique circumstances and in accordance with applicable provincial and territorial legislation.

Of the three sub-activities, Child Welfare Services accounts for approximately 70% of the expenditures, Adult Care accounts for 10% and Individual and Family Care Services constitutes the remaining 20%.

Child Welfare Services are provided or made available to Indian children, families or individuals who live on reserve and require services as prescribed under provincial legislation and agreements. This includes children in need of protection from abuse and neglect.

The universal criteria for eligibility to Adult Care include:

- Indian adults who are resident on a reserve, or in the case of transfer from an acute treatment hospital, were resident on-reserve immediately prior to admission to the hospital; and

- Indians on-reserve over the age of 18 years who, because of age, physical or other disability as indicated by medical or psychological assessment, require some assistance with daily living but do not require institutional care and who are unable to meet the cost of these services.

A dual assessment is carried out to determine both an individual's need for care, the level of care and individual's ability to pay for all or part of the costs normally attributable to the recipient of the care.

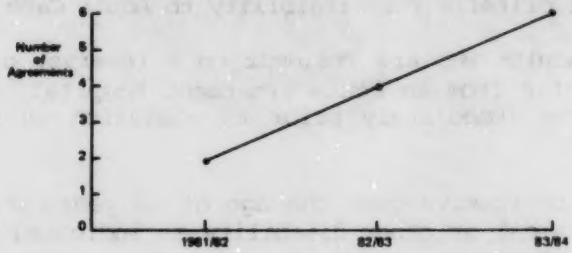
Individual and Family Care Services are provided to on-reserve Indian and non-Indian families requiring assistance, who seek services or accept referral for service provided under no specific legislation or agreement with the province. Included in this sub-activity are Indian children who are placed with parental consent and intermediate adult care services in institutions.

The level of resources required to ensure access to welfare services depends on the number of days of care required for eligible individuals and the per diem rates established by provinces and child welfare organizations. Some provincial services are currently not being provided to the Indian population due to some provinces viewing Indians on-reserve as a federal responsibility and also some bands do not recognize provincial responsibility for welfare services.

National Indian unit costs for 1983-84, (the cost of providing care for one child/adult for one day) of child welfare and adult care services are $28.96 and $31.40 respectively.

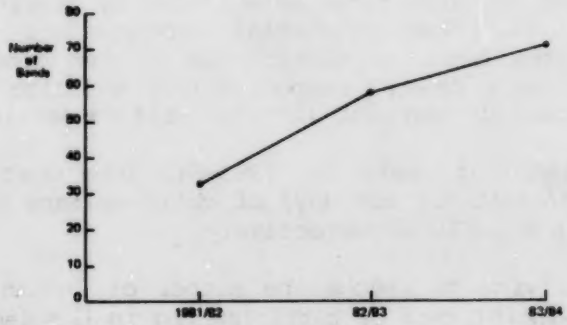
Bands are striving to reduce the number of Indian children who are placed in provincial care by participating in the design, delivery and control of child welfare services on-reserve through tripartite or bilateral agreements. Figure 30 shows the number of master agreements the Department has entered into over the past three years. The increasing number of agreements generally indicates that more and better services are gradually being provided to the Indian population.

Figure 30: Number of Master Child Welfare Agreements



The change in the proportion of bands administering Child Welfare Services is an important performance indicator in measuring the degree of success the Department is having in meeting its overall goal of Indian control of their own affairs. Figure 31 shows that an increasing proportion of bands are operating Child Welfare Services, a trend which serves to enhance the quality of the services provided.

Figure 31: Number of Bands Covered by Master Child Welfare and Subsidiary Agreements



The Adult Care component of this activity ensures that the level of service provided to aged and disabled Indian individuals is satisfactory. Figure 32 shows the number of day of care provided over the last three years by type.

Figure 32: Number of Days Care* Provided to Adults by Type

	1983-84	1982-83	1981-82
In-Home	176,153	125,204	105,740
Foster	5,819	4,893	954
Institutional	162,993	141,022	119,993
	344,965	271,119	226,687

*Days Care - Represents one individual in care for one day.

F. Other Education and Social Services

Objective

To support the Indian and Inuit people in preserving, developing and expressing their cultural heritage and in developing a level of community social and cultural services that respond to their needs.

Resource Summary

This activity accounts for 0.8% of the total Indian and Inuit Affairs Program expenditures and 0.2% of the person-years.

Figure 33: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Cultural/Educational Centres Program	7,472	3	7,355	3	7,353	3
Cultural Development	584	4	544	4	566	4
Community Social Services	3,815	3	3,807	3	3,663	3
	11,871	10	11,706	10	11,582	10

Of the total expenditures in this activity 3.6% relate to personnel costs and 90.5% to transfer payments.

Description

Cultural/Educational Centres Program: This sub-activity provides direct financial and other supportive assistance to Indian bands, tribal/district councils and Indian/Inuit non-profit corporations to allow them to establish and operate individual cultural/educational centres.

The Cultural/Educational Centres program, approved by Cabinet in 1971, was created to assist native people in developing their own educational initiatives based in their cultures. Under the Centres program, Indian and Inuit people plan, develop, manage and deliver programs designed to fill need defined by themselves and in accordance with their own priorities.

The programs, projects and services of centres generally address one or more of the following categories of activities: revival of traditional skills, cultural research, language research and instruction, curriculum development, native cultural teacher training, cross cultural awareness training, and resource and communications services to both Indian and non-Indian communities.

Cultural Development: This sub-activity has two main thrusts, Cultural grants and Indian art services.

Cultural grants are designed to assist individual Inuit and status Indian artists, painters, writers, musicians, and dancers to further their own careers and to acquaint the general public with work in the field of contemporary native art.

Cultural grants are provided for projects in the following categories: art projects that are national in scope and which involve two or more provinces or serve to enhance the international image of Canadian Indian people; projects proposed by individual artists in painting, sculpture, theatre, literature, film, music and dancing; projects demonstrating unique and innovative methods of cultural expression; research projects which relate directly to the arts or cultural development; and repatriation projects in Indian museums which hold benefits for talented and innovative Indian artists.

Indian art services include responsibility for the preservation, conservation, development and promotion of the Department's 2,000 fine and decorative works of art. By maintaining files on more than 250 Indian artists, the Indian Art Centre responds to requests from art researchers, curators and art historians seeking biographical information, press clippings and releases, and slides and photographs of art works.

In addition, the Indian Art Centre located at headquarters in Ottawa, provides recommendations and resource materials for the marketing and promotion of art through national arts and crafts public shows and international exhibits.

Community Social Services: This sub-activity provides advice and guidance to band councils, their staff and community services organizations in assessing community needs for establishing drop-in centres, homemakers services and day-care centres. Upon establishment of a need, advice is provided on how to plan, budget and operate the services and centres.

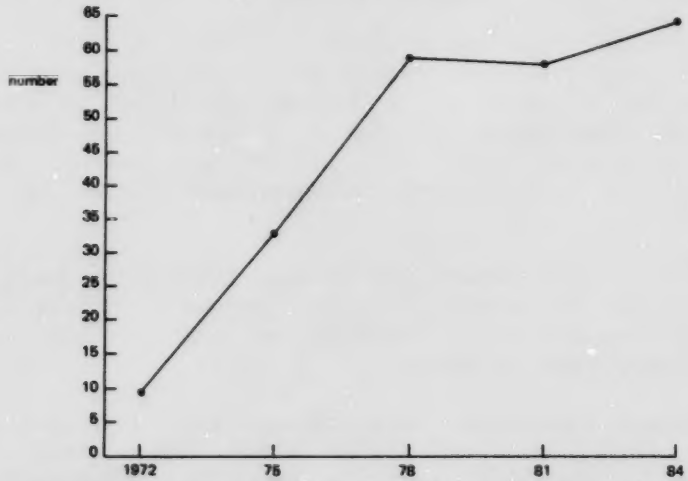
Funding for the operation and maintenance of day care and drop-in centres is made though contributions to band councils. For the homemaker services, funds are allotted to bands who demonstrate a need for the services and an ability to deliver them. The funds are used to train band staff and establish homemakers programs.

A small component of this sub-activity is adult rehabilitation. Funds are provided to band/district councils so that some counselling services can be given. Financial reimbursements are made to provincial or other rehabilitation agencies that assist Indian people with assessments of skills and ability, and the development of comprehensive rehabilitation plans and special programs for the handicapped. The Department participates with Health and Welfare Canada in a joint sponsorship of projects designed and operated by Indian and Inuit people and which are directed at the prevention and treatment of problems of alcohol and drug abuse. Funding and administration are the responsibilities of Health and Welfare Canada. The Department participates through membership on regional and national advisory boards.

Performance Information/Resource Justification

The 64 Cultural/Educational centres will develop and offer programs and services to approximately 342 Indian bands which represent 225,880 or 68% of status Indian people in Canada and to 100% of the Inuit population of northern Quebec. The growth of Cultural/Education Centres is shown in Figure 34.

Figure 34: Growth of Cultural/Educational Centres



The Indian Art Centre is primarily concerned with the conservation, cataloguing and promotion of Indian Art. As a result, approximately 80% of the Centre's expenditures are associated with these endeavours. By mounting an Indian art exhibition for Expo '86 and providing a touring exhibition to two additional major Canadian centres, and by assisting in the coordination of three arts and crafts public shows in Calgary, Edmonton and Ottawa, with the National Indian Arts and Crafts Corporation, the Indian Art Centre will assume a larger responsibility for developing the Indian art market and

audience awareness. Professional staff applying a museological standards approach to the management of all visual and written documentation, will provide a more critical and detailed analysis of the reference materials by art curators and historians. An anticipated 30% expansion of the reference files will include details on an additional 80 prominent and promising new artists.

By producing and disseminating a quarterly newsletter (first issue scheduled for Fall '84) the Indian Art Centre will provide to a professional art audience information on individual artists and current trends in Indian art in Canada.

For the past few years requests by bands for Community Social Services has risen in order to meet an increased demand by the Indian people. This trend is expected to continue in 1985-86. The Department presently funds 39 day care centres and six drop-in centres.

G. Economic Development

Objective

To facilitate and support Indian bands and Inuit communities in their efforts to obtain a greater degree of economic independence, and develop a viable economic and employment base.

Resource Summary

This activity accounts for 3.7% of the total Indian and Inuit Affairs Program expenditures and 4.3% of the person-years.

Figure 35: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Business Development	13,200	107	13,927	106	17,425	107
Employment Development	9,621	29	28,387	29	29,720	29
Employability Development	9,487	18	9,845	18	13,529	18
Community Development Support	24,097	35	27,165	35	16,654	35
	56,405	189	79,324	188	77,328	189

Of total expenditures in this activity 15.5% relate to personnel costs and 79.8% to transfer payments.

Description

In general, economic development on Indian reserves and in Inuit communities seriously lags most other Canadian communities in similar circumstances. This activity develops and supports projects and programs that address substantial and growing unemployment, undeveloped resources and continued dependency. Indian leaders in both the First Ministers' Conference and the Special Committee on Indian Self-Government have stressed the importance of economic development to underpin whatever self-governing responsibilities are achieved. The Economic Development Activity, in fulfilling its mandate, provides advice, assistance, funds and training through the following four sub-activities.

Business Development: This sub-activity is designed to assist Indian and Inuit individuals, bands, communities and organizations to have the opportunity as entrepreneurs to establish, maintain and expand viable businesses which will contribute to wealth creation, the enhancement of employment opportunities and economic independence. Loans for these businesses are provided through the Indian Economic Development Fund and the Federal Eskimo Loan Fund. In addition, advisory services and contributions are provided.

Employment Development: This sub-activity is designed to increase employment in Indian and Inuit communities and to improve the employment experience of the labour force. Its overall emphasis is centered on community based projects. Employment Development also identifies and develops services which assist Indian and Inuit people to obtain direct employment through existing federal and provincial employment related programs. Supplementary programs are provided where federal and provincial initiatives do not adequately meet the needs of this client group.

Employability Development: In conjunction with Employment and Immigration Canada (EIC) and Indian and Inuit organizations, this sub-activity assists in the identification of needs and coordinates and/or delivers training programs complementary to EIC. These programs are designed to provide Indian and Inuit people with the requisite skills for the local and national labour markets. They prepare Indian and Inuit people for employment both on-and off-reserve, and provide the communities with a supply of trained labour to support emerging business and local government employment initiatives. The main thrusts of Employability Development are in the areas of training on the job, occupational skills training (both academic upgrading and vocational training) and mobility assistance.

Community Development Support: This sub-activity assists Indians and Inuit in acquiring planning frameworks that will increase their capacity to plan for the economic development of their human and other resources. Funding is provided to bands and tribal councils so they may acquire information and technical advice on environmental and socio-economic impacts of resource development on-and off-reserve. Community Development Support also funds Indian and Inuit controlled financial and development institutions. These institutions provide funding to Indian and Inuit contractors, facilitate equity investments and long term financing and offer counsel in securing and managing investment funds.

Performance Information/Resource Justification

The Economic Development Activity must take into account the fact that the employment success rate among Indians and Inuit has characteristically been at a level of approximately 25% of the working

age population while the national average is 57%*. Contributing factors are isolated location, low educational and skills levels, lack of mobility, lack of economic opportunity, and lack of capital.

Business Development: Resources are allocated to projects based on individual business plans, which normally include the following: historical and pro-forma financial statements, technical feasibility, market analysis and sales plan, social profitability analysis, assessment of management, maximum loan amounts and repayment schedules, and an indication of the number of jobs to be created. These business plans are reviewed and priorized against an established set of investment proposal criteria for business direct loans, loan guarantees and contributions.

This sub-activity, within present funding levels, responds to 25% of the demand for new businesses. It provides services to enable approximately 250 new Indian and Inuit businesses to become established per year and to enable approximately 500 Indian and Inuit businesses to maintain or expand operations. During 1985-86 technical advice will be provided to 1,500 projects and 12 to 15 major workshops (350 participants) will be held on business related subjects.

The new businesses are expected to create 7,800 months of employment for new enterprises while approximately 13,800 months of employment will be maintained for those ongoing business operations.

Figures 36 and 37 present the number and type of loans and contributions, over a five year period, in support of existing and new businesses in both the Indian Economic Development Fund (IEDF) and the Federal Eskimo Loan Fund, (FELF).

Figure 36: Number, Type and Amounts of the Indian Economic Development Fund ($ Millions)

	Direct Loans		Loan Guarantees		Contributions	
	#	$	#	$	#	$
1983-84	188	$4.6	90	$ 2.7	532	$13.0
1982-83	175	$2.9	70	$ 1.6	785	$16.9
1981-82	281	$5.2	84	$ 1.8	865	$16.2
1980-81	332	$6.0	31	$ 3.4	705	$14.1
1979-80	258	$3.4	34	$11.1	663	$ 9.4

* 1981 Statistic Canada, MSERD, CEIC and DIAND reports.

Figure 37: Number, Type and Amounts of the Federal Eskimo Loan Fund

	Direct Loans		Loan Guarantees		Contributions	
	#	$	#	$	#	$
1983-84	7	$0.1	1	$ 2.6	10	$ 0.1
1982-83	8	$0.3	1	$ 2.5	10	$ 0.2
1981-82	7	$0.1	1	$ 2.5	9	$ 0.1
1980-81	6	$0.3	1	$ 2.4	6	$ 0.1
1979-80	7	$0.1	1	$ 2.4	29	$ 0.2

These direct loans, loan guarantees (which are loans of last resort) and contributions are provided for the purposes of economic development of Indians and Inuit, individuals and groups, bands, communities, partnerships or corporations. Currently, the amount of direct loans which may be outstanding at any one time for the IEDF must not exceed $70 million; claims paid resulting from guarantees issued cannot exceed $30 million. For the FELF it must not exceed $2.0 million in direct loans and $3.0 million in guarantees.

Direct loans carry fixed interest rates based on the quarterly average prime rates of the commercial banks plus 1 to 3%, in effect at the time the direct loan is approved for the IEDF. An additional 1% is applied for the FELF. The interest rates in effect at the close of fiscal year 1983-84 were 12% on the first $75,000 and 14% on the remaining amount. As of March 31, 1983 there were approximately 3,309 direct loans outstanding amounting to $45.0 million. During fiscal year 1983-84 195 direct loans were approved amounting to $4.7 million. During the same fiscal period, the rate of recovery was approximately $4.7 million representing principal credited back to the account and $2.4 million representing interest paid to the Government of Canada in respect of direct loans outstanding.

As of March 31, 1983 there were approximately 157 guaranteed loans outstanding amounting to $5.5 million. During fiscal year 1983-84 91 loans were guaranteed amounting $5.3 million. By March 31, 1984 there were 165 guaranteed loans outstanding in the amount of $5.6 million. During fiscal year 1983-84 claims in the amount of $0.4 million were paid out in respect of guarantees outstanding.

The loan programs are recorded in the Public Accounts of Canada as loans, investments and advances and are financed through non-budgetary appropriations. The IEDF will be studied by the Evaluation Branch during 1985-86.

Employment Development: Requests submitted by Indian and Inuit associations, on behalf of bands and communities, must form part of the strategic approach to community economic development and either provide community members with work experience or act as a catalyst to further economic and community development.

Employment Development is currently administering the following three programs under the CEIC Federal stream programs for fiscal year 1984-85:

- the Department's Native Employment and Economic Development (NEED) program 1983-84 - 1984-85 totalling 21.8 million ($3.0 million 1984-85). This program was recently extended beyond June 30, 1984 and is now scheduled to be terminated by March 31st, 1985, on a project by project basis.

- the Department's Employment Initiative Program ($7.5 million); and

- the Indian Summer Canada Program ($8.0 million).

While these programs are only short term in nature, it is estimated that a total of 73,470 work weeks and 3,194 jobs will be created, on the basis that one job is equal to 23 weeks of work.

Employability Development: Resources are used to enhance employment skills of Indians and Inuit only where CEIC programs are either unavailable or inappropriate to their requirements. Services under Employability Development are aimed primarily at persons who have little or no job skills or experience, or who cannot obtain suitable employment where they are now living.

This sub-activity provides services to enable approximately 4,000 Indians and Inuit to be job ready for the labour market, of whom four out of 10 are expected to find employment. Components of this sub-activity are forecasted to be 231,362 training/days of occupational skills training; 51,900 training/days of training-on-the-job and mobility assistance for 790 persons.

Community Development Support: Funds in this sub-activity are made available through contribution arrangements which specify actual performance targets in the areas of resource development and institutional development.

There are at present 88 resource development projects active which can or may impact on 148 Indian and Inuit communities.

This sub-activity funds Indian and Inuit bands/communities to plan and organize in order to take advantage of or mitigate the impacts of developments in mining, hydro-electric power, irrigation projects, hydrocarbon production and transportation. The most outstanding example to date of an Indian band taking advantage of timely resource development impact funding to prepare a negotiating position occurred in the fall of 1983 when the Lax Kw'alaam Band concluded a major agreement with Dome Petroleum. In return for agreeing not to use their land claim to interfere with the construction and operation of Dome's proposed $1.7 billion Liquified Natural Gas Terminal, the band negotiated the following benefits:

- cash payment that could total $39.1M;
- capital contributions of $3.5M;
- a half share in a tugboat company with an option to purchase the entire company at a later date;
- employment and training to have 26 band members employed in the plant;
- protection of the Band's fishery;
- natural gas service for their community;
- protection for construction impacts and an effective monitoring committee.

Other examples of bands effectively using resource development impacts (RDI) funds include employment opportunities which Indian bands in Northwestern Ontario have been able to negotiate during 1983-84 with gold mine companies including transportation assistance to and from the communities. As well, in the Tarsands area of Alberta, local bands have recently (June 1984) formed their own heavy construction company and secured major long term contracts with Suncor and Syncrude to clear overburden. The initial organizing and planning work was financed with resource development impact contributions. In addition to benefiting Indian communities, resource development impacts funding also benefits resource developers and contributes to the security of proposed major resource developments as it enables Indian bands to enter into effective dialogue and negotiations leading to settlement rather than only having recourse to resorting to negative court actions or the use of land claims to protect their interests.

Community Development Support is also provided to Indian people in the form of contributions and technical advice to support their involvement in the traditional pursuits of fishing, wild fur harvesting, wild rice production and harvesting. Further support is being provided to develop economic opportunities that exist in other renewable resource sectors to which Indian people have easy access such as forestry, mariculture, tourism and outfitting.

Community Development Support, in addition provides services to enable new Indian and Inuit institutions to be established and to maintain the operations of 41 such organizations. Examples of such institutions are the National Indian Arts and Crafts Corporation (NIACC) which was created in 1975 to promote and enhance a self-supporting native arts and crafts industry in Canada, and the Saskatchewan Indian Agricultural Program.

NIACC has a national office in Ottawa and has 13 regional corporations. The national office coordinates, manages and provides native arts and crafts development on a national, unified basis. The role of the regional corporations, while similar to the national office, includes development support through financial and technical assistance. Presently, the Department provides $3.36 million annually to the national office and these funds are allocated to the national and regional corporations based on approved operational plans.

A further example of an Indian economic institution, as mentioned above, is the Saskatchewan Indian Agriculture Program (SIAP), which is a corporation established to develop successful agricultural operations on Indian reserves in the province. It is governed by an independent board consisting largely of representatives of the Indian community. There are other agricultural operations in British Columbia, Alberta, Manitoba and Ontario which are in various stages of development.

Also of major importance are development corporations which, through their own initiatives, develop economic opportunities in many areas within their respective geographic locations. The Dakota Ojibway Tribal council, which has been successful in this area, operates within a Regional Economic and Employment Development core budget of approximately $130,000. They obtain resources from other funding agencies as well.

H. Band Management

Objective

To assist and facilitate Indian bands and Inuit communities and their organizations to develop and manage effective governments, to perform community-based development planning, and to promote the effective on-going consultation with, and participation in policy development by Indian and Inuit leaders.

Resource Summary

This activity accounts for 8.3% of the total Indian and Inuit Affairs Program expenditures and 4.1% of the person-years.

Figure 38: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Funding for Band Governments	92,033	-	83,356	-	77,532	-
Consultation and Policy Development	13,250	3	12,019	3	14,834	3
Comprehensive Community Based Planning	5,589	35	5,310	35	7,559	35
Management Support and Service Delivery	9,518	132	10,711	131	10,161	132
Indian/Inuit Management Development	3,800	10	10,337	10	7,518	10
	124,190	180	121,733	179	117,604	180

Of total expenditures in this activity 5.9% relate to personnel costs 1.4% to professional and special services and 90.7% to transfer payments.

Description

Funding for Band Governments: This sub-activity provides support through contribution arrangements to band councils to perform their role as elected leaders in the community and, in most cases, to maintain an administrative capacity essential to the effective delivery of departmentally sponsored services. The responsibility of band councils includes the overall stewardship of band affairs, direction-setting for band council administration, representation of band positions to other governments and in general, the functions of a local government.

Consultation and Policy Development: Consultation funding enables Indians and Inuit to meet to discuss policy or program management issues with federal and other levels of government. Policy development funding is provided to Indian associations to support activities such as the preparation of position papers, development of proposals or provision of advisory or advocacy services, leading to the development of policies or programs related to Indian issues. Funds are provided through contribution arrangements.

Comprehensive Community-Based Planning: This sub-activity is concerned with the on-going process of determining future development orientation and conditions that will best meet the community's needs and aspirations and make optimum use of all its resources. It deals with the community as an entity and attempts to co-ordinate and integrate all aspects of community life. The term "comprehensive" indicates that the process focuses on all the aspects of community life that are seen as being important by community residents. The term "community-based" implies that community residents are encouraged to participate to the fullest. Indian leaders and in particular, Indian band councils must play a major role in CCBP, preferably being the initiative controllers, developers and implementers of the total planning process. Funds are provided to band councils and tribal councils (a council of elected members from 2 or more bands) through contribution arrangements.

Management Support and Service Delivery: This sub-activity supports Indian and Inuit groups in acquiring professional management personnel or administration assistance for a variety of program and related activities. These services are delivered by departmental staff through contributions to tribal councils who deliver the services to bands. As well, departmental staff advise and monitor in matters pertaining to contribution management and provide financial, administrative and management advice and assistance is also provided to bands, tribal councils and associations.

Indian/Inuit Management Development: This sub-activity provides resources and assistance to Indian bands and Inuit communities of Northern Quebec to assist them in acquiring the necessary skills and knowledge to manage their affairs in accordance with generally accepted management principles. It focuses directly on the development and delivery of management improvement activities specific to each band and community. Funds are provided, through contribution arrangements for such undertakings as orientation seminars for band councils, community awareness strategies, professional management consultation and the development and delivery of course programs and workshops. Ongoing advisory services are also provided through this sub-activity for issues requiring specific short term consultant services (such as Canadian Executive Services Overseas), to improve management practices and systems.

Performance Information/Resource Justification

In 1985-86, Band Management intends to achieve the following:

- develop and implement a data based funding formula for Tribal Council Funding, Consultation and Policy Development, Comprehensive Community-Based Planning and Management Support to bands;
- remove procedural restrictions to the effective and efficient transfer of contribution funds to bands;
- investigate and recommend alternative funding mechanisms such as grant funding, block funding and multi-year funding arrangements; and
- develop band management training needs assessment instruments for use by bands and to promote the use of such instruments.

Each band is eligible for services provided by this activity with the level of demand directly depending on such factors as: state of band development and the degree of local autonomy desired, number of bands and individuals, and size of Indian communities. The level of demand for services also varies in accordance with the development and implementation of band management development plans, which are intended to improve the management of the band's affairs, and which include managerial training of personnel, workshops for elected members and purchase of management advice.

As bands assume the responsibility for delivering specific departmentally funded services the level of resources required will be influenced by the administrative and management capacity of individual bands. Resources will be required for management training and development as well as financial and advisory services to enable those bands which do not have the managerial capacity to acquire skills and knowledge to deliver specific services.

Funding for Band Governments: The majority of resources in the Band Management Activity are within this sub-activity and are provided to bands and tribal councils. All bands receive funding, in varying degrees, under this sub-activity. Funding for the three thrusts of this sub-activity is shown in Figure 39.

Figure 39: Funding for Band Governments

	1985-86	1984-85	1983-84	1982-83
Band Governments	$79,848.5	$72,571.5	$74,332.0	$46,462.0
Tribal Councils	8,249.0	6,849.0	-	-
Band Employee Benefits	3,935.5	3,935.5	3,200.0	735.0
Total	$92,033.0	$83,356.0	$77,532.0	$47,197.0

Band Governments: All band councils are eligible to receive band support funding. This is a formula-based allocation which takes into account total band membership and location, population on reserve and the type and value of program services delivered. Also considered is the number of program specialists necessary to deliver departmentally-funded services who require space in the band office to discharge their duties.

Band councils may utilize the funds provided, including grants, to help meet the cost of band government operations. Grants are for allowances to elected officials and travel of elected officials on band business. Contributions are given for salary and travel for administrative staff, office supplies, utilities, rent and equipment, basic telephone costs, long distance telephone costs for council and administrative purposes, annual audit and other professional fees, and contributions towards tribal council expenses.

Tribal Councils: The Department provides support directly to a tribal council in situations where a number of bands have decided to form a tribal council for the purpose of delivering programs to reserve residents, delivering advisory services to the bands and their staff, or acting as advocates on local matters of common interest. An annual general development grant of $4,000 per band is available to all mandated and incorporated tribal councils. Those which have been mandated to deliver advisory services may be sponsored for up to five advisory positions for every six bands, and in remote areas for five positions for every four bands. In addition, where tribal councils deliver program and advisory services, a grant is available to help

defray the cost of executive management, i.e., meetings of the board of directors and general administrative support. Funding for administrative support is calculated on a formula basis taking into account the number of employees sponsored by the Department, the type and volume of programs delivered, and the location of the tribal council office.

Band Employee Benefits: The Department may make available to Indian employers a contribution equal to the employer's minimum cost to sponsor a range of employee benefits required, in most cases by law, i.e., Unemployment Insurance, Canada or Quebec Pension Plan, hospitalization and medicare premiums, and Workers Compensation. In addition, the Department will make available the employer's share of the cost of a pension plan where the benefits obtainable do not exceed those available from the basic plan sponsored by the government for federal employees.

Consultation and Policy Development: Funding is provided to Indian groups to cover the cost of travel for meetings and to provide a per diem honorarium for the purpose of consultative meetings. Such funding is provided to support meetings with individual bands, groups of bands, and associations. Policy Development provides funding to enable Indian representative associations to conduct research and to present their views on policy issues and accounts for approximately 60% of the funds provided through this sub-activity. Policy Development funding is provided, generally, to those groups which are recognized for core funding purposes by the Department of the Secretary of State. Core funding supports the costs of basic organization and operation.

Comprehensive Community-Based Planning: Funding is provided to bands and tribal councils to cover the costs of contracting planning consultants or hiring planners, and to cover other costs such as workshops, mapping and studies. Funding also supports departmental band planners and their various duties. The various types of Comprehensive Community-Based Planning endeavours are physical development planning, community planning, economic development planning, airphoto-mapping, record plan surveying, environmental planning and community development planning. Funding is provided to bands and tribal councils based on the community planning needs and the community's stage of development.

Management Support and Service Delivery: Funding is provided to bands and tribal councils based on the need for improving their management practices and systems. Funding is also used to purchase professional expertise in specific management endeavours for Indian organizations.

Indian/Inuit Management Development: All band governments and Inuit communities of Northern Quebec and Labrador are eligible to receive funds to pursue the management expertise they require. Funding assistance is provided to those groups based upon management development plans prepared by them. These plans identify the full extent of management development services that the band or Inuit community wishes to undertake and extend through several years. Funds are provided on a yearly basis based on a priorization of these needs.

In addition, funds are available to selected educational institutions to assist these institutions in defraying the cost of providing managerial programs and courses specifically adapted to the needs of Indian/Inuit people. The extent of funding available for this purpose is calculated on an individual basis in consultation with Indian representatives.

Figure 40: Percentage of Bands With Band Management Improvement Plans

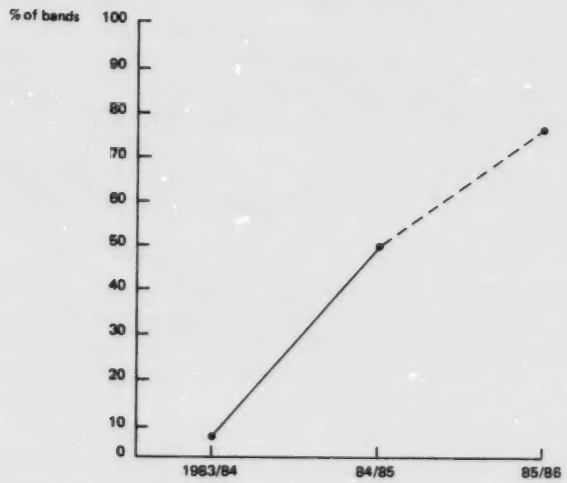
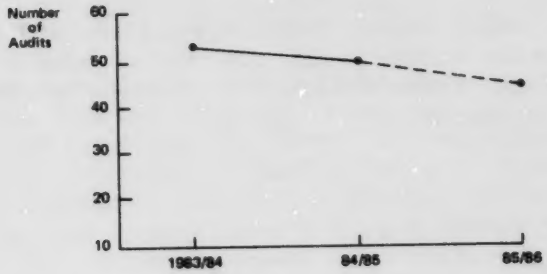


Figure 41: Number of Denials/Qualified Audit Opinions



I. Capital Facilities and Community Services

Objective

To assist and support Indian bands, Inuit communities and individuals to establish and maintain a level and quality of community capital facilities, family living accommodation and policing consistent with approved policies and standards.

Resource Summary

This activity accounts for 28.8% of the total Indian and Inuit Affairs Program expenditures and 10.9% of the person-years.

Figure 42: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Community Capital Facilities:						
Infrastructure and Services						
Capital	119,187	-	117,824	-	122,605	-
Operating and Maintenance	72,876	337	70,061	334	60,127	336
Education Facilities						
Capital	87,069	-	75,265	-	59,324	-
Operating and Maintenance	35,500	116	30,354	116	30,561	116
Recreation	1,651	-	1,651	-	1,469	-
Housing						
Capital	97,695	-	98,478	-	130,025	-
Operating and Maintenance	4,204	25	3,662	25	3,077	25
Policing	14,611	-	14,100	-	12,794	-
	432,793	478	411,395	475	419,982	477

Of total expenditures in this activity 4.6% relate to personnel costs, 4.7% to professional and special services, 66.9% to transfer payments and 21.3% to departmentally delivered capital.

Description

Most Indian and Inuit communities, because of their geographical location and limited natural resources, do not have the economic capability of meeting the cost of essential capital facilities requirements. Therefore, funding by the Department is a critical source of support for the capital works program for these communities. The cost of providing on-reserve facilities is extremely high due to the isolation of many communities and their low settlement densities. These factors result in increased costs for transportation, skilled labour and materials.

This activity meets the needs of the client group through the following sub-activities:

Community Capital Facilities: This sub-activity provides support for the construction, operation and maintenance of community capital facilities, such as schools, water systems, sanitation, electrification, roads, community buildings, fire protection facilities, and special services such as flood and erosion control.

This sub-activity assists Indian and Inuit communities in obtaining physical infrastructure that meets recognized standards for education and for the protection of life, health and property. This is done by managing the implementation of capital projects, by funding band managed projects and by providing professional and technical expertise. Also included is the implementation of a Maintenance Management System for capital assets. Funds are also provided for on-reserve recreation programs.

Housing: The Special Committee on Indian Self-Government pointed out in November 1983 that housing conditions on reserves are still considerably worse than in non-Indian communities. According to the 1981 census of Canada, a dwelling is said to be crowded when it contains more than one person per room. Statistics from this survey indicate one in 43 non-Indian homes is crowded, but for Indian on-reserve homes the proportion is much higher: nearly one in three.

The Housing sub-activity provides support to individuals and bands in obtaining adequate housing by providing subsidies towards the construction and renovation of houses on-reserves as well as training, management and technical assistance to bands. This sub-activity thus endeavours to establish and maintain a level and quality of family living accommodation consistent with recognized national standards.

The sub-activity's goal with respect to on-reserve housing is to attain the construction and renovation targets of 2,400 new houses and 3,000 renovations annually, and to ensure that such housing is consistent with the standards of the National Building Code.

Policing: Policing provides direct and indirect support to approximately 355 communities, through two basic programs, in an effort to obtain effective on-reserve policing services. Bands have the option of using the Band Constable Program whereby Indian and Inuit individuals are selected by bands and trained by the appropriate provincial authorities to assume limited policing duties on-reserve. The Department can also negotiate policing arrangements with the provinces and territories, on a cost-shared basis, with the Indian Special Constable Program supplied through the RCMP Native Policing Branch, or in the case of Ontario, through the Ontario Provincial Police. In Quebec, where the province does not share in the cost of the program, the Amerindian Police Force provides policing services comparable to the Indian Special Constable Program. The Department also funds the Dakota Ojibway Tribal Council Police Program which is not required to go through the RCMP for the hiring of constables.

Performance Information/Resource Justification

Community Capital Facilities: The Department's capital expenditures are third in magnitude to only National Defence and Transport Canada. In 1985-86, the Department's capital budget will be in the order of $310 million (including housing). Current data indicate that the replacement cost of assets on-reserve across the country stands at approximately $2.8 billion (excluding housing). In order to ensure that the basic needs of Indian communities are addressed, the expenditure of funds focuses on the priority areas of health, safety and education. The allocation of the capital budget is further identified in Section III page 2-86.

Based on capital requirements identified through band capital plans, projects are priorized in line with available resources and in consultation with bands. Capital resource targets are issued annually to regions through a formula based on on-reserve population and regional and remoteness construction cost indices. The following are targets of this sub-activity:

- to commence implementation of revised level of service standards (1985-86);
- to continue development and implementation of Maintenance Management Systems at the reserve (community) level to cover 30% of asset value in 1985-86;

- to increase investment in the development of firm five year capital plans with full participation of bands during 1985-86 and 1986-87;

- to establish performance measures to accurately assess quality and quantity of capital works in meeting short and long term goals (1986-87); and

- to construct community infrastructure and education facilities to departmentally recognized service standards (1988-89).

The sub-activity level of service standards were developed in 1984-85 for water and sanitation systems, electrification, buildings, roads and bridges and school site development. These standards define the level of service the Indian and Inuit Affairs Program will provide and/or contribute to bands based on the objective of providing similar level of services as those in neighbouring non-Indian communities.

In line with the development of level of service standards, which will be used as the basis for measuring the quality aspect of performance measure for new assets, performance measures are being developed which will more appropriately reflect the adequacy or inadequacy of existing services. These measures will focus on services tied to houses and/or community facilities, schools, etc. Regions are reviewing the proposed approach and the final version will be ready for implementation in the 1985-86 operating year.

To prevent premature replacement of assets the Department has developed and is implementing a Maintenance Management System which will ensure adequate levels of maintenance and set standards of operation for capital assets. The Department also maintains a Capital Asset Inventory Data Base which provides an accurate count of capital assets by major facility category. This data base together with associated unit-cost and remoteness cost factors for operating and maintaining these assets enables the Program to establish funding requirements for each category of asset.

At present, approximately 20% of the total value of capital assets is being maintained in accordance with the Maintenance Management System. It is planned to increase this to approximately 30% over the next year.

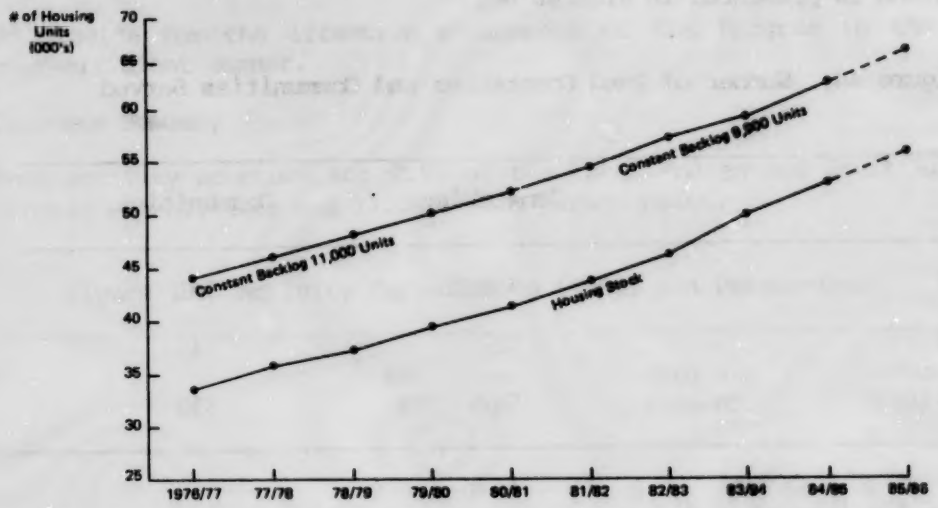
Housing: Under the On-Reserve Housing Program, capital and operating and maintenance funding is provided to construct 2,400 new housing units and renovate another 3,000 units annually. Since April 1983 new houses are being inspected and built to National Building Code Standards thus ensuring a higher quality. At the same time, improvements are carried out to existing housing stock through the departmental renovation program in association with other federal government programs such as those provided through CMHC.

The subsidy per unit for new on-reserve houses consists of two components. The basic subsidy for urban areas is approximately $19,000 per unit to an average of approximately $30,000 for remote areas. A special freight allowance for houses constructed in special access areas is also included. Secondly, an economic subsidy, ranging up to $12,000 per unit, is allocated to reserves and settlements with low economic opportunity. Renovations are budgeted at $6,000 each. Funds are allocated to regions in proportion to on-reserve population and the average subsidy per unit applicable to each region. This latter figure, in turn, reflects variations in construction costs and economic subsidies.

A policy decision to address the housing backlog within 7 - 12 years was made "in principle" in 1982, and a one-time allocation of additional funding of $40 million to reduce the backlog by 800 units was made in 1983-84. However, the present level of funding is sufficient to provide housing for newly-formed families and to replace obsolete units. It is, however, not sufficient to reduce the outstanding housing backlog. Therefore, the requirement remains for increased housing capital and operating and maintenance funding to overcome the estimated backlog in 1984 to be approximately 10,000 new units and 11,000 renovations.

The performance of the Housing sub-activity can be illustrated by the number of houses built and renovated, the reduction in the outstanding number of houses needed and the percentage of new houses conforming to National Building Code Standards. By accessing various sources of funding, Indian Bands have exceeded the targets for new construction by 12% and for renovations by 29% in 1983-84. During 1985-86 a major evaluation of housing will be conducted by the Departmental Evaluation Branch. Findings will be reported in subsequent expenditure plans.

Figure 43: Changes in Housing Backlog



Policing: The demand for policing depends on such factors as the level of externally provided policing services, local crime rates, and the relevant importance placed upon on-reserve policing by the bands. Resource requirements are justified by a data base which identifies the policing services required by bands through the application of a unit cost by type of service for each band.

The allocation of resources for the Indian Special Constable Program is based on cost-sharing arrangements between the federal and provincial governments. In most instances these policing services are provided through the RCMP acting as a provincial police force. In such cases, the Department reimburses the RCMP for the total cost, and recovers the provincial share from the provinces. The only instance where a region becomes involved is in Ontario. The responsibility centre for policing in the Ontario region deals directly with the province in negotiating cost-sharing agreements and in making payments for policing services provided under the Indian Special Constable Programs by the Ontario Provincial Police.

The Band Constable Program, on the other hand, is funded entirely by the Department at a cost of $2.3 million. In this case, the constables are employees of the bands and funding is provided through a contribution arrangement. The amount of the contribution is based on the need for policing on Indian reserves as identified by the individual bands and approved by the Department.

The performance of this sub-activity can be represented by the annual increase in the number of Band Constables, and the number of communities receiving services under this sub-activity. This information is presented in Figures 44.

Figure 44: Number of Band Constables and Communities Served

	Constables	Communities
1981-82	518	341
1982-83	527	345
1983-84	547	355

The findings of a Departmental study conducted in 1983 were that the Indian policing programs are generally regarded as successful in reducing demands on regular law enforcement agencies, and are not more expensive than the costs of regular policing programs. Overall, the study suggested merit in the continued expansion and development of these programs.

J. Program Management

Objective

To provide for the effective management of the Program in the most cost-efficient manner.

Resource Summary

This activity accounts for 2.9% of the total Indian and Inuit Affairs Program expenditures and 17.0% of the person-years.

Figure 45: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Management	43,555	750	39,352	746	31,941	748
	43,555	750	39,352	746	31,941	748

Of the total expenditures in this activity 68.9% relate to personnel costs 9.9% to professional and special services and 11.8% to transportation and communications.

Description/Resource Justification

This activity includes line and functional management responsibilities of the Indian and Inuit Affairs Program at headquarters and regional and district office levels. These management responsibilities include policy development, coordination, planning, the management of actual service delivery to clients and the provision of direction and control.

The main goal of the Program Management Activity is to provide for the effective management of the Indian and Inuit Program in a manner that is consistent with the objectives of the Program and applicable sections of the Indian Act and related regulations, Cabinet decisions and Treasury Board authorities.

The basic indicator of performance is the change in the proportion of total program expenditures that is accounted for by the Program Management Activity. Figure 46 shows that in 1985-86 Program

Management will constitute 2.9% of the total expenditures of the Indian and Inuit Affairs Program. Figure 47 also shows that Program Management will constitute 17.0% of the total person-years of the Program. Statistics for previous years are unavailable because of the new program activity structure, but in future expenditure plans comparisons will be made.

Figure 46: Program Management Expenditures as a Percentage of Total Program

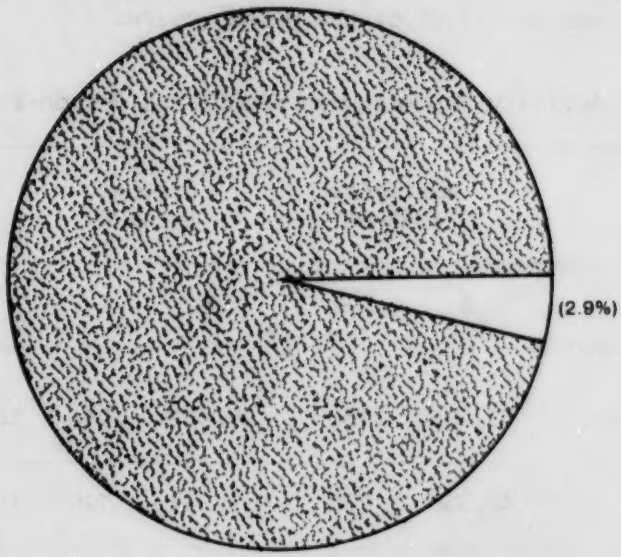
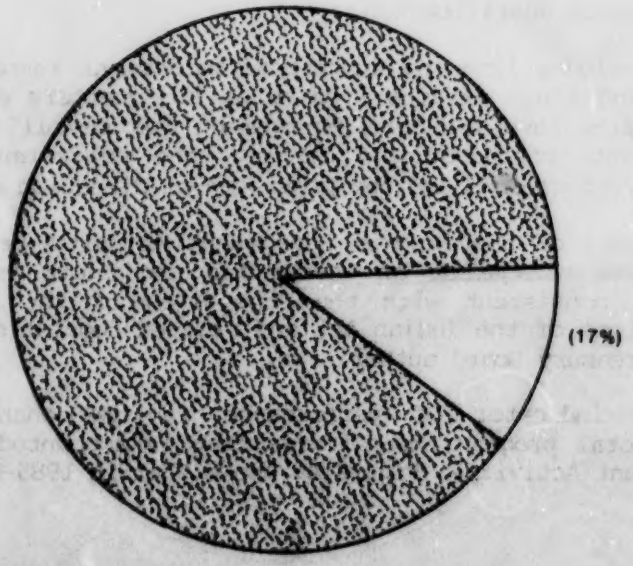


Figure 47: Program Management Person-Years as a Percentage of Total Program



K. Program Administration

Objective

To provide efficient and effective financial planning, accounting, personnel, communication and other regional management support in a manner that is responsive to client needs and to ministerial and Central Agency directions.

Resource Summary

This activity accounts for 3.0% of the total Indian and Inuit Affairs Program expenditures and 16.7% of the person-years.

Figure 48: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	45,613	738	46,432	735	43,730	736
	45,613	738	46,432	735	43,730	736

Of the total expenditures in this activity 51.1% relate to salaries 16.4% to professional and special services and 15.9% to transportation and communications.

Description

The Program Administration Activity includes responsibilities related to the provision of advisory and management support services for the Program in the Department's regional operations. It includes services for finance and accounting, personnel, communications, and systems support functions.

Performance Information/Resource Justification

The Program Administration Activity is responsible for maintaining the level and quality of management support in the regions in the areas of finance, personnel, communications and general management support services and systems in order to facilitate the efficient and effective delivery of client services.

As new policies and procedures are introduced in areas such as finance and personnel the Indian and Inuit Affairs Program may have to adjust its Program Administration resource requirements. The consequence of workload variation may be marginal initially but over time substantive changes may occur as new policies and procedures are introduced. Likewise, as the government modifies its policies with respect to Indian and Inuit Affairs and the mandate of the Department, there will be an impact upon the number and types of services provided. This will also affect resource level requirements. The level of management support functions tend to vary in proportion to changes in the Program's responsibility (services to the client).

The basic indicator of performance is the change in the proportion of total program expenditures that is accounted for by the Program Administration Activity. Figure 49 shows that in 1985-86 Program Administration will constitute 3% of the total expenditures of the Indian and Inuit Affairs Program. Figure 50 also shows that Program Administration will constitute 16.7% of the total person-years of the Program. Statistics for previous years are unavilable because of the new program activity structure, but in future expenditure plans comparisons will be made.

Figure 49: Program Administration Expenditures as a Percentage of Total Program

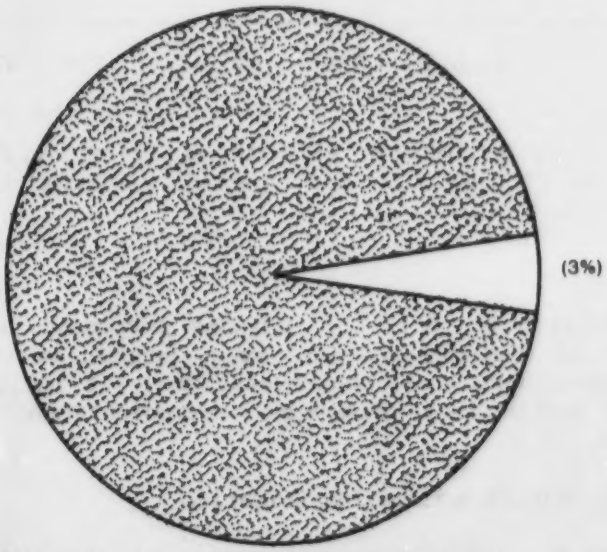
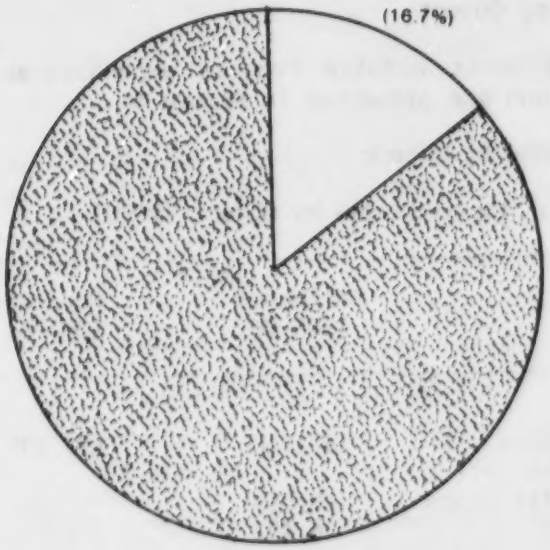


Figure 50: Program Administration Person-Years as a Percentage of Total Program



Section III
Supplementary Information

A. Analysis by Object

The Indian and Inuit Affairs Program expenditures for 1985-86 are $1,505,054,000 and are presented in Figure 51.

1. Expenditures by Object

Figure 51: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	143,268	133,495	126,692
Contributions to employee benefit plans	20,058	17,354	18,551
Other	6,422	6,116	6,487
Goods and services			
Transportation and communications	27,352	27,633	28,858
Information	806	1,002	850
Professional and special services	67,457	67,754	179,629
Rentals	4,512	4,365	3,969
Repair and upkeep	7,110	6,400	7,533
Utilities, materials and supplies	20,708	19,347	22,495
All other expenditures	911	728	852
Total operating	298,604	284,194	395,916

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital			
Salaries and wages	-	2,115	2,130
Professional and Special Services	13,303	10,989	9,160
Construction or Acquisition of Land, Buildings and Works	75,949	62,311	52,371
Construction and Acquisition of Machinery, Equipment & Furnishings	4,942	4,801	4,194
Total Capital	94,194	80,216	67,855
Transfer payments	1,112,256	1,102,738	923,505
Total expenditures	1,505,054	1,467,148	1,387,276

2. Personnel Expenditures

The Indian and Inuit Affairs Program's personnel costs of $169,748,000 account for 11.3% of the total operating expenditures. This includes statutory contributions to employee benefit plans.

Figure 52 provides a breakdown of personnel by Activity and Figure 53 shows the person-years and annual average salary by category.

Figure 52: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Reserves and Trusts	326	324	325
Elementary/Secondary Education	1,592	1,584	1,588
Post Secondary Education	17	17	17
Social Assistance	119	118	119
Welfare Services	1	1	1
Other Education and Social Services	10	10	10
Economic Development	189	188	189
Band Management	180	179	180
Capital Facilities and Community Services	478	475	477
Program Management	750	746	748
Program Administration	738	735	736
Authorized person-years	4,400	4,377	4,390

Figure 53: Authorized Person-Years and Salary Provision

	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management	84	79	32	50,530 - 96,300	61,238
Scientific and Professional					
Architecture and Town Planning	16	13	12	18,610 - 76,130	44,273
Economics, Sociology and Statistics	42	39	37	14,570 - 65,080	40,597
Education	1456	1390	1384	13,609 - 68,070	32,488
Engineering and Land Survey	97	71	73	23,306 - 76,130	48,670
Forestry	9	7	7	16,161 - 68,070	39,447
Physical Sciences	14	7	8	15,304 - 68,070	47,370
Social Work	66	62	56	20,575 - 51,192	39,053
Administrative and Foreign Service					
Administrative Services	196	177	175	13,912 - 57,987	32,416
Computer Systems Administration	3	-	-	18,766 - 61,433	28,276
Financial Administration	125	122	121	13,853 - 57,980	37,158
Information Services	14	17	17	13,579 - 57,980	37,129
Organization and Methods	10	9	6	13,520 - 57,980	44,407
Personnel Administration	50	55	54	13,330 - 63,870	36,856
Program Administration	387	338	349	13,912 - 57,987	40,185
Purchasing and Supply	13	12	12	12,766 - 57,980	30,410
Welfare Programs	290	335	349	14,860 - 57,980	30,997
Commerce	166	170	174	15,635 - 60,465	41,836
Technical					
Drafting and Illustration	8	8	7	15,557 - 40,310	29,278
Electronics	-	10	-		-
Engineering and Scientific Support	80	63	62	14,041 - 50,866	36,525
General Technical	21	15	13	12,635 - 55,682	35,660
Social Science Support	35	26	26	12,635 - 57,764	34,036
Educational Support	35	51	60	10,719 - 28,517	16,967

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Administrative Support					
Communications	3	3	3	15,364 - 31,824	17,319
Data Processing	27	27	27	13,352 - 37,130	23,585
Clerical and Regulatory	665	679	682	12,932 - 31,743	21,990
Office Equipment	-	2	-		-
Secreterial, Stenographic & Typing	221	227	238	12,636 - 31,946	21,405
Operational					
General Labour and Trades	85	94	90	14,776 - 40,676	26,628
General Services	147	176	225	13,253 - 39,988	21,458
Heating, Power and Stationary OPS	30	32	43	18,242 - 35,598	22,208
Hospital Services	1	4	4	12,307 - 29,701	19,905
Ships' Crews	4	3	4	18,840 - 29,988	22,567
Capital P-YS	-	54	64	-	-

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-year for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 54 outlines the allocation of the capital budget for the Program by type of asset.

Figure 54: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Administration	2,135	2,143	2,184
Housing	97,695	98,478	130,025
Community Infrastructures*	119,187	117,824	122,605
Education Facilities	87,069	75,265	59,324
	306,086	293,710	314,138

*Community infrastructure includes work on project such as roads and bridges, sanitation systems, water systems, electrification, community buildings and fire protection.

Figure 55: Major Capital Projects ($000)

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
Capital Facilities & Community Services					
Vote 10					
EDUCATION FACILITIES					
ATLANTIC					
WAGMATOOK - School	-	1,304	921	383	-
QUEBEC					
Maliotenam - School	-	1,708	128	1,212	368
Pikogan - Elementary School	-	1,133	85	1,048	-
MANITOBA					
Cross Lake - School	16,573	16,319	5,575	5,437	5,307
Bloodvien - School	4,592	4,726	3,130	1,596	-
SASKATCHEWAN					
James Smith - School	-	6,321	1,044	3,879	1,398
Beardy's Ckemasis - School	-	3,361	1,044	1,232	1,085

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
ALBERTA					
Stelfox - School Addition	-	867	97	770	-
BRITISH COLUMBIA					
Mt. Currie - School	4,088	4,570	1,113	2,580	877
Vote 15					
EDUCATION FACILITIES					
QUEBEC					
Waskaganish - School	-	503	488	15	-
ALBERTA					
Morley - School	-	6,288	3,480	1,111	1,697
BRITISH COLUMBIA					
Kyuquot - School	-	1,273	636	637	-
Vote 10					
ACQUISITION AND CONSTRUCTION OF INFRASTRUCTURE ASSETS & FACILITIES					

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
QUEBEC					
Obedjiwan-Expension Hydro Station & Control Panels	-	600	300	100	200
Lac Rapide - Connecting Hydro Power	-	3,830	69	1,000	2,761
Rupert House - Extension Hydro Network	-	402	102	200	100
Eastmain - 350 kw Generator & Control Panels	-	342	242	100	-
ONTARIO					
Long Lake No. 77 - Water & Sewer Ext	918	823	745	78	-
Ft. Savern - Community Electrification	-	1,449	360	1,089	-
Sandy Lake - Electrification	-	600	550	50	-
MANITOBA					
East Manitoba - Electrical System	18,046	11,124	6,214	4,527	383

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
SASKATCHEWAN					
Turnor Lake - Water & Sewer	-	1,058	1,048	10	-
ALBERTA					
Driftpile - Water Distribution	-	1,565	84	38	1,443
Ft. Chip. - Road Construction	-	445	45	400	-
Fox Lake - Water System	870	332	132	200	-
BRITISH COLUMBIA					
Toosey - Domestic Water System	-	370	220	150	-
Vote 15					
ACQUISITION & CONSTRUCTION OF INFRASTRUCTURE ASSETS & FACILITIES					
QUEBEC					
Great Whale River - Water, Sewer and Roads	-	3,797	3,402	395	-
Namaska - Const. Sub-Division	-	2,426	2,299	127	-

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
Waswanidi - Water & Sewer	-	5,090	3,251	1,610	229
Betisiamites - Sewer Treatment Plant	-	950	50	900	-
Kahnawake - Municipal Services	3,041	3,345	2,818	527	-
Lorette - Infrastructure	-	973	53	200	720
Maria - Sewer System	-	275	25	250	-
Mingan - Municipal Services	-	460	25	435	-
Oka - Upgrading Water System	-	292	131	58	103
Ouiatchouan - Sewer System	-	1,819	780	471	568
Pointe-Bleue - Municipal Services	-	734	67	330	337
River Desert - Roads	-	706	70	364	272
St.-Augustin - Major Repair Sewer System	-	519	30	489	-
Temiskaming - Water Treatment Plant	-	475	235	25	215

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
ONTARIO					
Parry Island - Access Road	-	295	175	15	105
Cornwall Island - West Road Reconstruction	-	890	405	485	-
Six Nations - Reconst. Road No. 174	-	346	326	20	-
Six Nations - Reconst. Road No. 263	-	371	351	20	-
SASKATCHEWAN					
Thunderchild - Oil Tech. Institute	-	2,357	2,330	57	-
ALBERTA					
Beaver Lake - Roads	1,720	1,667	1,463	204	-
Saddle Lake - Lagoon Addition	-	410	30	380	-
Kehewin - Water Supply	-	936	721	215	-
Beaver Lake - Water Supply	-	460	30	430	-
Janvier - Water Supply	-	275	82	193	-
Saddle Lake - Townsite	-	336	20	316	-
Kehewin - Roads	987	987	747	218	22

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
Alexander - Roads	779	779	320	276	183
Ft. McMurray - Roads	-	676	195	173	308
Goodfish Lake - Road Upgrading	-	950	50	600	300
Saddle Lake - Garage	-	330	-	30	300
BRITISH COLUMBIA					
Moricetown - Sub-Division	-	440	75	145	220
Kitseguklа - Sewer	-	300	60	70	170
Gitwangak - Domestic Water System Upgrading	-	260	20	180	60
Gulf Course - Sub-Division	-	494	298	157	39
Kitasoo - Electrification	-	533	253	280	-
Kulley Bay - Domestic Water System	-	309	219	90	-
Canim Lake East - Water & Sewer	-	260	140	120	-
Half-Way - Relocation	-	821	450	371	-
Lytton - Stryer Domestic Water System	-	335	25	310	-

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
Upper Nicola - Domestic Water System	-	374	224	150	-
Okanagan - Six Mile Domestic Water System	-	528	178	220	130
Kamloops - Domestic Water System	-	560	405	155	-
Neskainlith - Domestic Water System	-	345	25	195	125

4. Transfer Payments

Figure 56 presents a summary of all grant and contribution expenditures of the Indian and Inuit Affairs Program. A brief description of grants and contributions not in the Estimates for 1985-86 but still active in the current forecast year is included.

Figure 56: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Reserves and Trusts			
(S) - Indian Annuities Treaty Payments	880	880	791
Grants to British Columbia Indian bands in lieu of a per capita annuity	300	300	300

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Elementary/Secondary Education			
Grants to individual Indians and Inuit and organizations to support their educational and cultural advancement.	2,450	1,842	1,059
Post-Secondary Education			
Grants to individuals, Indians and Inuit and organizations to support their educational advancement.	19,616	18,862	15,863
Social Assistance			
Social assistance payments to individual Indians, Inuit and non-Indians residing on Indian reserves	59,438	56,517	48,998
Welfare Services			
Grants to individuals to protect Indian and Inuit children, individuals and families living on Indian reserves	2,060	-	-
Other Ecucation & Social Services			
Grants to individuals and organizations for the development of Indian & Inuit culture services.	46	46	42

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Economic Development			
Grants to individuals and organizations for economic development and employment opportunities for Indians and Inuit	1,569	1,569	1,247
Band Management			
Grants to Indian bands, their District Councils and Inuit settlements to support their administration	20,256	20,127	14,790
Total Grants	106,615	100,143	83,090

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Reserves and Trusts			
Contributions to Indian bands for Land selection	647	647	853
Contributions to Indian bands for Membership administration	1,278	1,038	424
Contributions to commissions for investigation, negotiation and mediation of Indian and Inuit claims and grievances	274	274	-
Contributions to the Province of Newfoundland for the provision of programs and services to native people resident in Newfoundland and Labrador	7,601	7,100	2,537
Contributions to Indian bands for Land and Estates Management	1,738	1,332	856
Contributions to individuals, Indian bands and associations for the funding of Indian test cases	175	175	37

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Elementary/Secondary Education			
Contributions to Indian bands and Inuit settlements, their school boards, provincial governments, Individuals and other legal entities for educational services and support	293,119	278,413	155,154
Contribution to the Province of Quebec, in respect of Cree and Inuit education as described in the James Bay and Northern Quebec Agreement	14,823	14,253	19,344
Post Secondary Education			
Contributions to Indian bands and Inuit, settlements or educational institutions for educational services and support.	30,540	24,202	20,353
Social Assistance			
Contributions to Indian bands and Inuit settlements, their orgnaizations and provincial governments or agencies for social assistance, including payments to non-Indians residing on Indian reserves	163,880	166,364	150,556

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Welfare Services			
Contributions to Indian bands and Inuit settlements, their organizations and provincial governments or agencies, individuals and organizations for care, rehabilitation and preventative services	55,245	52,633	19,462
Other Education and Social Services			
Contributions to Indians, bands, Inuit settlements, or organizations for cultural development and community social services	10,694	11,205	10,304
Economic Development			
Contributions to Indians and Inuit, their bands settlements and corporations, provinces and other organizations for economic and employment development	43,446	62,850	64,924
Contributions to Indians, their bands settlements, corporations or other legal entities for special employment initiatives	-	1,302	89

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital Facilities and Community Services			
Contributions to Indians and Inuit, their bands, settlements and corporations, provincial governments and other organizations to assist in the design, construction, maintenance and operation of community services, facilities and housing			
- Capital	208,293	209,594	243,643
- Maintenance and Operations	77,880	75,288	64,982
Contributions to the Province of Quebec for Inuit Housing under the James Bay and Northern Quebec Agreement	3,600	3,900	-
Band Management			
Contributions to Indian bands, tribal councils and Inuit settlements for administrative costs and management support services.	70,229	65,260	66,844
Contributions to Indian bands and Inuit settlements for local development planning	3,071	7,215	4,807

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions to Indian bands and associations for policy development and consultation	12,600	12,080	15,246
Contributions to Indian bands for employee benefit plans	3,935	3,200	-
Contribution to Indian bands for Programs on Indian Management and social paraprofessional training	2,573	4,270	-
Total Contributions	1,005,641	1,002,595	840,415
Total Grants and Contributions	1,112,256	1,102,738	923,505

Note that Actual figures for 1983-84 have been restated to reflect the new Activity Structure.

B. Cost Analysis

The Indian and Inuit Affairs Program's 1985-86 Estimates include only those expenditures to be charged to the department's voted appropriations and statutory payments. Other cost items as well as revenue must also be included when considering the actual costs to operate the Program.

Figure 57: Program Costs ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Total 1984-85
Reserves and Trusts	32,391	9,823	42,214	38,695
Elementary/ Secondary Education	390,144	47,971	438,115	423,448
Post Secondary Education	59,169	512	59,681	49,325
Social Assistance	244,673	3,586	248,259	239,648
Welfare Services	64,250	30	64,280	62,025
Other Education and Social Services	11,871	301	12,172	11,970
Economic Development	56,405	5,695	62,100	84,768
Band Management	124,190	5,424	129,614	126,462
Capital Facilities and Community Services	432,793	14,403	447,196	418,596
Program Management	43,555	22,600	66,155	59,059
Program Administration	45,613	22,238	67,851	68,779
Total	1,505,054	132,583	1,637,637	1,582,775

The adjustments made to the estimated operating expenditures to arrive at a total cost include accommodation provided without charge by Public Works Canada, other services provided without charge by other departments and accommodation provided without charge by this Department.

C. Additional Information

1. Activity Structure Crosswalk

Figure 58: Reconciliation of 1984-85 Activity Structure to 1985-86 Revised Activity Structure

1985-86 Activities	1984-85 Activities							
	Program Administration	Reserves and Trusts	Education	Economic and Employment Development	Social Services	Community Infrastructure and Services	Band Government	Total
Reserves and Trusts		32,391						32,391
Elementary/Secondary Education			390,144					390,144
Post Secondary Education			59,169					59,169
Social Assistance					244,673			244,673
Welfare Services					64,250			64,250
Other Educational Social Services			7,455		4,416			11,871
Economic Development				56,405				56,405
Band Management							124,190	124,190
Capital Facilities and Community Services			97,995			334,798		432,793
Program Management	17,055	3,937	4,536	5,602	3,725	4,686	4,014	43,555
Program Administration	45,613							45,613
	62,668	36,328	559,299	62,007	317,064	339,484	128,204	1,505,054

2. Legislation

Indian and Inuit Affairs Program operates within a mandate which is derived from the Department of Indian Affairs and Northern Development Act and administers the following legislation:

Indian and Inuit Affairs:

The Alberta Natural Resources Act
The British Columbia Indian Reserves Mineral Resources Act
The Caughnawaga Indian Reserve Act
The Fort Nelson Indian Reserve Minerals Revenue Sharing Act
The Indian Act
The Indian Lands (Settlement of Differences) Act
The Indian Oil and Gas Act
The Indian (Soldier Settlement) Act
The James Bay and Northern Quebec Native Claims Settlement Act
The Lac Seul Conservation Act
The Lake of the Woods Control Board Act
The Manitoba Natural Resources Act
The Natural Resources Transfer (School Lands) Amendment
The New Brunswick Indian Reserves Agreement Act
The Nova Scotia Indian Reserves Agreement Act
The Public Lands Grants Act
The Railway Belt Act
The Railway Belt and Peace River Block Act
The Railway Belt Water Act
The St. Peters Indian Reserve Act
The St. Regis Indian Reservation Act
The Saskatchewan and Alberta Roads Act
The Saskatchewan Natural Resources Act
The Songhees Indian Reserve Act

3. **Listing of Regional Offices and Numbers of District Offices and Bands**

REGION	LOCATION	NO. OF DISTRICTS	NO. OF SERVICE CENTRES	NO. OF BANDS
NWT	YELLOWKNIFE	0	0	17
YUKON	WHITEHORSE	0	0	14
BRITISH COLUMBIA	VANCOUVER	8	2	196
ALBERTA	EDMONTON	4	0	41
SASKATCHEWAN	REGINA	6	0	68
MANITOBA	WINNIPEG	1	0	60
ONTARIO	TORONTO	11	1	115
QUEBEC	QUEBEC CITY	1	2	39
ATLANTIC	AMHERST	2	0	31
		33	5	581

Northern Affairs Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $120,279,000 to operate the Northern Affairs Program during the 1985-86 fiscal year. The remaining expenditures, estimated at $7,458,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Northern Affairs Program		
20	Operating expenditures	72,287	70,170
25	Capital expenditures	21,147	26,633
30	Grants and contributions	26,845	38,108
(S)	Contributions to employee benefit plans	4,572	3,939
(S)	Environmental Studies Revolving Fund	2,886	214
	Total Program	127,737	139,064

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Northern Affairs Program	
20	Operating expenditures and authority to make recoverable advances for services performed on behalf of the Government of the Northwest Territories.	72,287,000

Extracts from Part II of the Estimates

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
25	Capital expenditures including authority to make expenditures and recoverable advances in respect of services provided and work performed on other than federal property; authority to make contributions towards construction done by local or private authorities.	21,147,000
30	The grants listed in the Estimates and contributions.	26,845,000

Extracts from Part II of the Estimates

Program by Activities

	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized Person-years	Budgetary				Less: Revenues Credited to the Vote	Total	
		Operating	Capital	Transfer payments	Sub-total			
Northern Co-ordination and Social Development	89	6,507	82	21,385	27,974		27,974	30,687
Northern Economic Planning	52	3,458		3,097	6,555		6,555	14,624
Northern Environmental Protection and Renewable Resources	464	45,610	3,821	116	49,547		49,547	48,174
Northern Non-Renewable Resources	126	10,418	380	2,247	13,045		13,045	9,143
Northern Roads	12	1,456	16,811		18,267		18,267	26,857
Canada Oil and Gas Lands Administration	123	9,410	53		9,463		9,463	9,365
Environmental Studies Revolving Fund	4	371		2,900	3,271	(385)	2,886	214
	870	77,230	21,147	29,745	128,122	(385)	127,737	139,064

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 20 - Northern Affairs - Operating expenditures and authority to make recoverable advances for services performed on behalf of the Government of the Northwest Territories	64,765,000	73,885,585	69,540,337
Vote 25 - Northern Affairs - Capital expenditures including authority to make expenditures and recoverable advances in respect of services provided and work performed on other than federal property; authority to make contributions towards construction done by local or private authorities	23,075,000	28,275,000	22,852,472
Vote 30 - Northern Affairs - The grants listed in the Estimates and contributions	17,697,000	39,062,002	36,065,113
Statutory - Contributions to Employee Benefit Plans	3,712,000	3,712,000	4,132,000
Statutory - Refunds of Amounts credited to revenue in previous years			585,737
Total Program	109,249,000	144,934,587	133,175,659

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During the Estimates year 1985-86, the Northern Affairs Program expects to achieve the following:

- to continue the definition of the roles and responsibilities of the federal and territorial governments, in the context of devolution of further responsibilities to territorial governments, and of the response within the NWT to the 1982 acceptance in principle of sub-division of the territory. (see page 3-21)

- to implement specific sub-agreements under the Yukon and Northwest Territories Economic Development Agreements and to develop sub-agreements under the Yukon Economic Development Agreement. (see page 3-35)

- to implement the Northern Oil and Gas Action Program (NOGAP) by federal departments and territorial governments. (see page 3-19)

- to review policies dealing with northern energy subsidies and the Northern Canada Power Commission. (see page 3-35)

- to implement initiatives to encourage exploration and mining development in the North. (see page 3-47)

- to review regulatory processes to clarify and streamline requirements for northern industrial development projects. (see page 3-34)

- to implement land use planning in each territory. (see page 3-42)

- to review renewable resources sectoral programs to foster an integrated approach to resources management. (see page 3-42)

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates* 1985-86	Forecast 1984-85	Change	For Details See Page
Northern Co-ordination and Social Development	27,974	35,413	(7,439)	3-23
Northern Economic Planning	6,555	16,866	(10,311)	3-31
Northern Environmental Protection and Renewable Resources	49,547	48,174	1,373	3-36
Northern Non-Renewable Resources	13,045	13,812	(767)	3-45
Northern Roads	18,267	23,249	(4,982)	3-50
Canada Oil and Gas Lands Administration	9,463	9,365	98	3-54
	124,851	146,879	(22,028)	
Authorized person-years	866	858	8	

*Note: This does not include a statutory item of $2,886,000 and 4 person-years for the Environmental Studies Revolving Fund.

The decrease of $22,028,000 or 15% in Estimates 1985-86 from Forecast 1984-85 results largely from termination of assistance to Cyprus Anvil Corporation ($11.2 m less $4 m which was reallocated from existing resources), the one time Special Recovery Capital Projects Program in 1984-85 ($9.1 m) and the transfer of the intraterritorial roads reconstruction program to the Government of the Northwest Territories ($3.6 m).

The 1984-85 Forecast exceeds 1984-85 Main Estimates by $8,028,964 or 5.8%. This increased forecast results from approved Supplementary Estimates of $8,028,964, of which $4,614,000 were resources for the Northern Oil and Gas Action Program.

Revenue is generated mainly through petroleum and mineral rights, royalties, rental fees, and the issuing of permits and interest on loans. This revenue is credited directly to the Consolidated Revenue Fund and is not available for use by the Program. Estimated receipts for 1985-86 are $6,721,000 (refer to Schedule of Revenues, page 3-76).

The Program's share of the resourcing of the Canada Oil and Gas Lands Administration (COGLA) accounts for 7.6% of the expenditures and 14.2% of the person-years. COGLA is accountable to the Deputy Minister of the Department for the use made of the Department's share of COGLA.

Figure 2: Gross Expenditure by Activity (Percentage distribution, 1985-86)

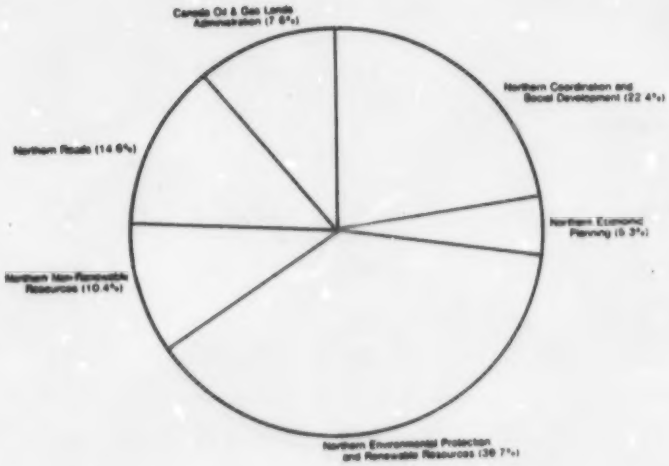
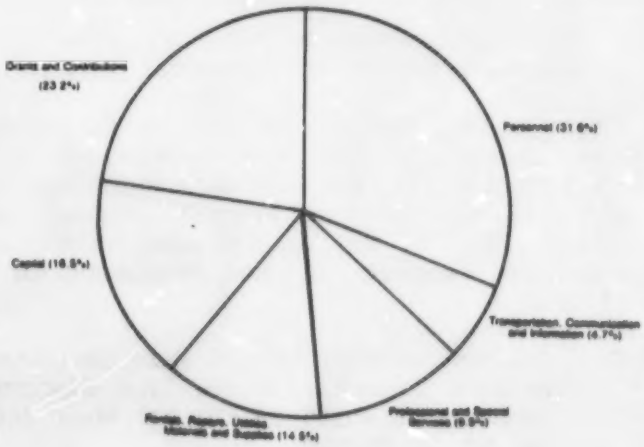


Figure 3: 1985-86 Distribution of Gross Expenditures by Object



B. Recent Performance

1. Highlights

Highlights of the Northern Affairs Program's performance during 1983-84, including work extending into 1984-85, are:

- The Northern Land Use Planning Program moved closer to implementation with the negotiation of agreements with officials of each territorial government on the principles and processes of land use planning. A formal Letter of Understanding was subsequently signed between Canada and the N.W.T. Government. Staffing in the N.W.T. has been completed.

- Work of an analytical and strategic nature continues in regard to a northern economic development strategy, resulting in a clearer, more focussed understanding of the northern economy, its prospects and constraints on its development. Such work has resulted in improved programming, such as providing a sound basis for the formulation and implementation of programs under Economic Development Agreements in each territory.

- A five year Canada/NWT Economic Development Agreement was signed in Yellowknife on December 12, 1982, cost shared on a 90% federal and 10% territorial basis. Programming is contained in three subsidiary agreements. Lead departments for subsidiary agreements and funding levels are as follows:

Human Resources Development	CEIC	$ 5,570,000
Domestic Market Development	DRIE	$10,570,000
Natural Resources Development	DIAND	$ 4,680,000
		$21,000,000

- A five year Canada/Yukon Economic Development Agreement valued at $13.2 million was signed in Whitehorse, on June 4, 1984. Programming is proposed in four separate subsidiary agreements.

- During February 1984, decisions were announced on the future of the Northern Canada Power Commission (NCPC), including phased relocation of NCPC headquarters to Yellowknife, regulation of the utility by a Panel, including northerners, of the National Energy Board, and extension of direct federal energy subsidy programs for northerners to March 31, 1985. Three specific programs are designed to bring energy costs outside the territorial capitals into line with those in Whitehorse and Yellowknife.

- Work on a northern mineral policy was delayed until late 1983, because staff attention was turned to the urgent resolution of pressing issues in northern mining caused by the sharp downturn in world metal markets, particularily the closure of the Yukon's Cyprus Anvil Mine. Work then commenced, on the preparation of background papers to correctly identify the issues, through widespread consultation, to be addressed in an overall policy.

- The oil and gas industry, now operating on 79 Exploration Agreements covering some 40 million hectares in the North, invested more than $770 million for exploration in 1983 (a 22% increase over 1981). A further $25 million was expended for development drilling. The Norman Wells Expansion Project was 80% completed and the Interprovincial Pipelines (IPL) Norman Wells pipeline project was on time and under budget at the end of 1983. Northerners were participating in the oil and gas industry in unprecedented numbers as more than 1300 Northerners were employed in the industry and 10% of the total investments (developmental and exploration) were for northern goods and services. Estimated oil and gas discovered reserves rose by 40% and 10% respectively over 1981. Two new joint venture drilling companies involving northern native interests in association with industry obtained intermediate term contracts. These joint ventures mark the first participation by native groups into a service field dominated largely by southern Canadian contractors.

- In 1983-84, 22 Canada Benefit Plans, associated with the re-negotiation of existing Exploration Agreements, were announced. The northern benefits components of these plans contained commitments on the part of industry to accommodate modern and traditional lifestyles and working conditions. Northern Benefits Committees were established to ensure effective regional input to the Canada Benefits process. Community Advisory Committees, or equivalent community-based organizations, sit on the Northern Benefits Committees when oil and gas activities in their area are being discussed. In addition, the Program reviews all major development project proposals to ensure that the company will accommodate modern and traditional values in its activities.

- The Program assembled a special working group in 1983 to review and analyze various elements of northern political development. One result of the initiative was the preparation of a major paper which defined federal interests in the North as a precondition to the determination of the on-going roles of federal and territorial governments.

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Northern Co-ordination and Social Development	25,245	20,840	4,405
Northern Economic Planning	18,118	3,858	14,260
Northern Environmental Protection and Renewable Resources	51,046	45,566	5,480
Northern Non-Renewable Resources	9,271	8,513	758
Northern Roads	23,647	24,039	(392)
Canada Oil and Gas Lands Administration	5,849	6,433	(584)
	133,176	109,249	23,927
Authorized person-years	831	827	(4)

Explanation of Change: The difference between actual expenditures and the Main Estimates of $23,927,000 results mainly from the following major items approved by Supplementary Estimates:

	$000
Additional resources for fire suppression	$ 5,305
Increased resources for the co-ordination and monitoring of the Norman Wells Oil Field Expansion and Pipeline Project	740
Contributions as follows:	
Cyprus Anvil Mining Corporation financial assistance	8,061
Governments of the Yukon and Northwest Territories for energy subsidy programs	3,073

	$000
Governments of the Yukon and Northwest Territories for increased hospital care and medicare costs for Inuit and Indians	1,773
Government of the Northwest Territories for community based special employment initiatives	1,453
Government of the Northwest Territories in relation to the Norman Wells Pipeline Project	1,250
Dene Nation and Métis Associations in relation to the Norman Wells Pipeline Project	1,193
Constitutional Alliance of the Northwest Territories to provide support to the Constitutional Working Group	927

C. Background

1. Introduction

The Northern Affairs Program is responsible for fulfilling a departmental mandate for political, economic and social development in the North, and for maintaining the quality of the northern natural environment. In conjunction with the territorial governments and through coordination of the activities of federal departments and agencies, the Program has as its focus the promotion of balanced and sustained development and the wise and environmentally sound stewardship of northern natural resources - oil and gas, minerals, water, forests and lands. Achieving this kind of development by methods which are compatible with the preferences and aspirations of northern residents, while at the same time benefiting all Canadians, involves accommodating diverse and often competing interests of northerners, the resources sectors and the natural environment. There are a number of factors external to the Program, particularily those related to national and international economic circumstances, land claims and territorial government policies and programs, which impact directly on program planning and activities.

There is considerable liaison with other federal government departments such as Energy, Mines and Resources Canada, Transport Canada, Fisheries and Oceans, Environment Canada, Employment and Immigration Canada, and Health and Welfare Canada in relation to national policies and programs relevant in the North. The Memorandum of Understanding and Letter of Agreement creating the Canada Oil and Gas Lands Administration (COGLA) define the relationship between Energy, Mines and Resources Canada and Indian and Northern Affairs Canada with respect to Canada Lands. While each Minister and his respective department enjoys its own mandate respecting Canada Lands, the Administrative Group (supported equally by the two founding Departments) provides a uniform regulatory process under the shared legislation. A Policy Review Committee resolves policy issues that arise (see COGLA, page 3-55).

The Program maintains liaison with territorial governments, particularly with respect to implementation of Economic Development Agreements, transfer of funds, and management of resources. A system of coordinating and advisory committees is in place for this purpose.

Northern Affairs works closely with other programs in the Department. Northern development policies and agreements must be adapted to reflect native claims negotiations and settlements in the North. The Program must also ensure that programs and services available to native northerners are complementary to those delivered by the Indian and Inuit Affairs Program.

The Northern Affairs Program's regulatory and resource management role puts it in regular and frequent contact with varied interest groups such as natives, environmental associations, industrial groups and, in particular, the oil and gas and mining industries. The capacity and willingness of industry to take the risks inherent in investing in remote areas is partially determined by the extent and nature of government regulation.

2. Legal Mandate

The legal mandate of the Department in respect to Northern Affairs is derived primarily from the Department of Indian Affairs and Northern Development Act 1970. The Minister's responsibility in the North is for:

- coordinating the activities of all federal departments and agencies;
- undertaking, promoting and recommending policies and programs for economic and political development;
- fostering knowledge of the North through scientific investigation and technology; and
- managing oil and gas, mineral, water, forests and land resources, including protection of the natural environment.

A complete list of acts administered in whole or in part can be found on page 3-75 in Section III.

3. Program Objective

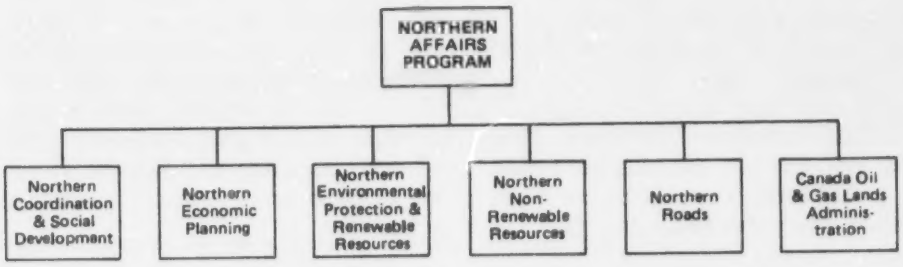
The Northern Affairs Program's objective is "to advance the social, cultural, political and economic development of the Yukon and Northwest Territories, in conjunction with the territorial governments and through coordination of activities of the federal departments and agencies, with special emphasis on the needs of native northerners and the protection of the northern environment".

4. Program Organization for Delivery

Activity Structure: The Northern Affairs program consists of six main activities. These correspond closely to the organization structure. Transfer payments to the territorial governments are now presented as a separate program (Transfer Payments to the Territorial Governments Program).

The current activity structure of the Program is shown in Figure 5.

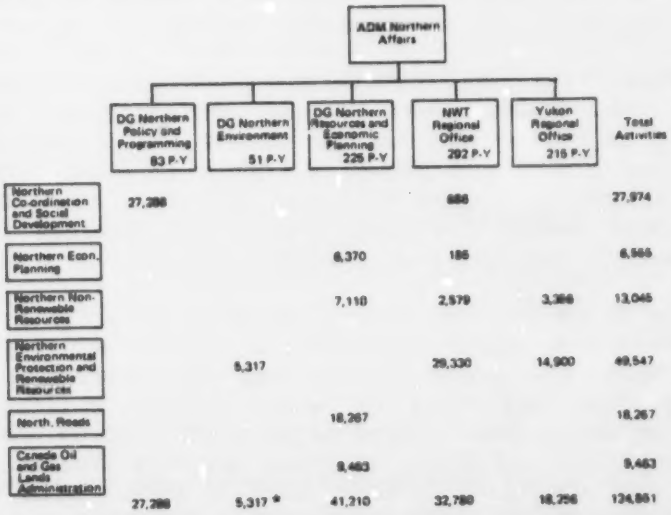
Figure 5: Activity Structure



Organization Structure: The Program is organized into three branches at headquarters, as illustrated in Figure 6. Regional offices in Whitehorse, Yukon and Yellowknife, NWT carry out operational activities of the Program in the territories. The two regional offices account for 58.5% of the Program's 866 authorized person-years.

Figure links the headquarters and regional units to the activity structure and provides a breakdown of 1985-86 resources by organizational unit and activity.

Figure 6: Resources by Organization and Activity ($000)



* Note this does not include a statutory item of $2,886,000 and 4 PY's for the Environmental Studies Revolving Fund.

D. Planning Perspective

1. Environment

Social and Political Climate: The Northern Affairs Program's objectives reflect the Department's responsibility for managing the federal government's unique role in Canada's North. While the Program discharges certain quasi-provincial powers (principally, natural resources, except game) retained by the federal government and has responsibilities for socio-cultural matters, it is also responsible for furthuring greater northern capacity for self governance. The process of political evolution leads to some tension as northerners and their political institutions strive to obtain more direct control and influence over decisions affecting the North.

Northern natives are seeking through their land claims, a land and financial base for beneficiaries. They also hope to acquire significant political control and influence over those matters which they deem essential to their continued existence as distinct communities in Canada. Their rights and interests in this respect must be defined and protected with due regard for the interests of non-native northerners and Canadians in general.

Thus the Program seeks to encourage the participation of northerners, particularly natives, in the economic and political development of the North, while respecting traditional values and cultures. In some circumstances these considerations and objectives do not coincide, and the differences must be reconciled. The Northern Affairs Program operates, therefore, in a delicate social, political and cultural milieu, where all areas of Program delivery must be balanced and responsive to the consequent issues that arise.

Economic Climate: The rate of economic development of the North is sensitive to the growth rates of the national and international economies and, in particular, to the demand for petroleum products, metals and other minerals. Current economic forecasts indicate that the Canadian economy will grow slowly in the short term; the domestic and international demand for many metals and minerals is low with modest improvements forecast over the short and medium term.

Prices for crude oil and several metallic minerals have recently been below levels that would encourage the private sector to undertake development. While the search for oil and gas reserves in the Arctic is continuing, the softening of world prices militates against production at an early date. Three major mines (Cyprus Anvil, at Faro and United Keno Hill, at Elsa, in Yukon and the Cominco Pine Point mine in NWT) were compelled to shut down in 1982. With the gradual improvement of world metal market in 1983, the Pine Point and Elsa mines reopened.

2. Initiatives

During 1985-86, the Northern Affairs Program will implement the Northern Oil and Gas Action Plan (NOGAP), which, over a three year period, will involve a $48 million expenditure on research designed to achieve a state of preparedness for northern hydrocarbon production by the 1990's. The program will accelerate federal and territorial socio-economic, environmental and technical research and planning activities. Northern Affairs is responsible for coordinating NOGAP among six funded federal Departments (DIAND, DOE, DFO, EMR, NMC and TC) and two territorial governments in support of government policy, program and regulatory responsibilities.

3. Update on Previously Reported Initiatives

A major review of the fire protection program in the NWT resulted in a new fire management policy for both territories. The policy stressed:

- community involvement - Fire Management Committees have been established;
- expansion of the fire detection system - additional look-out towers have been constructed and an automatic lightning detection system installed in each territory;
- improved initial attack capability - the number of trained fire fighting crews has been increased. New crews have been placed at strategic locations and supplied with air transportation; and
- improved fire prevention - better public awareness has reduced the percentage of man-caused fires from 36% in 1980 to 17% in 1983.

All of these improvements were effective in 1983-84. Improvements in forest management, particulary in regard to forest inventories, is the subject of a separate and ongoing policy development.

- progress in implementing an Economic Development Agreement with the Northwest Territories Government, is highlighted on page 3-11.

4. Program Effectiveness

The achievement of the Program's objective requires a balance to be struck amongst resources and economic development, maintenance of the northern natural environment, and meeting the social and cultural needs of the northerners, in particular northern natives, who comprise approximately 48% of the population. Industrial developments proceed

in a manner which yields optimum benefits to the North and where environmental implications are soundly managed. Measures are applied to enable natives to participate in the modern economy to the fullest extent practicable. At the same time, the national needs of Canada, particularly with respect to energy requirements, must be served, and the Program works to pursue the continuing political and constitutional evolution of the two northern territories. In this context, the Program continues to foster natural resources exploration and development, balanced by the imposition of strict environmental planning and regulation, and the application of programs designed to assist northerners in obtaining employment and business opportunities associated with development, to develop local economies using local skills and resources, and to maintain the cultural identities of native northerners.

In terms of economic development, there have been achievements in spite of the recent downward turn in crude oil and metal markets. The Program provides much of the policy and regulatory framework within which mineral and petroleum exploration and development can occur. There is underway an expansion of an existing oil field at Norman Wells, and the construction of a pipeline to link this field with southern Canada. In 1983 oil and gas activity in the North resulted in an estimated 1300 seasonal jobs and approximately $73 million of northern business expenditures. Mining provided in excess of 2,500 jobs in 1983. The Program played an important part in the commencement of an advance stripping program for the Cyprus Anvil mine through the provision of a loan to the company. Employment funds were also provided to facilitate reopening of the Cominco Pine Point Mine. Consistent with the establishment of Economic and Regional Development Agreements in the provinces, the Program has entered into Economic Development Agreements with each territorial government. They are designed to enable northern residents to both more effectively capture benefits of major resources development and to diversify away from too strong a dependence on such development. To date, over 100 projects under the Canada/NWT Economic Development Agreement have been approved for a total value in excess of $4.1 million.

The Northern Affairs Program has also fostered more diverse regional economic development through a variety of other means. An example is the promotion of cooperative and native development corporations. The latter are a components of land claims negotiations, and will achieve their full potential when funds become available under claims settlements. There are currently 33 cooperatives in the North, employing approximately 330 people full time and with a 1983 business volume of $23 million.

The Program operates to maintain the integrity and aesthetic quality of the northern natural environment through the environmentally sound administration of renewable resources legislation, the fostering of environmental planning by industry, applying environmental assessment and review processes to development

proposals, and undertaking environmental research. Since the advent of environmental programs in 1971, thousands of renewable resources dispositions and environmental approvals have been issued, and the impacts of operations carefully controlled. Environmental planning is now a normal component of industry's project design. The Program has referred 11 major development proposals to full Environmental Assessment and Review Policy (EARP) Panel review, including the recent example - hydrocarbon development in the Beaufort Sea and Mackenzie Delta region. Approximately 100 applied environmental research studies, in such areas as fire ecology, terrain disturbance and ecological surveys, have been completed by the Program over the past 10 years to provide the knowledge essential for sound environmental regulation.

The Northern Environmental Studies Revolving Fund, which commenced operation in 1983, and which is funded by the oil and gas industry, enables both industry and government to conduct the social and environmental research necessary for informed decision making in northern oil and gas exploration and development. Forty one study agreements pertaining to the North are in place.

Since 1980-81, over 450 kilometres of new all weather roads have been constructed in the North. The primary highway system now contains 4,500 kilometers of high standard roads. Under a Five Year Capital Plan for northern roads, a primary road network in both territories will be largely completed, linking larger centres to Alberta, B.C., and Alaska, as well as all weather access to Inuvik and resource roads for major mining developments. The network is vital for economic development, including tourism. Road construction continues to be an important source of employment for northerners, including work by local contractors for highway maintenance. As an example, Liard Highway construction has provided jobs for over 1000 northerners, and maintenance will be undertaken by local contractors.

Political development has advanced significantly in both territories. In Yukon, responsible self government has been achieved in practical terms, although not yet enshrined in legislation. The administration of the Yukon Government rests entirely in the hands of an Executive Council drawn from the elected members of the majority party in the Legislative Assembly. The commissioner now plays a formal role resembling that of a provincial Lieutenant Governor. In the Northwest Territories, all government portfolios except one (the Commissioner retains the Territorial Public Service portfolio), are headed by elected members of the Executive Council. It has generally been agreed that further advances towards responsible government should await resolution of land claims and the issue of the subdivision of the Territory.

The Inuit have been pressing for a separate arctic territory, to be called Nunavut, for several years. In November 1982, the Government of Canada formally accepted the divison of the N.W.T.,

subject to the fulfillment of certain conditions, including agreement amongst northerners on a boundary and on a division of powers. Subsequently, northerners have created a Constitutional Alliance, composed of two Forums (Nunavut and Western) charged with responsibility for developing detailed proposals.

Section II
Analysis by Activity

A. Northern Co-ordination and Social Development

Objective

The Northern Co-ordination and Social Development Activity ensures that northern development reflects the special needs and heritage of native northerners, co-ordinates federal government activities in the North and ensures the development of northern scientific activities.

Resource Summary

This activity accounts for 22.4% of the total Northern Affairs Program expenditures and 10.3% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forcast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Territorial Relations	666	13	2,279	12	1,694	10
Native Health Services	17,852		17,852		10,190	
Socio-Economic Development	4,428	17	10,298	25	8,380	25
Northern Co-ordination and Public Review	1,568	26	1,453	23	1,087	20
Other	3,460	33	3,531	36	3,894	35
	27,974	89	35,413	96	25,245	90

Of total expenditures in this activity, 14.8% will be attributable to personnel costs, 4.8% to professional and special services and 3.7% to other operating expenses. Grants and contributions will make up 76.5% and capital, 0.2%. Revenues, generated mainly through interest on capital loans to the territorial governments, will amount to $2,750,000 (see Schedule of Revenues, page 3-76).

Past Financial Performance

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Territorial Relations	1,694	10	644	13	1,050	(3)
Native Health Services	10,190		8,417		1,773	
Socio-Economic Development	8,380	25	5,382	15	2,998	10
Northern Co-ordination and Public Review	1,087	20	1,019	15	68	5
Other	3,894	35	5,378	53	(1,484)	(18)
	25,245	90	20,840	96	4,405	(6)

Variances by Sub-Activity are explained as follows:

Territorial Relations: The variance of $1,050,000 occurred primarily because of a supplementary estimates item for a contribution of $927,000 to the Constitutional Alliance of the NWT to develop a consensus on the division of the territory. The balance is mainly attributable to the costs of the Commissioners' offices in the two territories.

Native Health Services: The variance of $1,773,000 is due to a supplementary estimates item for medical and hospital care contributions for Indians and Inuit required by increased costs of these services in the two territories.

Socio-Economic Development: The variance of $2,998,000 is attributable primarily to expenditures on items included in supplementary estimates.

- Contribution to the NWT Government for special employment initiatives — $1,453,000
- Contribution to the NWT for the Norman Wells Pipeline Project — 1,250,000
- Coordination of the Norman Wells Pipeline Project — 740,000

- Contribution to the Inuit Tapirisat for the Inuit Circumpolar Conference 175,000

These additions were offset by lapses in Vocational Training ($223,000), Special On the Job Training ($196,000) and other miscellaneous items totalling $201,000.

Northern Coordination and Public Review: The variance of $68,000 was due to the additional contribution required by native and other groups to enable them to be prepared for and participate in public review of hydrocarbon transportation proposals.

Other: The variance of $1,484,000 is attributable to the transfer out to the Northern Economic Planning Activity of contribution funding for Inuit Economic Development, in the amount of $1,599,000. As well, there was an offsetting overexpenditure of $177,000 in this Activity's share of Program management and support services, explained under Management Support, page 3-38.

Person-Years: The variance of (6) PY's occurred primarily because of an over-utilization on the Norman Wells Project of 6 PY's and in Northern Co-ordination and Public Review, of 8 PY's, offset by a lapse of 5 PY's due to the closure of the Vocational Training Section. The balance was due to delays in staffing.

Description

The Northern Coordination and Social Development Activity is responsible for: generating Program policy and ensuring the coordination of the Program's and other federal policies within the Program objective; management of federal/territorial relations including administration of transfer payments to territorial governments; development of policies for the political and constitutional development of the territories; coordination of reviews by the public and the Program relating to major resource development proposals in the North; management of special programs in support of northern native social, cultural and economic development; Program coordination for comprehensive land claims, parliamentary and external relations, circumpolar affairs, northern science and research, and the Norman Wells project oil field development and pipeline project.

Territorial Relations: This sub-activity involves responsibilities in the areas of northern political development, territorial funding, and territorial liaison. Policies, strategies and programs are prepared for constitutional and political development and for the transfer of programs and responsibilities from the federal to the territorial governments in accordance with national policy. Secondly, the Transfers to Territories Program is managed in accordance with Federal/Territorial Financial Agreements, and financial and fiscal analysis is provided in regard to political development and the transfer of programs and responsibilities. Thirdly, the sub-activity

undertakes the coordination of federal activities with those of territorial governments, and provides resources for the offices of the two Commissioners.

Native Health Services: This sub-activity provides financial support to the territorial governments for the provision of hospital and medical care for Inuit and status Indians. Support is provided in the form of contribution agreements with each territory and payments are based on the actual use of hospital and medical services. In Yukon, because there a premium based health care plan in effect, the contribution agreement provides for the payment of premiums for indigent status Indians.

Socio-Economic Development: This sub-activity supports the marketing of Inuit arts and crafts through native owned marketing agencies; promotes the recognition of Inuit art and artists through a program of exhibitions; and promotes the strengthening of Inuit culture by supporting cultural education centres and endeavours in the fields of cultural and linguistic development. It furthers the employment of native people through an on-the-job training program, and makes available resources to ensure native participation in an intergovernmental program for caribou conservation and management.

The sub-activity covers the operating losses of a low income rental/purchase housing program for status Indians in the Yukon. It is a major contributor to Inuit economic development which it supports through a program of loans, contributions and bank loan guarantees to a variety of business enterprises, including co-operatives.

Northern Co-ordination and Public Review: This sub-activity provides a Program focus for policy direction, control and coordination, including input to the strategic planning process and review of other departmental and government wide policy initiatives affecting the North. Coordinated Program positions are developed with respect to negotiation of comprehensive land claims and claims settlement implementation. Program wide services in parliamentary affairs, external relations, annual publication of Government Activities in the North and the Annual Northern Expenditure Plan, and protocol arrangements relating to northern diplomatic tours and visits are undertaken. The sub-activity is responsible for management of the Program's input and participation in public reviews on major northern development projects, and facilitates public participation in the public review process through intervenor funding. It is responsible for overall coordination of the regulation of the Norman Wells Oil Field Expansion and Pipeline Project, and for the provision of funds to the Dene Nation and Métis Association of the N.W.T. to assist local communities in coping with the project's impacts and to develop associated business opportunities. In addition, the sub-activity provides for the fostering of northern science, and the coordination and review of technological, economic and scientific developments in circumpolar countries. Specific responsibilities include advising the

Program, other government departments, industry and academe on northern scientific matters, ensuring a coordinated and effective approach within the Program to the funding and implementation of Program scientific activities in the North, promoting northern science development inter alia through the development of appropriate policies and programs, managing research and analysis of scientific and technological activities between Canada and other circumpolar countries, and developing and maintaining a repository for documents and data relating to northern sciences.

Other: The Activity includes a proportionate share of Program management and support services costs and person-years (see page 3-40 under "Other"). In addition are costs related to operation of the Northern Science Research laboratories, grants to universities for northern science, and general administration within the Activity.

Performance Information/Resource Justification

Territorial Relations: Resources are applied to development of policies concerning the respective roles and responsibilities of the federal and territorial governments, with a focus on the evolution of responsive and accountable systems of government in the two northern territories. Yukon has progressed to virtually complete responsible government within its jurisdiction as defined in the Yukon Act. A political party system electing 16 members is in place, and a fully elected Executive Council operates the government. The Commissioner's role is analagous to that of a provincial Lieutenant Governor.

Agreement has been announced for the division of the N.W.T. Funds will continue to be provided during 1985-86 to the two political groups, (the Western and Nunavut Constitutional Forums) established to conclude negotiations on the boundary. Resources are also applied to management of the Transfer Payments to Territorial Governments Program (Person-years only), to the provision of direction and coordination for the federal government's northern policies and objectives vis à vis the Territorial governments.

Native Health Services: Contribution agreements are negotiated with both territories for the health and hospital care of Inuit and status Indians. The contributions are based on the fact that the territorial governments do not have to pay for the hospital care extended to Inuit and Indians. Payments are based on actual services provided to Indians and Inuit and take into consideration the proportion of Extended Program Funding received through Health and Welfare Canada which is applicable to Indians and Inuit. In Yukon, the Department pays the medicare premiums for needy Indians based on a monthly billing.

Figure 9 indicates the estimated costs of these contributions for 1985-86.

Figure 9: Contributions for Health Care ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Hospital services	15,341	85.9	15,341	85.9	8,515	83.6
Medicare	2,511	14.1	2,511	14.1	1,675	16.4
	17,852	100.0	17,852	100.0	10,190	100.0

Socio-Economic Development: This sub-activity has achieved, since 1964, a stabilization in the wholesale value of Inuit arts and crafts at an annual level of $5 million. An improvement in the native economy can be identified by the fact that the Arctic Cooperatives have achieved an annual payout to native people of approximately $11 million, covering wages and the purchase of their arts and crafts, fish, fur and other country products. Over the 10 year duration of the on-the-job training program, an annual average of 150 natives have received training, of which approximately 55% obtained employment in both the public and private sectors.

The Inuit Economic Development Program enables Inuit entrepreneurs to obtain funding from either contributions, under the sub-activity, from access to a revolving Eskimo Loan Fund established at a level of $5 million for the N.W.T., or through bank loan guarantees of up to $9.9 million annually.

In 1985-86, approximately $5 million, administered under the sub-activity, will be used to support social, cultural and economic programs as shown in Figure 10.

Figure 10: Socio-Economic Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Oper.	Grants and Contr.	Oper.	Grants and Contr.	Oper.	Grants and Contr.
Inuit economic development	506	565	734	2,080	814	569
Low cost rental housing		208		208		131
Norman Wells Project (to N.W.T. Government)	541	1,046	653	1,250	757	1,250
Inuit culture and language	744	504	636	504	660	516
On-the-job training and counselling	314		973		1,595	2,079
	2,105	2,323	2,996	4,042	3,826	4,545

Northern Co-ordination and Public Review: Under this sub-activity, work is undertaken to guide and coordinate the Program's involvement in the four northern land claims, including implementation of the Inuvaluit Land Claim, proclaimed by Parliament on 25 July 1984. Requirements for public review processes for major resources developments are determined, and departmental representations and inputs are organized. Public interest groups needing financial support to participate in reviews are funded; recent hearings have involved the Arctic Pilot Project, the Beaufort Sea EARP Panel hearings, the Slave River Hydroelectric Proposal and the Polar Gas application. A document centre on project applications is maintained.

Departmental assistance of $1.5 million has enabled the Dene Nation and Métis Association of the N.W.T. to enter into a jointly owned and managed drilling operation for the Norman Wells oilfield expansion.

In terms of northern science, initiatives have been taken to coordinate government wide northern research activities. The Northern Scientific Resources Centres at Inuvik and Igloolik are managed to provide support to various scientific activities and research projects undertaken by government, industry and universities. Grants are made for the training of scientists undertaking northern projects in Canadian universities. Core funds are provided to the Association of Canadian Universities to coordinate Canadian universities involved in northern research. Socio-economic, technological, scientific and political issues in the circumpolar regions are monitored and analyzed in support of the Program's objectives. Figure 11 provides details on research development grants for 1985-86.

Figure 11: Grants for Research Development ($000)

	Estimates 1985-86		Forcast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Grants to universities and others	925	83.3	825	81.7	725	82.9
Grants to the Association of Canadian Universities for Northern Studies	180	16.2	180	17.8	150	17.1
Northern Science Award	5	0.5	5	0.5		
	1,110	100.0	1,010	100.0	875	100.0

B. Northern Economic Planning

Objective

The objective of Northern Economic Planning is to plan and promote, consistent with national and northern objectives and in co-operation with the territorial governments, the orderly development of the natural and human resources of the North. This generates the maximum in economic, social, and cultural benefits to northerners, and to Canadians in general.

Resource Summary

This Activity accounts for approximately 5.3% of total Northern Affairs Program expenditures and 6.0% of the total person-years.

Figure 12: Activity Expenditures ($000) and Person Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Economic Development	5,495	36	4,575	32	7,293	26
Project Assessment	422	7	11,636	7	9,880	9
Other	638	9	655	9	945	12
	6,555	52	16,866	48	18,118	47

The drop in Estimates 1985-86 from Forecast 1984-85 results mainly from the termination of financial assistance to the Cyprus Anvil Mining Corporation. This assistance amounted to $11,200,000 in 1984-85 ($7.2 m in new resources and $4.0 m reallocated from existing resources) and $8,061,000 in 1983-84.

Of total expenditures in this Activity, 40.2% will be attributable to personnel costs, 8.2% to professional and special services and 4.3% to other operating expenses. Grants and contributions will constitute 47.3%.

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1983-84 Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	Actual		1983-84 Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Economic Development	7,293	26	2,540	29	4,753	(3)
Project Assessment	9,880	9	424	6	9,456	3
Other	945	12	894	16	51	(4)
	18,118	47	3,858	51	14,260	(4)

Variances by Sub-Activity are explained as follows:

Economic Development: A variance of $4,753,000 was primarily due to:

- a transfer in from the Northern Coordination and Social Development Activity of the Inuit Economic Development Program. $1,599,000

- the addition of three supplementary estimates items:

  - Northern Energy Subsidies 3,073,000
  - contribution to the Fitz/Smith Native Development Corporation 198,000
  - contributions to territorial governments under the Federal Buildings Retrofit and Off Oil Programs 203,000

- under expenditures attributable to the transfer of functions to the Northern Non-Renewable Resources and Northern Roads Activities. 278,000

Project Assessment: A variance of $9,456,000 occurred through addition of three supplementary estimates items:

- subsidiary agreement on National Resources Development under the Canada/Yukon General Development Agreement:

- contribution to the Yukon Government 298,000
- contribution to the Council for Yukon Indians 40,000

- contribution to the NWT Dene and Metis Association for the Norman Wells Project. 1,193,000

- contribution to the Cyprus Anvil Mining Corporation 8,061,000

Other: A variance of $51,000 is attributable to the over expenditure explained under Management Support, page 3-38.

Person Years: A [illegible]lus of four person-years was utilized by the Northern Roads (3) [illegible] Northern Non-Renewable Resources (1) Activities.

Description

The Northern Economic Planning Activity is concerned with the development of policies and programs that relate to the economic development of the territories, involving both the regional economic viability of the territories and the contribution of territorial resources to the national economy. Policy work supporting this role includes analytical work related to development of strategies that the federal government can pursue with respect to northern economic development, more specific sectoral policies such as a northern energy policy, and review of regulatory and approval process that affect development proposals and projects in the north. Programs are developed under Economic Development Agreements in each territory, and Northern Benefits Committee operate to foster native benefits across the North. The Activity takes the lead in coordinating the regulatory and approvals process for major developments, and in coordinating an interdepartmental program of research to ensure federal preparedness for northern hydrocarbon production by the early 1990's (Northern Oil and Gas Action Plan - NOGAP).

Economic Development: The sub-activity provides a Program focus for economic planning and policy development through research, analysis, and development of an improved data system on the northern economy. Economic Development Agreements for each territory are negotiated and implemented to foster the cooperative and coordinated development of the territory. One such project under the N.W.T. Agreement is the marketing and promotion campaign, operated by the Inuvaluit Development Corporation, designed to expand the outfitting business in the western Arctic. The fostering of socio-economic benefits for northerners is pursued through the support of Northern Benefits Committees and Canada Benefits Agreements, the latter initiated under the Canada Oil and Gas Act. To ensure electrical energy supply for the North, and equitable pricing, the analysis, development and administration of northern energy price subsidies is undertaken, as well as policy work to establish the long term role and mandate of the Northern Canada Power Commission.

Because of the widespread perception that the current regulatory and approval processess of government pose difficulties for economic development, a regulatory review project is underway to effect a streamlining of regulatory requirements. The review involves extensive collaboration with Territorial governments, federal departments and agencies involved in northern resources development, industry and interest groups.

The Northern Oil and Gas Action Plan (NOGAP), involving six federal departments and both territorial governments, is coordinated under the sub-activity. NOGAP is a multi-year, $48 million program of socio-economic, environmental and technical research to support government responsibilities and achieve a state of preparedness for northern hydrocarbon production by the early 1990's.

Project Assessment: The sub-activity facilitates the orderly development of major non-renewable resource development projects, such as the Norman Wells, N.W.T., oilfield expansion and pipeline project. The government's planning, assessment, implementation and evaluation activities related to major projects are managed by coordinating the actions of government departments which have responsibilities related to a major project. It ensures that the advantages of such projects to the North are at a maximum while concurrently preserving the social, cultural and natural environment of the North.

Other: The Activity includes a proportionate share of Program management and support services costs and person-years (see page 3-40 under "Other").

Performance Information/Resource Justification

Economic Development: Extensive industrial activity focussed on major non-renewable resources has already occured in the northern territories. During the next two decades it is expected to undergo large increases. For example, hydrocarbons from the Beaufort Sea region or the Arctic Islands could begin to enter national and international markets during the current decade. However, considerable uncertainty surrounds the timing and scale of major non-renewable resource development because of its dependence on international markets which can undergo rapid and unforeseeable changes. Currently, the markets for many, though certainly not all, minerals, and for oil and gas are not encouraging. However, this could change rapidly, especially for hydrocarbons. The government must therefore be in a position to respond quickly to ensure that project review, approval and implementation proceed as expeditiously as possible.

The Activity strives, wherever possible, to encourage the development of the community-based local/regional economy. In part, this has proceeded via the establishment of links between large scale industrial activity, such as the exploration for oil and gas in the

Arctic, and the community-based local/regional economy. Many northerners have thus benefited from industrial employment while at the same time retaining, and strengthening, their lifestyle based on hunting, trapping and fishing. Purchases of goods and services by exploration companies have become important to the local economies of many communities. In part, the encouragement of local/regional development has proceeded independently of major resource activity. A balanced approach has been sought, one which strives to ensure that northern residents can benefit from major resource activity while at the same time fulfilling their own individual and collective economic objectives.

Resources will be applied, during 1985-86 to the development and implementation of subsidiary agreements under the Canada/Yukon and Canada/NWT Economic Development Agreements. In Yukon, work will proceed to develop Renewable Resources, Mineral Resources and Economic Planning Sub-Agreements. As well, it is expected that a Small Business and Tourism Sub-Agreement will be negotiated. In the NWT, operation of the Human Resources Development, Domestic-Market Development, and Natural Resources Development Sub-Agreements will continue for a third year.

During 1985-86, policy work will continue on the provision of direct federal energy subsidies to consumers and small business enterprises outside the territorial capitals, with the objective of bringing energy costs into line with those of Yellowknife and Whitehorse. These subsidies amounted to $4.1 million in 1984-85. Policy work will also continue in regard to the operations of the Northern Canada Power Commission, dealing with relocation of its headquarters to Yellowknife, implementation of new rate setting principles and territorial participation in regulation of the utility.

Project Assessment: Large-scale resource development is foreseen for Canada's North. An example of this is the extraction of hydrocarbon from the Beaufort Sea and the expansion of the oilfield at Norman Wells, N.W.T. The pace of development will depend not only on national considerations but also on the ability of industry and government to meet northern objectives. The government must be able to respond quickly to proposals in a coordinated manner and ensure that project review, approval and implementation, which involves a number of public and private sector interests, proceeds as expeditiously as possible in the public interest. A strengthened process for coordinating project management information systems and assessing major projects will be operational in 1985-86.

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C. Northern Environmental Protection and Renewable Resources

Objective

The objective of the Northern Environmental Protection and Renewable Resource Activity is to implement and maintain an effective, comprehensive environmental assessment and renewable resource management regime and to conduct an applied environmental research program.

Resource Summary

This Activity accounts for 39.7% of the total Northern Affairs Program expenditures and 53.6% of the total person-years.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Northern Research and Environmental Protection	1,764	14	1,636	11	1,746	14
Management of Renewable Resources	32,763	268	31,587	263	35,335	302
Management Support	7,844	105	8,133	103	12,917	128
Other	7,176	77	6,818	75	1,048	6
	49,547	464	48,174	452	51,046	450

Revenue is generated mainly from the issue of leases, licences and permits. The amount of $396,000 is credited directly to the Consolidated Revenue Fund (See Schedule of Revenues, page 3-75).

Of total expenditures in this Activity in 1985-86, 43.3% will be attributable to personnel costs, 12.9% to professional and special services and 35.9% to other operating expenses. Capital will constitute 7.7% while grants and contributions will make up 0.2%.

Past Financial Performance

Figure 15: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Northern Research and Environmental Protection	1,746	14	1,387	10	359	4
Management of Renewable Resources	35,335	302	31,795	324	3,540	(22)
Management Support	12,917	128	11,532	114	1,385	14
Other	1,048	6	852	6	196	
	51,046	450	45,566	454	5,480	(4)

Variances by Sub-Activity are explained as follows:

Northern Research and Environmental Protection: An over expenditure of $359,000 was due to costs associated with supporting a Northern Conservation Task Force and the initiation of a Beaufort Sea Environmental Monitoring Program.

Management of Renewable Resources: A variance of $3,540,000 was primarily due to an overexpenditure in the unpredictable area of forest fire fighting, of $5,305,000, covered by supplementary estimates, and reduced by underexpenditures in land use mapping ($470,000), approval delays in land use planning ($1,081,000) and administrative restraint ($340,000).

Management Support: The variance of $1,385,000 was due primarily to the Activity's share of the Program management and support services overexpenditure of $1,377,000, identified in the table below.

Activity Share of Program Management and Support	Estimates 1983-84		Actual 1983-84		Variance	
	$000	P-Y	$000	P-Y	$000	P-Y
Northern Co-ordination and Social Development - 6.7%	582	9	759	10	177	1
Northern Economic Planning - 7.7%	678	9	872	12	194	3
Northern Environmental Protection and Renewable Resources - 54.2%	4,762	69	6,139	83	1,377	14
Northern Non-Renewable Resources - 28.9%	2,531	34	3,273	45	742	11
Northern Roads - 2.5%	217	3	283	4	66	1
Total - 100%	8,770	124	11,326	154	2,556	30

Excludes Employee Benefits Plans Costs

The total variance, for the Program, of $2,556,000 and 30 person-years, is explained as follows:

- over expenditure in departmental common services (e.g. centralized computer systems, material management, staff training and administrative support). $1,013,000

- internal Program resources reallocated to fund the following:

  - Constitutional Working Group 342,000 5 PY's
  - Placer Mining Guidelines Review 162,000
  - Management Improvement Plan (MIP) Phase II 242,000 2 PY's

• utilization of person-year lapses, as the result of staff turnover and staffing delays, to cover off ministerial staff and Executive Interchanges as well as to meet workload requirements of regional personnel and administration operations.	744,000	21 PY's

For disclosure consistency, this Activity's share of Program management and support services in subsequent years is shown in the Resource Summary under "Other".

Other: A variance of $196,000 was primarily due to an over expenditure in lands administration of $157,000.

Person-Years: The net lapse of 4 PY's is attributable to a lapse of 13 PY's in Land Use Planning due to approval delays, offset by an over utilization of 14 PY's in the Activity's share of Program management and support services as identified in the table above.

Description

This Activity is responsible for administration of environmental assessment and review procedures with respect to resource exploration and development proposals; applied environmental research and monitoring of environmental effects of major developments; administration of legislation and programs for the management and disposition of rights to use water, forests and land resources; regulation of environmental impacts of land use and offshore activities; development of land use plans, and management of a program to prevent and control forest fires.

Northern Research and Environmental Protection: Under this sub-activity, environmental assessment of all resource exploration and development proposals is conducted, and environmental terms and conditions produced for inclusion in the legal approvals issued by the Program to northern operators (e.g., land leases, water licences). For smaller projects, this work is undertaken as a normal component of renewable resources management. Larger scale projects are subject to more extensive stages of the Federal Environmental Assessment and Review Process (EARP), culuminating in public reviews, for major projects, by EARP Panels.

Applied environmental research is conducted in support of the regulatory mandate of the Northern Development Program. Research results are used to develop guidelines on environmental problems of pan-northern significance, to identify and quantify, for assessment purposes, environmental impact problems of specific developments, and to monitor environmental effects and therefore the adequacy of regulatory measures imposed on major developments. One such project is research into reclamation of Yukon streams used for placer mining.

Research funding to support decision making for oil and gas exploration and development is managed through the Environmental Studies Revolving Fund (DIAND) and obtained by ministerial levy from the industry. The Fund provides financial resources for environmental and social studies necessary for decision making related to oil and gas activities in the northern regions of Canada. An example is research on the rare and endangered bowhead whale in the Beaufort Sea, in order to determine if population changes are due to hydrocarbon drilling activity or to variable food supply associated with oceanographic and meterorologic conditions.

Management of Renewable Resources: This sub-activity is responsible for the management of northern Crown lands (surface estate), waters and forests, and the conduct of land use planning. It involves the processing of applications for use of these resources and the consequent issuance of leases, rights of way, permits and licences. Inspections are conducted to ensure compliance with terms and conditions of use. Resource inventories are undertaken to develop knowledge of the quantity, quality and location of the resources. Forest fire prevention and control is an integral component of forests management, and, depending, on the severity of the fire season, may be the major cause of expenditures under the sub-activity. In addition, the sub-activity includes regulation of hydropower developments on federal Crown land in the provinces.

Land Use Planning is a relatively new program. This program defines allowable uses of renewable resources in planning areas, through zoning and the constraints to be imposed on such uses. It is an undertaking which embraces all four renewable resources - water, forests, lands and wildlife (the latter being under territorial government and DOE jurisdiction). Land Use Planning is not a resource sector like the others, but rather a process through which competing and conflicting demands for resource use in an area can be addressed and solutions achieved.

Management Support: This Sub-Activity contains Renewable Resources and Environment staff and associated costs for management of field offices outside the regional headquarters at Yellowknife and Whitehorse. As well, it covers general administration for the Activity at headquarters and the provision of contributions to the Yukon Conservation Society and the Canadian Arctic Resources Committee.

Other: For Main Estimates disclosure purposes all Activities are allocated a proportionate share of overall Program management and support services costs and person-years (overhead), covering the offices of the Assistant Deputy Minister and Directors General, administrative functions (such as drafting and operational planning), and services provided in the regions in the areas of finance, personnel, communications, and engineering and architecture. These resources are allocated to each Activity in the following proportions, and entered under the heading "Other".

- Northern Environmental Protection and Renewable Resources 54.2%
- Northern Coordination and Social Development 6.7%
- Northern Economic Planning 7.8%
- Northern Non-Renewable Resources 28.8%
- Northern Roads 2.5%

For 1985-86 these overhead resources are 129 person-years and $10,816,000 plus $575,000 for Employee Benefit Programs.

Performance Information/Resource Justification

Northern Research and Environmental Protection: This sub-activity applies expertise in the environmental sciences to identify and conduct research on specific environmental issues in the North, to administer agreements on transboundary environmental issues (e.g., the Canada/Denmark Agreement on Cooperation Relating to the Marine Environment), and to undertake environmental assessment and review of major development projects. Advice on the content of environmental terms and conditions imposed on operators through leases, permits, licences, and oil and gas Drilling Program Approvals or Drilling Authorities is generated. Program positions are stated before Panels convened under the Federal Environmental Assessment and Review process (EARP). Under the Environmental Studies Revolving Fund (ESRF), 41 studies of relevance to the North have been undertaken since the inception of the program in 1983. In addition, approximately 100 other research projects have been completed under the sub-activity since 1974.

Management of Renewable Resources: This sub-activity is largely non-discretionary in nature because of its legal responsibility to respond to client applications for rights to use northern water, forests and lands and to protect those resources through programs such as prevention and fighting of forest fires. In the water sector, licences are issued to applicants for the right to use northern waters, and planning data on water levels, flows and chemical quality are obtained through extensive networks across the North. Environmental controls are placed on offshore oil and gas operators to protect the quality of Arctic waters. In the lands sector, surface rights are granted through leases of Crown land, agreements of sale, rights of way and licences of occupation. Tracts of land are withdrawn by Order-in-Council for such purposes as national parks or settlement of native land claims, and rights are granted to quarry for gravel. Controls are placed on operators who temporarily occupy vacant Crown lands, to protect the northern terrestrial environment.

Timber cutting permits are issued for local and commercial purposes. Figure 16 presents statistics on the volume of business over the most recent three year period.

The administration and management of water, lands and forests will be further improved with the development of a framework for the integrated management of this renewable resource base. This approach will take into account the relationship with non-renewable resource sectors, integrate environmental, economic, social and cultural concerns and minimize institutional competition.

Northern Land Use Planning will become fully operational in 1985-86 with the establishment of Land Use Planning Commissions in each territory and the initiation of planning activities for key priority areas.

Figure 16: Renewable Resources Transactions and Approvals, Yukon and Northwest Territories.

	1981-82	1982-1983	1983-1984
Water Management	585	540	575
Land Management	1,226	1,745	1,227
Forest Management	1,291	1,971	1,767

The major user of resources in this Activity is forest fire prevention and control, with an estimated budget of $14,923,000 for 1984-85. The program includes funds for presuppression and suppression. The pre-suppression budget includes the fixed funds required to maintain a fire-fighting capacity in each territory involving the costs of standby fire crews, prevention programs, look-out tower systems, and aircraft and equipment rentals. The suppression budget includes the additional funds required to fight fires as they occur, over and above the funds available in the pre-suppression budget.

Figure 17 shows the allocation of funds for fire management for 1985-86.

Figure 17: Funds Allocated for Fire Management ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Presuppression	13,231	84.7	12,996	67.4	12,041	55.9
Suppression	2,263	15.3	6,280	32.6	9,491	44.1
Total	15,494	100	19,276	100.0	21,532	100.0

Suppression budgets are nominal and are provided on an as required basis. Figure 18 shows suppression expenditures over a five-year period.

Figure 18: Expenditures Used for Fire Suppression Over a Five-Year Period

	1983-84	82-83	81-82	80-81	79-80
($millions)	9.5	9.8	8.6	13.4	3.2

The Suppression budget depends on the level of fire activity in each year. Figure 19 depicts the trend of activity over a five year period.

Figure 19: Fires Fought and Area Burned

Year	Area Protected (km^2)*	Number of Fires	Area Burned (ha)	Area Burned per Fire (ha)	Area Burned as a Percentage of Protected Area %
1979	317,259	255	226,529	888	0.700
1980	354,845	378	959,420	2,538	2.700
1981	396,915	357	812,088	2,275	2.000
1982	396,915	395	58,265	147	0.100
1983	396,915	346	81,650	236	0.206
1984	396,915	476	59,500	125	0.150

* Note: 100 ha = 1 km^2

Management Support: Approximately $8.1 million and 105 person-years are allocated to this component of the Activity.

D. Northern Non-Renewable Resources

Objective

The Northern Non-Renewable Resources Activity encourages and provides for the orderly exploration, development and conservation of non-renewable resources.

Resource Summary

This Activity accounts for 10.4% of the total Northern Affairs Program expenditures and 14.5% of the total person-years.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Management of Non-Renewable Resources	9,369	80	10,434	80	4,653	74
Other	3,676	46	3,378	47	4,618	60
	13,045	126	13,812	127	9,271	134

Revenue is generated through fees, permits and royalties. Estimated revenue for 1985-86 is $2,275,000 and is credited directly to the Consolidated Revenue Fund (see Schedule of Revenues, page 3-76).

Of total expenditures in this Activity, 44.1% will be attributable to personnel costs, 8.8% to professional and special services and 27.0% to other operating expenses. Capital will constitute 2.9% while grants and contributions will make up 17.2%.

Past Financial Performance

Figure 21: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Management of Non-Renewable Resources	4,653	74	4,672	70	(19)	4
Other	4,618	60	3,841	51	777	9
	9,271	134	8,513	121	758	13

Variances by Sub-Activity are explained as follows:

Management of Non-Renewable Resources: The under expenditure of $19,000 is attributable to the transfer in of $105,000 from the Northern Economic Planning Activity being offset by an under expenditure in Prospectors' Assistance Grants of $20,000 and a lapse of $104,000 mainly due to administrative restraint.

Other: A variance of $777,000 is mainly due to this Activity's share of the variance for Program management and support services (of $742,000) explained on page 3-38, Management Support.

Person-Years: Eleven of the 13 person-year variance is attributable to the Activity share of Program management and support services, explained on page 3-38, Management Support.

Description

Management of Non-Renewable Resources: The Northern Non-Renewable Resource Activity is responsible for the management and development of mineral resources including oil and gas.

Mining: The activity involves the planning for and development of mineral policies for the North, concerning disposition of Crown mineral rights, exploration and development, and the operation of mines in both territories. The administration of mining legislation is undertaken by operational staff throughout the territories (approximately 85% of staff is regional.) Recommendation are made on the revision of mining statues, regulations and guidelines in order to

encourage mineral development in the territories and to ensure satisfactory benefits to the citizens of Canada in general, and the territories in particular. Co-ordination of other federal departments and territorial agencies included in programs affecting mine development is provided, as well as the assembling of data and the conducting of studies with respect to Canada's mineral policies. Advice is provided to senior officers of the Department and interdepartmental committees dealing with Canada's mineral potential.

Oil and Gas: Oil and Gas activity involves the identification of issues, conflicts and objectives, with consequent formulation, recommendation and implementation of appropriate policy and direction respecting northern oil and gas operations to further northern policy objectives. Operational aspects are managed by the Canada Oil and Gas Lands Administration (COGLA). The activity is charged with the integration and harmonization of COGLA's role with those responsibilities retained by the Program, principally, social, economic, environmental and territorial concerns arising from oil and gas management.

In 1981, the Canada Oil and Gas Lands Administration (COGLA) was established jointly by the Ministers of Energy, Mines and Resources and Indian and Northern Affairs, to administer federal legislation governing oil and gas exploration and development on Canada Lands. Responsible to both Ministers according to their respective jurisdiction for Canada Lands, COGLA implements the Canada Oil and Gas Act and the Oil and Gas Production and Conservation Act.

Other: The Activity includes a proportionate share of Program management and support services costs and person-years (see page 3-40 under "Other"). In addition are costs related to general administration within the Activity.

Performance Information/Resource Justification

Management of Non-Renewable Resources:

Mining: A policy, legislative and administrative framework is maintained to foster mineral exploration and development in the North. Extensive background studies and consultation have been carried out to develop a comprehensive understanding of the northern mineral industry, its inter-relationship with other sectors of the economy, the opportunities for future development and the constraints it faces in realizing these opportunities. The analysis has shown that mining provides substantial benefits to the territorial and national economies and that it can compete if given a favourable investment climate in which to operate. However, structural changes in the international mineral industry make it imperative that the northern industry continue to improve its efficiency and productivity

in order to remain competitive in world markets. Options for government actions to encourage exploration and mining in the North will continue to be developed.

Administrative outputs include registration of mineral rights, collection of royalties, fees and rentals, approval of company exploration reports, mine safety inspections (Yukon only - this function is handled by the Territorial Government in the N.W.T.), and issuance of assistance grants to prospectors. As of 31 March, 1984, there were some 100,000 mining claims and permits in good standing in the North, covering approximately 6 million hectares of land. Twelve hardrock mines and approximately 230 placer mines produced over $500 million of minerals in 1983, down from the $800 million peak value in 1980. During the past 10 years (1974-75 to 1984-85 inclusive) an average of 41 prospectors per year have received assistance totalling $400,000 over that period. This program terminated in 1984-85. Mine inspections in Yukon average 72 per year. An average of 420 company exploration reports are reviewed for approval each year.

Oil and Gas: With the 1981 establishment of COGLA and the subsequent transfer of person-years and resources related to the administration and regulation of oil and gas industrial activities, the activity now focusses on:

- The development and enunciation of the northern framework of policies, programs and strategies required to discover, delineate and exploit northern oil and gas resources.

- Facilitation of the interaction between COGLA and the Northern Affairs Program so that effective and balanced oil and gas exploration and development can be achieved.

- Management of the Crown's one-third working interest in Norman Wells and administration of the 1944 Proven Area Agreement.

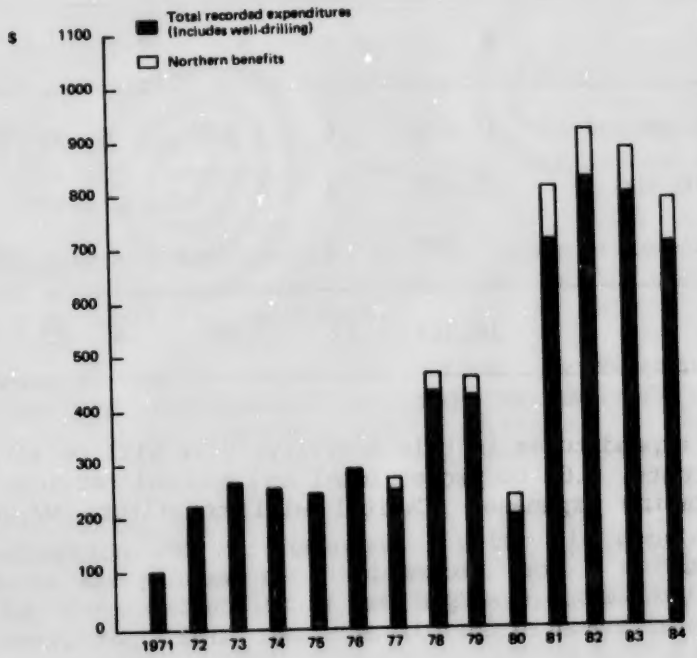
Therefore, the major outputs in the oil and gas area are in the form of policies, strategies, plans and identification of problems. Consequently, the measurements of the quality and quantity of the outputs must be measured indirectly. The amount of annual exploration expenditures (see Figure 22) is one such measurement. A component of these expenditures, the Northern Benefits Expenditures, reflects the achievement of social and economic goals. Under the existing Exploration Agreements, the increased level of exploration may yield northern benefits to the extent of 20% of total industry expenditures between 1985 and 1987.

Workload is dependent upon the pace and level of exploration and development by the private sector, the world price and demand for oil and gas resources and the northern native land claim settlements which may impact on exploration and development time tables.

The pace of northern exploration and development has remained at a stable plateau with some 20 to 25 exploratory wells per year over a five-year period (23 wells in 1983). The level of oil and gas investment has continued to rise ($770.2 million in 1983). The overall number of oil and gas rights held by industry is expected to remain fairly static at about 40 million hectares (100 million acres) in approximately 100 exploration agreements (79 agreements in force in 1983).

It is expected that the Agreements will ultimately yield an estimated $519 million in northern goods and services and provide up to 3,900 northern employment opportunities over the five year period from 1983-88 ($73 million and 1700 jobs in 1983, estimated). These activities will represent a moderate increase in addition to the Norman Well Expansion Project.

Figure 22: Oil and Gas Exploration Expenditures ($ million)



E. Northern Roads

Objective

The Northern Roads Activity develops policy, prepares plans and sees to the implementation of the transportation infrastructure required to serve the inter-community and resource development needs of the two territories. It takes into account the impacts of these developments on the northern economy and the opportunities they create for the employment of natives and northerners.

Resource Summary

This Activity accounts for 14.6% of the total Northern Affairs Program expenditures and 1.4% of the total person-years.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Road Construction and Maintenance	15,622	7	21,237	8	21,964	9
Native Training and Employment	2,400	2	1,759	3	1,400	4
Other	245	3	253	3	283	4
	18,267	12	23,249	14	23,647	17

Of total expenditures in this Activity, 2.7% will be attributable to personnel costs, 0.8% to professional and special services and 4.5% to other operating expenses. Capital will constitute 92.0% of the total.

Past Financial Performance

Figure 24: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Road Construction and Maintenance	21,964	9	22,541	4	(577)	5
Native Training and Employment	1,400	4	1,208	4	192	0
Other	283	4	290	3	(7)	1
	23,647	17	24,039	11	(392)	6

Variances by Sub-Activity are explained as follows:

Road Construction and Maintenance: An under expenditure of $577,000 was due to early freeze-up and wet field conditions causing early closure of construction projects.

Native Training and Employment: An over expenditure of $192,000 is attributable to an extension in the length of the program and procurement of additional equipment.

Person-Years: The variance of five person-years in Road Construction and Maintenance occurred because of the need for supervision on capital projects.

Description

Road Construction and Maintenance: Policy is developed, programs and projects are planned and implemented, and a multimillion dollar program for the construction of new highways, community access roads, and the reconstruction of inter-territorial highways is administered.

Provision is made for financial assistance (cost-sharing) to developers for road access to viable resource areas. This program for resource access roads is currently under review. The current program allows the federal government to provide assistance of up to 50% of the cost of initial access roads and of up to 66% of the cost of permanent access roads. Socio-economic and cost-benefit studies

permit assessment of the value and the viability of a project. Decisions are based primarily on the economic potential of the proposed development.

Through consultation with the territorial governments, local authorities, Chambers of Mines, construction associations, developers and industry, new incentives are being developed for the provision of low grade access roads to development areas. 1985-86 will be the first year of the implementation of a Community Access Roads Program that was introduced in the Northern Roads Policy in 1983.

Native Training and Employment: This sub-activity is responsible for ensuring that the maximum native employment opportunities are provided in road construction and related projects. In addition, training opportunities and programs are provided by utilizing the services of the Canada Employment and Immigration Commission which has the responsibility for training natives in the North. This training will cover on the job training in the operation of equipment, construction management, catering and administration.

Other: The Activity include a proportionate share of Program management and support services costs and person-years (see page 3-40 under "Other").

Performance Information/Resource Justification

Road Construction and Maintenance: In accordance with the Northern Roads Policy and departmental objectives one of the principal aims of the roads program is to be an instrument to promote economic development. This takes into account the socio-economic needs and aspirations of native people and northerners by providing jobs and programs for training and direct entrepreneurial opportunities.

In addition to construction and reconstruction, road maintenance activities in both territories are monitored. Advice is given and recommendations are made to the Treasury Board of Canada regarding changes to the existing management system or requests for increases on planned expenditures. Responsibility for maintenance is retained for a period of one or two years after a road has been completed. Funds for this are included in the Operating and Maintenance budget.

Major capital projects account for 92% of the capital expenditure. During 1985-86 construction will continue on the Dempster Highway (km 0-671), Carcross Skagway (km 81-159), Mackenzie (km 0-83), Mackenzie (km 475-697) between Fort Simpson and Wrigley, and the North Canol Road. Community access roads will also incur capital expenditures.

The promotion of the development of community access roads and the provision of financial assistance to developers requiring road access to potential resource areas, results in the encouragement and promotion of the economic development of the North. It also provides road access to people living in remote areas thus enabling them to be able to participate more readily in employment opportunities and encourage entrepreneurial development.

Native Training and Employment: Construction activity in both territories will continue to provide improved access and will benefit the northern economy through the creation of job opportunities for natives and northerners and the provision of additional benefits to local entrepreneurs especially in the equipment rental, accommodation and supply fields.

During 1984-85, in order to increase the employment of local people, special hiring clauses were incorporated in tender packages. In addition, negotiations commenced with the Deh Cho Regional Council with regard to the training and employment of natives for the Mackenzie (Wrigley) project. As a result of the special hiring clauses, a significant number of jobs were made available to local residents.

In 1985-86 these hiring clauses will again be utilized. Meetings are also planned to encourage the two territorial governments to use the same type of hiring requirements.

Resources will again be used to support the development and implementation of native employment and training programs, e.g., Mackenzie (Wrigley) project where native contractors and workers will build the subgrade of the highway. The Canada Employment and Immigration Commission will work with the contractors to implement the training program. Special emphasis will be placed on preparing for certification those who have already received some training in road construction through Hire North. It is expected that by the end of this project in 1986-87 more than 300 natives will have benefited from employment and training and that 45 of them will have achieved certification.

F. Canada Oil and Gas Lands Administration (COGLA)

Objective

To ensure the vigorous and responsible development of oil and gas resources on Canada Lands.

Resource Summary

This Activity accounts for 7.6% of the total Northern Affairs Program expenditures and 14.2% of the total person-years.

Figure 25: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy	692	12	686	12	478	8
Co-ordination	50,866	18	858	18	658	11
Safety	5,187	57	5,005	53	1,793	30
Environmental Protection	1,731	15	1,716	15	598	10
Resource Evaluation and Conservation	2,597	35	2,574	35	1,793	30
Rights and Revenues Administration	1,558	26	1,544	26	1,196	20
Canada Benefits	1,039	17	1,030	17	478	8
Research and Development	2,006	18	2,515	18	811	8
International	173	3	172	3	179	3
Activity Management and Support	3,091	49	3,447	49	3,988	62
Gross Program resources	68,940	250	19,547	246	11,972	190
Less: costs financed through EMR	59,477	127	10,182	125	6,123	97
Net Program resources (IANC)	9,463	123	9,365	121	5,849	93

Of the net program expenditures in this Activity, 60.4% will be attributable to personnel costs, 27.1% to professional and special services and 12.5% to other operating costs.

Past Financial Performance

Figure 26: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Policy	239	4	250	4	(11)	
Co-ordination	329	6	348	6	(19)	
Safety	896	15	1,246	15	(350)	
Environmental Protection	300	5	300	5		
Resource Evaluation and Conservation	896	15	744	15	152	
Rights and Revenues Administration	598	10	620	10	(22)	
Canada Benefits	240	4	263	4	(23)	
Research and Development	405	2	630	3	(225)	(1)
International	90	1	95	1	(5)	
Activity Management and Support	1,856	31	1,937	31	(81)	
Net activity expenditures (DIAND):	5,849	93	6,433	94	(584)	(1)

Variances were due primarily to two positions not being staffed ($100,000), two contracts concerning rig safety and diving regulations not materializing as anticipated ($350,000), and delays in research and development projects ($80,000).

Description

The Canada Oil and Gas Lands Administration (COGLA) is a shared responsibility of the Departments of Energy, Mines and Resources and Indian Affairs and Northern Development. With respect to specific regulatory responsibilities COGLA reports to the Deputy Minister (EMR) on activities south of a line of administrative convenience and to the Deputy Minister (INAC) on activities north of the line. Figure 27 provides a map of the Canada Lands and line of administrative convenience. Beyond the specific regulatory responsibilities there are policy issues of common interest to both parent departments. These are dealt with through the Policy Review Committee which is composed of senior members from both departments.

COGLA carries out four principal groups of activities. The first group relates to the negotiation, issuance and processing of oil and gas rights in Canada Lands and the negotiation and issuance of production licenses. With respect to the exploration phase, the activities include the issuance of calls for proposals to explore new lands and the subsequent negotiation of new Exploration Agreements (EA's). The EA's include a work plan and a Canada Benefits Plan which outlines how Canadian industry and labour will be given full and fair access to the benefits from oil and gas activities, and the opportunity for Canadian firms to supply goods and services related to these activities.

The second group relates to the regulation and monitoring of the operational, occupational and environmental safety of oil and gas activities. This includes writing regulations and standards, evaluating applications to carry out geophysical, drilling or research programs, imposing terms and conditions on operations, monitoring activities, preventing unsafe operations, entering and inspecting sites, and ensuring proper reporting. It also involves a series of approvals including a development plan approval, a production facility approval, a production structures approval, and, depending on the particular circumstances of the development, a launch approval, an installation approval, a transport approval, and a final certificate of fitness and production operations approval.

A third group of activities covers inter- and intra-governmental co-ordination. In its role as principal contact with the oil and gas industry, COGLA depends on the support and cooperation of many federal departments. COGLA also administers joint federal-provincial agreements and/or arrangements for offshore oil and gas activity, and provides the framework for federal and provincial officials to work together.

The fourth group can be termed support activities and includes the resource evaluation function, the provision of data to companies, institutions and individuals, and environmental and related engineering research functions. Resource evaluation provides an appraisal of oil and gas potential on Canada Lands necessary for assessing exploration activity, for determining work programs for exploration agreements, and for federal oil and gas supply forecasting. The geophysical and geological data that COGLA gathers for its own purposes is also made available to companies for operational applications and to the scientific community for research. Research and development projects directly support regulatory decision making described above in group two. The main research vehicle is the Environmental Studies Revolving Fund.

Figure 27: The Canada Lands

...Line of Administrative Convenience-Boundary Between EMR and DIAND

The Department has a broad mandate north of 60°, and EMR has a mandate for areas south of 60° and the offshore areas at the east and west coasts of Canada.

Performance Information/Resource Justification

In accordance with the Memorandum of Understanding between EMR and DIAND, the funding of COGLA is the joint responsibility of both Departments, subject to normal governmental controls and is reflected in the Estimates of both departments.

The table that follows summaries by sub-activity specific goals and significant planned outputs and results for 1985-86.

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Policy Determine and direct the pace, level and pattern of exploration, development and production that best contribute to meeting national energy, northern and economic development policy goals	692	12	- Review, develop and implement policies and strategies for the Canada Oil and Gas Resources management regime - Determine lands for issuance and negotiate and issue Exploration Agreements - Develop a resource management regime for non-fuel ocean minerals - Provide public information on federal oil and gas resource management on Canada Lands	- Develop a new 'Lands Policy' - Let 3 to 5 Calls for Proposals and negotiate 10 to 15 Exploration Agreements - Prepare a policy paper on offshore non-fuel minerals regime and initiate consultation with coastal provinces on an offshore non-fuel mineral regime - Issue 125 press releases and hold 10 major press conferences
Coordination Ensure that inter-governmental and interdepartmental oil and gas resource management agreements and arrangements are in place and properly executed and CDGLA is the principal point of contact for the oil and gas industry on Canada lands matters	866	18	- Promote federal/provincial/territorial cooperative arrangement for resource management - Implement, administer and monitor joint intergovernmental cooperative resource management agreements - Establish and administer consulting arrangements to coordinate inter-departmental interests in resource management decisions - Ensure industry receives consistent direction in meeting regulatory requirements	- Negotiate one or possibly two federal/provincial agreements for joint offshore oil and gas resource management - Complete implementation of one Federal-Provincial Agreement and implement a second Agreement - Review consultative arrangements with CCG, DRIE, DFO, DOE, CEIC and Labour and strengthen as necessary - Strengthen CDGLA coordination function in the Territories

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Safety Promote an effective operational and occupational safety regime.	4847	57	- Provide state-of-the-art engineering and environmental regulations, standards and guidelines for operational and occupational safety - Review and approve proposed equipment, facilities, and work practices for drilling, seismic, research and production programs - Monitor daily drilling, production, seismic and research activities and associated environmental conditions - Inspect oil and gas facilities and operations - Maintain an effective, comprehensive emergency regime	- Issue new Structures and Production Facilities Regulations and Drilling Safety and Training guidelines - Certify 5 drilling units and 10-15 supply boats - Evaluate 25-35 drilling programs and issue 40 Authorities to Drill a Well - Carry out 400-500 inspections of drilling units - Monitor 30 daily drilling reports and 100 seismic surveys - Monitor daily storm/sea state conditions for 20-25 drilling units - Complete review of three development plans - Review 12 emergency contingency plans from safety viewpoint

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Canada Benefits. Foster full and fair access by Canadians to participate in and realize the greatest possible benefits from Canada Lands oil and gas activities	1039	17	- Assess appropriateness of oil industry activities in ensuring Canadians have full and fair access to Canada Lands opportunities - Foster cooperation between Canadian suppliers and oil industry to expand capabilities of Canadian firms to provide goods and services - Encourage expanded capabilities of Canadian operators to participate on Canada Lands - Ensure adequate public review of socio-economic and industrial impact of major oil and gas activities	- Assess 50-70 Canada Benefits packages and assess 20-30 Annual Canada Benefits Reports - Monitor employment practices of 10-12 operators - Review 600-700 designated items - Determine specific supplier development strategy and special affirmative action strategy - Review Hibernia Development Plan Proposal and socio-economic impact statement

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Environmental Protection Protect the environment to the maximum feasible extent and provide an effective and efficient emergency counter measures regime.	1731	15	- Define and set environmental terms and conditions, for all exploration and production rights proposals - Provide state-of-the-art environmental and engineering regulations, standards and guidelines for environmental protection - Review and approve proposed equipment, facilities and work practices for drilling, seismic research and production programs - Maintain an effective, comprehensive emergency measures regime - Ensure adequate public review of environmental impact of major oil and gas activities	- Provide environmental input for Structures and Production Facilities Regulations and Drilling Guidelines - Participates in panel review of West Coast moratorium - Development of guidelines for Calls for Proposals, environmental monitoring and well site abandonment - Assess 25-35 drilling programs and 40 Proposals for an Authority to Drill a Well - Review and approve 12 contingency plans and conduct 2 major emergency exercises - Review environmental impact statement for Hibernia

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Research and Development Support and promote the knowledge base required for regulatory approvals of oil and gas activities for industry decisions and for strengthening Canada's high technology capability	1806	14	- Ensure the Environmental Studies Revolving Fund provides the data and research base necessary for oil and gas activity approvals - Ensure the marine engineering R&D program supports regulatory needs and/or promotes Canadian technological development - Promote with operators and the supply community the development of Canadian oil and gas technologies and joint initiatives to transfer and share technology from other countries - Maintain the Canada Lands data bases and mineral samples required by the oil and gas industry and its supporting services firms	- Publish 15-25 ESRF reports - Review ESRF program achievements - Complete 3-4 marine engineering studies on structural monitoring, diving and safety - Identify R&D opportunities under Canada Benefits plans and Venture and Hibernia development plans - Fill 2500 requests for data or advice
Rights and Revenues Administration Manage and control the rights administration functions to ensure companies obligations are met and revenues are collected	1558	26	- Promulgate royalty and rights regulations pursuant to the Canada Oil and Gas Act - Manage the renegotiation of Exploration Agreements and the relinquishment of lands - Administer Exploration Agreements (EA's) in force including the registration and transfer of interests and the monitoring of work commitments - Ensure the full and prompt collection of revenues	- Administer 160-180 EAs, renegotiate 17 EAs and implement relinquishment procedures for 72 EAs - Collect $10M in revenue - Establish the registry of interests - Develop royalty regulations

Sub-Activities Objectives	Resources $000	P/Y	Goals	Significant Planned Outputs and Results for FY 1985/86
Resource Evaluation & Conservation Provide a sound basis for COGLA's resource management, policy, negotiations, administration and conservation responsibilities through competent evaluation of oil and gas reserves and potential.	2597	36	- Evaluate oil and gas potential on Canada Lands - Recommend exploration strategies to expand knowledge of reserves - Develop and maintain data bases for tracking potential and reserves on Canada Lands - Assess and approve reservoir extraction plans	- Contribute Canada Lands portion of National Hydrocarbon Inventory - Provide regional assessment for 4 areas - Review and analyse 14 significant discoveries - Process data, cores and cuttings for 40 wells and reservoir logs for 40 wells - Review 30 to 35 reservoir test programs for individual wells - Review extraction plan for one major field
International Provide professional advice on offshore boundary issues and resource management regimes	173	3	- Provide expert technical advice and testimony on international seabed resource management regimes and boundary issues - Promote international offshore comprehensive emergency planning for cross boundary accidents - Provide information and data on Canada Lands activity and the Canadian land management regime to foreign companies, academics and agencies	- Advise on offshore boundary disputes involving St. Pierre et Miquelon, Beaufort Sea, Dixon Entrance and Juan de Fuca Strait - Hold or participate in one bilateral offshore emergency exercise - Fill 100 information requests from outside Canada

Section III
Supplementary Information

A. Analysis by Object

The Northern Affairs Program's expenditures for 1985-86 are $128,122,000 and are presented in Figure 28.

1. Expenditures by Object

Figure 28: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	32,631	30,547	28,519
Contributions to employee benefit plans	4,572	3,938	4,132
Other	3,000	2,476	2,720
Goods and services			
Transportation and communications	5,504	6,495	5,372
Information	445	664	572
Professional and special services	12,112	12,562	11,453
Rentals	12,563	12,208	14,807
Repair and upkeep	817	2,586	914
Utilities, materials and supplies	5,114	4,186	5,644
All other expenditures	101	651	126
Total operating	76,859	76,313	74,259

Figure 28: Expenditures by Object ($000) (Cont'd)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital			
Construction and acquisition of Land, Buildings and Works	18,474	22,308	20,162
Construction and acquisition of machinery and equipment	2,673	4,408	2,690
Transfer Payments	26,845	43,850	36,065
Total expenditures*	124,851	146,879	133,176

2. Personnel Expenditures

The Northern Affairs Program's personnel costs of $40,452,000 account for 31.6% of the total operating expenditures. This includes statutory contributions to employee benefit plans.

Figure 29 provides a breakdown of personnel by activity, and Figure 30 shows the person-years and annual average salary by category.

*Note: These figures do not include expenditures for the Environmental Studies Revolving Fund.

Figure 29: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Northern Co-ordination and Social Development	89	96	90
Northern Economic Planning	52	48	47
Northern Environmental Protection and Renewable Resources	464	452	450
Northern Non-Renewable Resources	126	127	134
Northern Roads	12	14	17
COGLA	123	121	93
Authorized person-years*	866	858	831

* This does not include 4 P/Ys for the Environmental Studies Revolving Fund.

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

Figure 30: Authorized Person-Years and Salary Provision

	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management					
Management	37	35	28	50,350 - 96,300	63,599
Scientific and Professional					
Architecture and Town Planning	10	8	6	18,610 - 76,130	44,458
Biological Sciences	7	4	8	16,161 - 68,070	49,169
Economics, Sociology and Statistics	43	44	37	14,570 - 65,000	50,827
Engineering and Land Survey	27	26	25	23,306 - 76,130	50,919
Forestry	10	10	10	16,161 - 68,070	47,723
Physical Sciences	72	66	65	15,304 - 68,070	49,393
Scientific Research	6	3	3	28,176 - 67,720	62,335
Other	2	6	7		
Administration and Foreign Service					
Administration Services	53	47	56	13,912 - 57,987	34,495
Computer Systems Administration	2	2	-	18,766 - 61,433	34,140
Financial Administration	8	7	11	13,853 - 57,980	34,953
Information Services	5	4	4	13,579 - 57,980	39,794
Personnel Administration	8	9	7	13,330 - 63,870	34,328
Program Administration	91	91	89	13,912 - 57,987	41,288
Purchasing and Supply	3	3	2	12,766 - 57,980	30,893
Commerce	8	8	4	15,635 - 60,465	50,505
Other	-	-	1		
Technical					
Drafting and Illustration	17	16	16	15,557 - 40,310	30,325
Electronics	4	4	4	16,619 - 51,950	35,082
Engineering and Scientific Support	34	49	42	14,041 - 50,866	32,904
General Technical	93	76	75	12,635 - 55,682	32,123
Social Science Support	6	8	7	12,635 - 57,764	31,340
Administrative Support					
Communications	2	1	1	15,364 - 31,824	18,465

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Data Processing	4	4	3	13,352 - 37,130	22,583
Clerical and Regulatory	144	143	140	12,932 - 31,743	22,354
Secretarial, Stenographic & Typing	65	65	64	12,636 - 31,946	22,118
Other	1	3	2		
Operational					
General Labour and Trades	56	65	64	17,776 - 40,676	28,320
General Services	47	45	44	13,853 - 39,988	28,829
Capital P-Ys	1	2	2		

3. Capital Expenditures

Figure 31 outlines the allocation of the capital budget for the Program by type of asset.

Figure 31: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
New construction	15,247	16,585	15,896
Reconstruction	4,300	6,660	4,600
Vehicles and equipment	1,023	2,154	2,099
Regular renovation and maintenance of existing facilities	577	1,342	257
	21,147	26,741	22,852

Figure 32: Major Capital Projects ($000)

PROJECTS BY ACTIVITIES	PREVIOUSLY ESTIMATED TOTAL COST	CURRENTLY ESTIMATED TOTAL COST	FORECAST EXPENDITURES TO MAR. 31, 1985	ESTIMATES 1985-86	FUTURE YEARS REQUIREMENTS
	(thousands of dollars)				
NORTHWEST TERRITORIES					
MacKenzie Highway - Reconst. KM0-86	16,800	16,797	8,657	2,300	5,840
MacKenzie Wrigley Highway Const.		13,728	389	2,962	10,377
YUKON TERRITORIES					
Dempster Highway - Const. KM125-671	103,961	111,000	103,000	2,000	6,000
Dempster Highway - Reconst. KM0-125	23,700	22,700	11,429	5,000	6,271
Carcross Skagway - Const. KM106-159	7,300	6,950	6,422	528	-
North Canol - Road Reconst. Phase I	-	7,261	1,800	2,000	3,461
Carcross Skagway - Const. KM24-106	-	16,381	15,134	800	447

4. Transfer Payments

Figure 33 presents a summary of all grant and contribution expenditures of the Northern Affairs Program. A brief description of grants and contributions not in the Estimates for 1985-86 but still active in the current forecast year is included.

Figure 33: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Northern Co-ordination and Socal Development			
Indian and Inuit Culture	50	50	50
Universities for research and science	925	825	725
Whitehorse for Yukon Pipeline Impact Centre		25	
Universities to co-ordinate northern scientific activities	180	180	150
Northern Science Merit Award	5	5	
Institute for Research and Public Policy re: northern political development		10	
Northern Environmental Protection and Renewable Resources			
Yukon Conservation Society	12	12	12
Canadian Arctic Resources Committee	80	70	60
Northern Non-Renewable Resources			
Grants to Chambers of Mines	40	57	57
Accident Prevention Association	6	7	7
Yukon Prospectors' Association	2	2	2
Prospectors	-	70	50
	1,300	1,313	1,113
Contributions			
Northern Co-ordination and Social Development			
Yukon Government for Indian medicare	376	376	376
Yukon Government for Indian hospital care	1,313	1,313	1,108
NWT Government for Inuit and Indian medicare	2,135	2,135	1,299
NWT Government for Inuit and Indian hospital care	14,028	14,028	7,407

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Yukon Government for low income rental-purchase housing	208	208	131
NWT Government for special employment initiatives			2,079
Inuvialuit Development Corporation and Fort Good Hope Hunters and Trappers Association for special employment initiatives		793	
Inuit individuals, groups, associations or cooperatives for promotion of Inuit arts and crafts	431		
Inuit organizations for furthering economic development		1,946	489
Northern communities, and interest groups, for intervenor funding re major hydrocarbon transportation proposals	100	100	172
Native associations, for research/consultation re: northern development	119	119	110
Inuit associations, for cultural education	454	454	454
Inuit Tapirisat of Canada, for the Inuit Circumpolar Conference			175
Constitutional alliance of the NWT, re: division of the territory		765	927
Interjurisdictional Caribou Management Board, re: Beverly & Kaminuriak Herds	15	15	15
NWT Government, for Norman Wells Project	1,046	1,250	1,250
Northern Economic Planning			

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Yukon Government, for tourism development under Canada/ Yukon General Development Agreement			276
Yukon Government, under the Canada/ Yukon General Development Agreement, Subsidiary Agreement on Renewable Resources Development			298
Council for Yukon Indians for training and employment liaison	40	40	40
Cyprus Anvil Mining Corporation for financial assistance		11,200	8,061
Territorial governments, for energy support, small business and housholds			
- commercial rate relief program			93
- federal power support program			2,980
Dene and Metis Association for Norman Wells Project		3,260	1,193
Fitz/Smith Native Development Corporation for economic development			198
Territorial governments for research under Northern Oil and Gas Action Plan	2,199	2,410	
NWT Government and others, under Subsidiary Agreement on Natural Resources development - Canada/NWT Economic Development Agreement	1,542	1,406	70
Inuit organizations, for furthering economic development	1,515		1,321
Territorial governments, under Federal Buildings Retrofit and Off Oil Conversion Programs		719	204

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Northern Environmental Protection and Renewable Resources			
City of Whitehorse, for special employment initiative			600
Canadian Interagency Forest Fire Centre, for support	24		17
Northern Roads			
NWT Government, for road reconstruction			3,609
Environmental Studies Revolving Fund			
Research Agreements	2,900		
Total, Grants and Contributions	29,745	43,850	36,065

B. Cost Analysis

The Northern Affairs Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items as well as revenue must also be included when considering the actual costs to operate the Program.

Figure 34: Program Costs ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Revenue	Net Cost	Total 1984-85
Activity						
Northern Co-ordination and Social Development	27,974	1,971	29,945	(2,750)	27,195	34,345
Northern Economic Planning	6,555	1,307	7,862		7,862	18,114
Northern Environmental Protection and Renewable Resources	49,547	10,518	60,065	(396)	59,669	58,981
Northern Non-Renewable Resources	13,045	2,680	15,725	(2,275)	13,450	13,809
Northern Roads	18,267	266	18,533		18,533	23,518
COGLA	9,463	2,724	12,187	(1,300)	10,887	10,425
Environmental Studies Revolving Fund	3,271	111	3,382	(385)	2,997	214
	128,122	19,577	147,699	(7,106)	140,593	159,406

The adjustments made to the estimated operating expenditures to arrive at a total net cost include accommodation provided without charge by Public Works Canada and other services provided without charge by other departments and inclusion of all revenues generated by the Program.

C. Additional Information

1. Acts Administered in Whole or in Part

The legal mandate of the Northern Affairs Program is derived from the following legislation:

Department of Indian Affairs and Northern Development Act, 1970
Yukon Act
Northwest Territories Act
Territoral Lands Act
Land Titles Act
Public Lands Grants Acts
Canada Lands Surveys Act, Part III
Northern Inland Waters Act
Arctic Waters Pollution Prevention Act
Dominion Water Power Act
Oil and Gas Production and Conservation Act
Yukon Placer Mining Act
Yukon Quartz Mining Act
Northern Canada Power Commission Act
Territorial Supreme Courts Act
Canada Oil and Gas Act

2. Schedule of Revenues

Figure 35 illustrates the sources of revenue for the Northern Affairs Program.

Figure 35: Schedule of Revenues ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Northern Co-ordination and Socal Development			
Interest on loans (Yukon capital projects)	772	963	1,900
Interest on loans (N.W.T. capital projects)	1,352	1,492	2,126
Interest on Eskimo Loan Fund (N.W.T. and Arctic Quebec)	200	200	196
Canadian Arctic Producers loans	9	11	12
Northern Social Research Division, rental of W.A.S.R.C. facilities	17	17	15
Living accommodation and utilities	400	400	400
Northern Environmental Protection and Renewable Resources			
Leases and fees	145	140	140
Registration fees	50	50	45
Land use fees	52	52	52
Quarry regulations and leases	20	20	20
Sundry	8	8	8
Sale of lands	50	50	50
Timber permits	56	56	56
Water rental and licences	15	15	11
Northern Non-Renewable Resources			
Mining Forfeitures	50	50	50
Canada Mining - Fees	500	490	480
- Leases	310	295	285
- Royalties	575	1,425	400
- Payments - Section 54(2)	100	100	100
Coal Leases; permits; royalties; licence fees	55	55	55
Sundry	40	40	40
Export tax on gold	25	25	25
Yukon Quartz - mining fees	370	370	360
Placer mining fees	200	200	200
Forfeiture	50	50	50

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canada Oil and Gas Lands Administration			
Oil and Gas Royalties	1,250	1,150	1,099
Lease Rentals	50	50	20
	6,721	7,774	8,195
Environmental Studies Revolving Fund (Levies)	385	3,189	2,274
Total	7,106	10,963	10,469

3. Environmental Studies Revolving Fund

Figure 36: Environmental Studies Revolving Fund Statement of Revenues and Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Administration	371	349	22
Payment of studies	2,900	1,835	1,065
Collection of levy	(385)	(3,189)	2,804
	2,886	(1,005)	3,891

Note: Revenues are shown in brackets

Figure 37: Environmental Studies Revolving Fund Projected Use of Authority

Disbursements 1983-84	393	
Receipts Credited to Fund 1983-84	2,274	(1,881)
Forecast Disbursements 1984-85	2,184	
Forecast Receipts Credited to Fund 1984-85	3,189	(1,005)
Estimated Disbursements 1985-86	3,271	
Estimated Receipts Credited to Fund 1985-86	385	2,886
Balance of available levies March 31, 1986		-

Transfer Payments to the Territorial Governments Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $578,000,000 in support of the Transfer Payments to the Territorial Governments Program.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Transfer Payments to the Territorial Governments Program		
35	Transfer Payments to the Government of the Yukon Territory	138,000	111,525
40	Transfer Payments to the Government of the Northwest Territories	440,000	384,104
	Total Program	578,000	495,629

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Transfer Payments to the Territorial Governments Program	
35	Transfer payments to the Government of the Yukon Territory listed in the Estimates	138,000,000
40	Transfer payments to the Government of the Northwest Territories listed in the Estimates	440,000,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates Budgetary Transfer payments	Total	1984-85 Main Estimates
Transfer Payments to the Territorial Governments	578,000	578,000	495,629
	578,000	578,000	495,629

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 35 - Transfer Payments to the Government of the Yukon Territory	99,593	105,790	105,790
Vote 40 - Transfer Payments to the Government of the Northwest Territories	345,993	356,203	356,203
Total Program	445,586	461,993	461,993

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The Transfer Payments to the Territorial Governments Program is presented as a separate program for the first time in the 1985-86 Estimates. (see page 4-15)

- It is planned that the level of grants to each territory will be determined, starting in 1985-86, through an objective and long term formula, replacing the previous process of annually negotiated grants (See page 4-12).

2. Financial Summary

Figure 1: Financial Summary

	Estimates 1985-86	Forecast 1984-85	Change	For Detail See Page
Grants to Yukon	138,000	111,525	26,475	4-14
Grants to NWT	440,000	389,827	50,173	4-14
	578,000	501,352	76,648	

The Northern Affairs Program provides the person-years to support this Program. The increase in the 1985-86 requirements over the 1984-85 forecast of $76,648 million results mainly from the following:

a) An escalator based on a three year moving average of the annual growth rate of provincial-local expenditures effectively transfers to the Territorial Government the benefits accompanying the high provincial-local growth rates of recent years.

b) The application of an escalator to capital in the 1982-83 base year effectively produces a higher 1985-86 capital funding level under the formula than would be the case under the existing process.

c) The provincial-local escalator, in effect, covers funding for provincial initiatives whereas the existing funding process for the Territories does not.

Grants to Yukon and NWT represent 23.9% and 76.1% of total program expenditures, respectively.

B. Recent Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Grants to Yukon	105,790	99,593	6,197
Grants to NWT	356,203	345,993	10,210
	461,993	445,586	16,407

Explanation of Change: The difference between actual expenditures and the Main Estimates of $16,407 is attributable to the following items approved by Supplementary Estimates:

	$000
Government of the Northwest Territories:	
• Increased health care costs	7,800
• Compensation for an overestimation of Established Program Financing and income taxes	2,350
• Transfer of Mining Engineering from Northern Affairs Program	60
	10,210
• Government of the Yukon Territory:	
• Increase to the Operating Grant to cover increased costs in the areas of program standards and machinery of government	5,797
• Compensation for an overestimation of the Established Programs Financing	400
	6,197

C. Background

1. Introduction

The Transfer Payments to the Territorial Governments Program is the responsibility of the Minister of Indian Affairs and Northern Development through the Northern Affairs Program.

The Program was previously presented in Part III of the Estimates within the Northern Co-ordination and Social Development Activity of the Northern Affairs Program. The change is required to highlight the magnitude of the financial resources involved and to provide an appropriate level of disclosure. The Program is designed to provide a record of the transfer of non-conditional grants to assist the territorial governments in the provision of a full range of public service for territorial residents. The Program represents 24.8% of 1985-86 expenditures of the Department.

The territorial governments, seated at Whitehorse, Yukon, and Yellowknife, NWT, possess legislative and executive powers under the federal Yukon and Northwest Territories Acts. Those powers are similar to those of the provinces, except that the federal government maintains ownership and management of resources (except game) and power to amend territorial constitutions. In Yukon, which has progressed to virtually complete responsible government within its jurisdiction, a political party system electing 16 members is in place, and a fully elected Executive Council operates the government. The Commissioner's role is analagous to that of a provincial Lieutenant-Governor. In the NWT, where a concensus approach to decision making is more favoured, political parties have yet to emerge. The Executive Council of the NWT is appointed by the Commissioner on the recommendation of all 25 elected members.

Because the population of the territories (NWT - 49,000, Yukon - 21,000) is small and sparsely distributed over approximately 40% of Canada's land mass, and because of the severity of the climate, the costs incurred in providing government services are generally very high relative to those in the provinces. The two parallel and distinct economies, one operating on a modern industrial commercial basis, and the other a traditional, land based, hunting, fishing and trapping economy, are unable to generate tax revenues sufficient to cover more than a portion of the costs of government services.

2. Legal Mandate

The legal mandate of the Minister of Indian Affairs and Northern Development for the Transfer Payments to Territories Program is derived from the Department of Indian Affairs and Northern Development Act 1970. Authority for transfers is contained in annual Appropriation Acts.

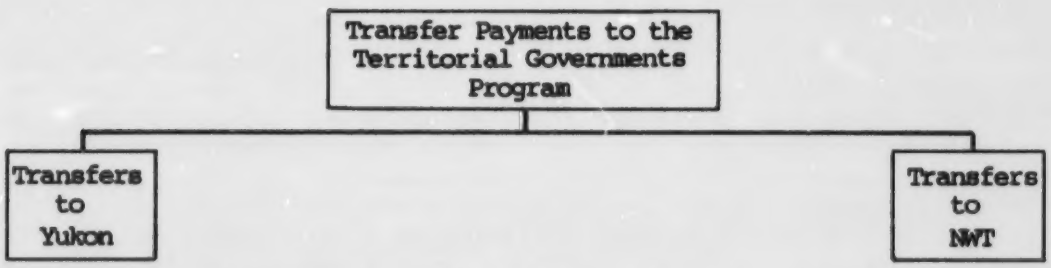
3. Program Objective

The objective of the Transfer Payments to the Territorial Governments Program is to transfer funds to the territorial governments in accordance with agreements entered into by the Minister of Finance with the approval of the Governor in Council on behalf of the Government of Canada and the Commissioners of the Yukon and Northwest Territories on behalf of their respective governments.

4. Program Organization for Delivery

Activity Structure: The Program has one activity for planning and administration of transfers, and two sub-activities, one per territory.

Figure 3: Activity Structure



Organization Structure: The Program has no person-years and utilizes the staff resources of the Northern Affairs Program of the Department of Indian Affairs and Northern Development.

5. Program Description

Within their jurisdiction, the territorial governments are able to obtain limited revenues, from personal and corporate income taxes, various licence fees and taxes on fuel, liquor, tobacco and property. Only a portion of the total funds necessary to carry out territorial responsibilities is available, as shown in Figure 4.

Figure 4: Sources of Funding for Territorial Expenditures ($000)

	1983-84 Actual		1982-83 Actual		1981-82 Actual		1980-81 Actual	
	Yukon	NWT	Yukon	NWT	Yukon	NWT	Yukon	NWT
Own territorial revenue	81,480	170,227	53,764	151,027	60,925	146,246	42,820	118,347
Federal grants	103,624	345,993	76,105	311,087	55,679	258,718	51,450	216,680
Total Revenues	184,744	516,220	129,869	462,114	116,604	404,964	94,270	335,027

Note: These figures are derived from Territorial accounts which are maintained on an accrual basis

Government policy on northern constitutional development emphasizes that responsible government for the territories is an objective of the Government of Canada. Political development is now such that, in practice, the Territorial Executive Councils are accountable to legislatures which, in turn, are accountable to the northern electorate. Mechanisms for financial accountability are in place. Government of Canada accountability for transferred funds is exercised through approval of financial agreements which determine funding levels, approval of commercial borrowing beyond prescribed limits, approval of the schedule for grant disbursements, reserve powers to disallow territorial ordinances, and annual audits on behalf of the territories by the Auditor General of Canada.

D. Planning Perspective

1. Environment

Political Climate: In November, 1982, the Government of Canada accepted the principal of division of the NWT into two geographic units, subject to specified conditions. The financial requirements of any new territories will likely be different from the existing NWT, and, should division occur during the term of a financial agreement, it will automatically terminate. Depending on the political and administrative structures and the resource needs of the new territories, new transfer of funds arrangements will have to be derived.

Economic Climate: The grant levels are influenced by the amount of territorial self-generated revenues and the spending patterns of other provincial and municipal government institutions.

2. Initiatives

Commencing in 1985-86 it is planned that the Transfer Payments to the Territorial Governments Program will be operated, for a trial period, on a formula basis in lieu of the former process of annually negotiated grants. The trial period will endure for three years to permit a meaningful experimentation period and to assess effectiveness. The formula will be incorporated into a financial agreement with each territory. The agreements will be renewable for a further two years, on agreement by both parties.

3. Update on Previously Reported Initiatives

There were no initiatives reported for 1983-84.

4. Resourcing Formula

The funding level determination process has changed from one of negotiation between federal and territorial officials leading to the determination of annual operating grants to a more global formula based funding approach. The formula and operating procedures are intended to produce a grant which would be equal to base period revenues, escalated by the growth rate of provincial/local government expenditures, minus actual territorial revenues at base period tax rate in effect on implementation. The grants produced by the formula are expected to cover all normal operational requirements. The territorial governments are to present, annually, updated five year capital plan forecasts and status reports in order to monitor territorial capital programs.

5. Program Effectiveness

The objective of the Program will be achieved if the formula used to determine levels of annual transfer payments, and if negotiations to deal with special categories, are successful in meeting the funding requirements of the two territorial governments. Implementation of the formula approach will be closely monitored by the Department and a review completed prior to commencement of a fourth year (1988-89).

Section II
Supplementary Information

A. Transfer Payments

The Transfer Payments to the Territorial Governments Program expenditures for 1985-86 are $578,000,000 in the form of non-accountable grants.

Figure 5: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Yukon			
Operating	138,000	83,402	79,006
Capital		28,123	26,784
NWT			
Operating	440,000	306,348	276,639
Capital		83,479	79,564
	578,000	501,352	461,993

For fiscal 1985-86, total grants for each region have been negotiated for both operating and capital.

B. Other Information

Transfer Payments to the Territorial Governments were presented in previous Part III's in the Northern Coordination and Social Development Activity, Transfer Payments to the Territorial Governments Sub-Activity, of the Northern Affairs Program.

Native Claims Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $36,132,000 including $15,424,000 for loans and non-budgetary advances to Native claimants, and to provide funds for the Native Claims Program during the 1985-86 fiscal year. Existing statutes authorize an additional $31,385,000 as part of the settlement under the Western Arctic (Inuvialuit) Claims Settlement Act and for contributions to employment benefit plans.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Native Claims Program		
45	Operation expenditures	4,348	4,124
50	Grants listed in the Estimates and contributions	16,360	4,529
(S)	Grants to the Inuvialuit Regional Corporation in respect of the Western Arctic Inuvialuit Claims Settlement Act.	1,000	-
(S)	Contributions to employee benefit plans	385	328
(S)	Grants to Indians and Inuit in respect of claims settlement compensation made under the James Bay and Northern Quebec Agreement	-	1,380
L55	Loans to native claimants for the purpose of defraying costs related to research, development and negotiation of claims	14,303	14,303
L60	Loans to the Council of Yukon Indians for Interim benefits to the Yukon Indian Elders	1,121	1,053
(S)	Loans to the Inuvialuit Regional Corporation in respect of the Western Arctic Inuvialuit Claims Settlement Act	30,000	-
	Total Program	67,517	25,717

Extracts from Part II of the Estimates

Votes - Wording And Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Native Claims-Program	
45	Program expenditures	4,348,000
50	Native Claims-Grants listed in the Estimates and contributions	16,360,000
L55	Loans to native claimants in accordance with terms and conditions approved by the Governor in Council for the purpose of defraying costs related to research, development and negotiation of accepted claims	14,303,000
L60	Loans to the Council of Yukon Indians for interim benefits to the Yukon Elders during the pre-settlement period	1,121,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85* Main Estimates
		Budgetary						
	Authorized Person-years	Operating	Capital	Transfer payments	Sub-Total	Non-budgetary (loans, investments and advances)	Total	
Claims Negotiation	63	4,527	1	-	4,528	-	4,528	4,284
Funding of Native Claimants	4	205	-	4,529	4,734	14,303	19,037	19,000
Settlements	-	-	-	12,831	12,831	31,121	43,952	2,433
	67	4,732	1	17,360	22,093	45,424	67,517	25,717

*Note: 1984-85 Estimates have been restated to reflect a transfer of operating expenditures from the Administration Program in 1985-86 ($4,452,000 and 67 PYs).

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main* Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 45 - Native Claims - Program Expenditures	3,971,000	3,971,000	3,971,000
Vote 50 - Native Claims - Grants listed in the Estimates and Contributions	3,729,000	22,973,660	18,484,415
Statutory - Grants to Indians and Inuit in respect of the James Bay and Northern Quebec Agreement	1,380,000	1,380,000	1,380,000
Statutory - Contributions to employee benefit plans	355,000	355,000	355,000
	9,435,000	28,679,660	24,190,415
Non-Budgetary			
Vote L55 - Loans to native claimants in accordance with terms and conditions approved by the Governor in Council for the purpose of defraying costs related to research, development and negotiation of claims	14,303,000	14,303,000	14,080,673

	Main* Estimates	Total Appropriations	Actual Use
	$	$	$
Vote L60 - Loans to the Council of Yukon Indians for interim benefits to the Yukon Elders during the pre-settlement period	967,800	967,800	912,063
	15,270,800	15,270,800	14,992,736
Total Program	24,705,800	43,950,460	39,183,151

*Note: 1983-84 Main Estimates have been restated to reflect a transfer of operating expenditures from the Administration Program in 1985-86 ($4,326,000).

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- Agreements-in-principle are presently being negotiated on five comprehensive claims, at least one of which is expected to be signed in 1985-86. With the recent conclusion of the Inuvialuit Final Agreement on the Western Artic (Inuvialuit) claim it is anticipated that negotiations will begin on one new comprehensive claim (see page 5-23);

- Negotiations on some 83 specific claims are being pursued with the claimant bands. It is anticipated that 20 to 30 of these will be settled during 1985-86. In addition, another 30 to 35 will be assessed as to their acceptance for négotiations (see page 5-23);

- Claims settlement compensation payments in the amount of $1 million will be made in 1985-86 under the terms of previously negotiated claims settlement agreements;

- Grants in the amount of $11,831 million will be given to the Cree and Naskapi bands to support the operation of their local administration under the Cree/Naskapi (of Quebec) Act (see page 5-32);

- Contributions amounting to approximately $4,529 million will be made to some 22 associations for the identification and establishment of claims (see page 5-24); and

- There will be $14,303 million loaned to native claimants for the further development and negotiation of accepted claims leading to claims settlements. Loan amounts of $1 million will be repaid by native claimants from the proceeds of claim settlement compensation (see page 5-24).

- Up to $30 million may be borrowed in 1985-86 by the Committee for Original Peoples Entitlement (COPE) under the terms of the Inuvialuit Final Agreement (see page 5-30).

2. Financial Summary by Activity

The Program's activity structure has been modified in 1985-86 with the Claims Negotiation Activity moving from the Administration Program to the Native Claims Program. The Establishment of Claims and Claims Research, Development and Negotiation Activities have been combined to form the Funding of Native Claimants Activity. (Refer to Section III, Supplementary Information, page 5-37).

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See page
Claims Negotiation	4,528	4,284	244	5-20
Funding of Native Claimants	19,037	19,000	37	5-24
Settlements	43,952	42,073	1,879	5-30
	67,517	65,357	2,160	
Authorized person-years	67	67	-	

Explanation of change: The 1985-86 expenditures of $ 67,517,000 represent an increase of $ 2,160,000 or 3.3% from 1984-85 forecasts. The increase in Forecast 1984-85 over Main Estimates 1984-85 is attributable to amounts in Supplementary Estimates B 1984-85. These include Grants to the Inuvialuit Development Corporation ($17,500,000) for the Economic Enhancement and Inuvialuit Social Development Funds and Grants to the James Bay Cree and Naskapi Bands Corporations of Québec in respect of the Cree-Naskapi Act ($19,052,000).

Figure 2: Gross Expenditure by Activity (Percentage Distribution 1985-86)

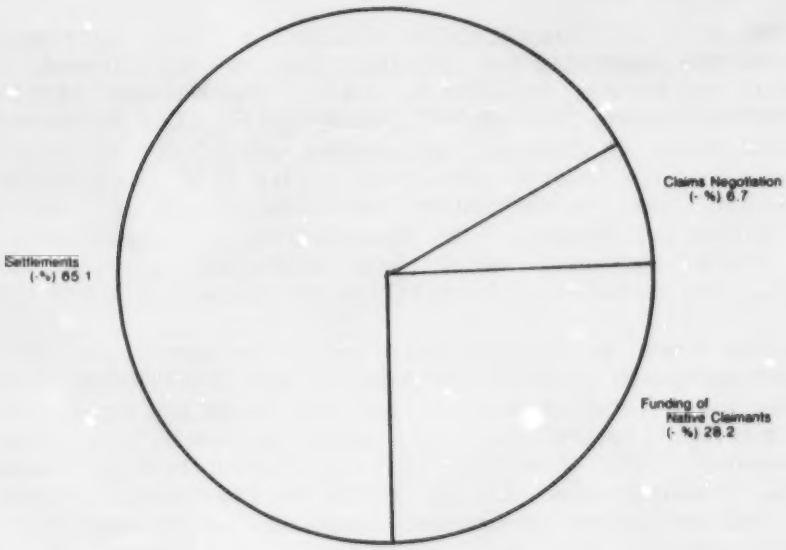
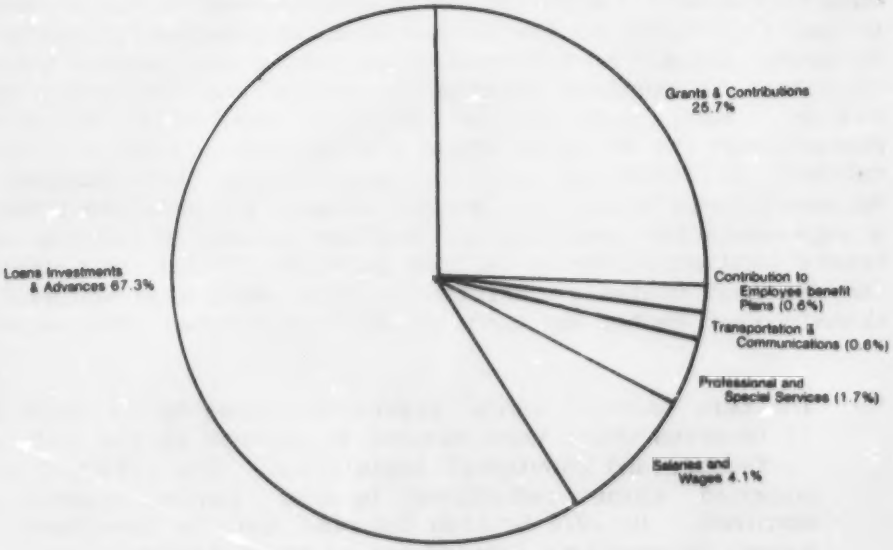


Figure 3: 1985-86 Distribution of Gross Expenditure by Object



B. Recent Performance

1. Highlights

In the area of comprehensive claims, a final agreement was signed between the Committee for Original Peoples' Entitlement (COPE) and the federal government on June 5, 1984. The Western Arctic (Invialuit) Claims Settlement Act, giving effect to the COPE Agreement, was passed by Parliament in June and proclaimed into force on July 25, 1984. A secretariat in charge of coordinating the implementation of the Agreement was subsequently established under the Departmental Administration Program. An Agreement-in-principle with the Council for Yukon Indians, which was accepted by the government in March, 1984, remains to be ratified by the native Yukon beneficiaries.

The James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement required passage of the Cree/Naskapi Act (July 1984) allowing for local government for the James Bay Crees and the Naskapi of Shefferville on certain lands allocated to them under the agreements. This Act replaces the Indian Act in respect of these lands. Funding under the new Act is in the form of a grant to reflect the greater local government autonomy established by this recent legislation.

Progress in the settlement of specific claims (see page 5-18) was also achieved. On April 5, 1984 the Long Lac claim in Ontario was settled and compensation of $192,466 paid. On April 6, 1984 the Blackfoot Cattle Claim was settled and a payment of $1,675,000 was made to the band. Later in the spring, Cabinet authority was obtained to pay $4,830,000 to the Peigan band in Alberta to settle its 1909 surrender claim. An Agreement-in-principle was reached with the Cree Chip band in northern Alberta to settle its treaty/and entitlement claims. Band and Cabinet ratifications will be sought. In Saskatchewan the Whitebear claim was settled in late July and band and Cabinet ratifications will be sought. In late August, 1984 an Agreement-in-principle was reached between the Manitoba government and a representative committee of Manitoba Chiefs to settle outstanding treaty land entitlements in that province. Final settlements on the cut-off land claims in British Columbia were also achieved with the Chemainus and Becher Bay Bands in June and October 1984 respectively.*

* The term "cut-off lands" refers to claims by 22 bands concerning 34 reserves which were reduced in acreage in the 1920's pursuant to federal and provincial legislation. The affected bands never accepted these reductions because Indian consent was not obtained. In 1976 British Columbia and the Government of Canada agreed to negotiate settlements of these claims.

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates*	Change
Claims Negotiation	4,166	4,166	-
Funding of Native Claimants	18,613	18,192	421
Settlements	16,404	2,348	14,056
	39,183	24,706	14,477
Authorized person-years	67	67	-

* The Main Estimates figures have been restated to conform with the revised break out by activity adopted for 1985-86. Note that 1983-84 Main Estimates have been further restated to reflect a transfer of operating expenditures from the Administration Program in 1985-86 ($4,326,000).

Explanation of Change: The difference between actual expenditures and the Main Estimates results from increased requirements approved through Supplementary Estimates ($19,244,660) which were not entirely spent. Items in the Supplementary Estimates were all Grants to Indian bands for specific land claims.

C. Background

1. Introduction

The Program was introduced in 1978 to deal with the increasing number of native claims being presented to the federal government. Since 1973 two types of claims have been recognized. Specific Claims relate to the fulfillment of outstanding treaty obligations and the actual administration of Indian assets specified under the Indian Act or formal agreements. Comprehensive Claims relate to the loss of traditional use and occupancy of land and the special relationship that the native people have had with the land since time immemorial. The settlement of comprehensive claims is based on criteria such as the protection of hunting, fishing and trapping rights, land title, money, as well as other rights and benefits, in exchange for a release of the general and undefined native title.

The Office of Native Claims (ONC), as a component of the Native Claims Program, is responsible for coordinating the assessment of claims and for conducting negotiations on accepted claims on behalf of the Minister of the Department and the Government of Canada. Following an initial analysis and further research to determine the historical facts, a formal submission of all related documentation is made to the Department of Justice for an opinion on the legal merits of the claim. Accepted claims are referred by the Minister to the Office of Native Claims which officially represents the federal government in negotiating a settlement agreement with the affected Indian or Inuit claimant group. Once a final settlement has been agreed to by all parties, the comprehensive claims process entails seeking approval by Cabinet and passage of binding legislation by Parliament. Specific claims agreements are implemented on the authority of Cabinet and/or Treasury Board in accordance with government policy (see Section II.A, page 5-22).

The Corporate Policy Sector administers the provision of financial support to native claimants. This support enables Indian and Inuit people to participate on an equitable basis with the government in the claims resolution process and takes the form of contributions and loans. Contributions permit initial research, development and submission of specific and comprehensive claims whereas loans are provided to further develop and negotiate accepted claims (see Section II.B page 5-25). Corporate Policy also maintains program responsibility for the payment of the agreed cash compensation to native claimants under the agreements-in-principle and final settlement agreements and administers under the Departmental Administration Program two claims implementation secretariats - one for the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement and the other for the Inuvialuit Final Agreement.

2. Legal Mandate

The establishment of a separate Native Claims Program was authorized by The Government of Canada on November 16, 1978 (TB 760824) and provided program funding through the 1979-80 Main Estimates.

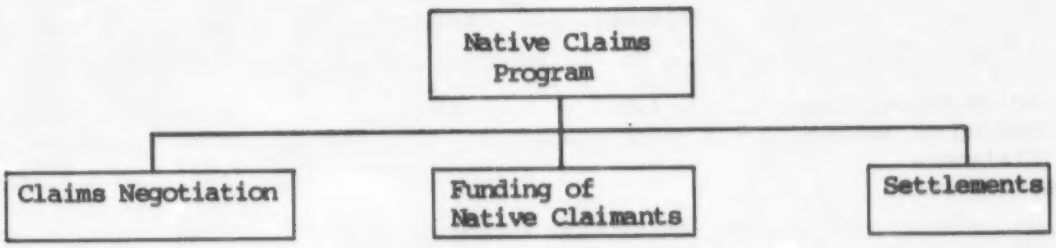
3. Program Objective

To settle accepted native claims through negotiation.

4. Program Organization for Delivery

Activity Structure: The Native Claims Program consists of three activities as shown in Figure 5. As described in Section A.II on page 5-10, the 1985-86 Native Claims activity structure has been modified in order to group all related functions under one program. (Refer to Section III, Supplementary Information, page 5-37).

Figure 5: Activity Structure



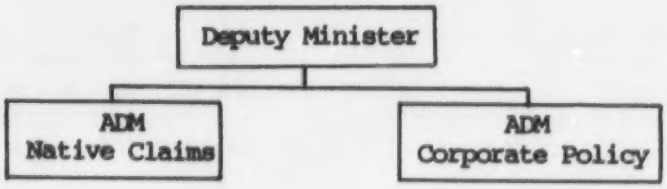
Organization Structure: Overall responsibility for the Program is shared between the ADM, Native Claims and the ADM, Corporate Policy. The ADM, Native Claims, has specific accountability for the Claims Negotiation Activity which is administered by the Office of Native Claims (ONC). ONC co-ordinates the government's responses to submitted claims, negotiates claims settlements and advises the Minister on the further development of claims policy. The ADM, Corporate Policy, is accountable for the two remaining activities, Funding of Native Claimants and Settlements. These activities include the provision of claimant funding for research and negotiation, making financial compensation payments on all claim settlements and coordinating the implementation of settled comprehensive claims agreements. Both ADMs report to the Department's Deputy Minister.

The division of responsibilities between ONC and Corporate Policy has been undertaken to ensure a clear separation of interest between the organization representing the federal government in the negotiation process and the group which provides funding to the native peoples and oversees the implementation of settled claims.

The Program essentially operates on a centralized basis with the majority of staff located at the national headquarters offices in the National Capital Region. However, since 1981 the Office of Native Claims has maintained an office in Vancouver to address claims occurring in British Columbia.

Figure 6 illustrates the Program's organizational structure and resource allocation.

Figure 6: 1985-86 Resources by Organization/Activity ($000)



	($000)	P-Y	($000)	P-Y
Claims Negotiation	4,528	63	-	-
Funding of Native Claimants	-	-	19,037	4
Settlements	-	-	43,952	-
	4,528	63	62,989	4

D. Planning Perspective

1. Environment

Historical Perspective: The issue of native claims recognition and resolution is a relatively recent development within the federal government and has resulted in the Program being active in the area of policy evolution. For instance, the provision of funds to support the research of Indian rights and treaties and the development of claims by native groups can be traced back just 15 years to 1970 and the Indian Act revision discussions. The first statement describing government policy respecting native claims was announced in 1973 and was rearticulated in 1981 and 1982 with the publication of separate policy booklets for comprehensive (In All Fairness) and specific (Outstanding Business) claims. The Office of Native Claims was established in 1974 with Indian and Northern Affairs Canada being given authority to enter into discussions and negotiations with native associations concerning their claims.

Growth in Claimant Funding: Administered first by the Privy Council Office and later by the Department, the Program's funding responsibilities have expanded significantly. In the form of accountable contributions, the Department has provided about $35 million in the past 13 years for research into Indian and Inuit rights, treaties and claims. Another $99 million was provided to native claimants in the form of recoverable loans between 1974 and 1985.

In response to a pressing need to resolve native claims, an increment in available funds for native associations was approved by the Government of Canada in the fiscal year 1982-83. Accountable contributions available to native associations increased to $3.7 million and the loan budget increased by $5.9 million to a total of $14.3 million. A further $800,000 in contributions was granted during the 1983-84 fiscal year.

Number of Comprehensive Claims under Negotiation: At present only six comprehensive claims are engaged in negotiations at one time. With the completion of the Inuvialuit Final Agreement with the Committee for Original Peoples' Entitlement (COPE), five claims are still in active negotiation; the Nishga Tribal Council (NTC) in B.C.; the Council for Yukon Indians (CYI) in Yukon; the Dene/Métis in the Mackenzie Valley of the Northwest Territories; the Tungavik Federation of Nunavut (TFN) representing the Inuit in the Central and Eastern Arctic of the NWT; and the Couseil Attikamek - Montagnais (CAM) representing the Montagnais on the North Shore of Quebec and the Attikamek of the upper St. Maurice River area.

2. Initiatives

Due to the nature of this Program no new initiatives are planned for 1985-86.

3. Update on Previously Reported Initiatives

The Program did not report any initiatives in the 1983-84 expenditure plan.

4. Program Effectiveness

The best measure of activity effectiveness is the number of claims that are actually settled (see Figure 7).

Figure 7: Claims Settlements with Cash Compensation (from 1974 to 1984)

Comprehensive Claims	Settlement Date	($)
James Bay Crees and Inuit of Northern Quebec (James Bay and Northern Quebec Agreement)	Nov. 1975	$32,750,000
Naskapis of Schefferville (Northeastern Quebec Agreement)	Jan. 1978	1,310,000
Committee for Original Peoples' Entitlement (Inuvialuit Final Agreement)	June 1984	152,000,000
Specific Claims*		
Batchewana Band	Oct. 1974	65,000
Treaty #7 Bands	Oct. 1974	250,000
Osnaburgh Band	Dec. 1975	16,000
Canoe Lake Band	Sept 1976	4,366
Nikaneet Band	Sept 1976	Annuities
Kitsumkalum Band	Sept 1976	9,357
Wagmatcook Band	Mar. 1982	1,200,000
Penticton Band	Mar. 1982	13,217,119
Osoyoos Band	Nov. 1982	634,908
Clinton Band	Mar. 1983	140,000
Oromocto Band	July 1983	2,550,000
Westbank Band	Nov. 1983	7,187,584
Okanagan Band	Dec. 1983	1,548,612
Squamish Band	Dec. 1983	958,320

Comprehensive Claims	Settlement Date	($)
Long Lac Band	Apr. 1984	192,466
Blackfoot Band	Apr. 1984	1,675,000
Chemainus Band	June 1984	641,700
Becher Bay Band	Oct. 1984	200,000
		$216,550,432

* In addition to the claims listed, two other specific claim settlements have received government approval and are awaiting ratification by the Band:

Garden River Band - $2,500,000
Peigan Band - $4,830,000

The Program recently undertook an Evaluation Study of the comprehensive claims process to determine the extent to which it allows for the achievement of stated objectives and goals, is satisfactory to the claimant groups and is cost-effective. The study concluded a number of process improvements are required in the areas of liaison with claimants and third party interests, analysis of the cost of overall economic impact of potential settlement, resolution of overlapping claims at an early stage in negotiation, acceleration of the negotiating process and implementation of approved settlements. The program is pursuing these issues.

Section II
Analysis By Activity

A. Claims Negotiation

Objective

To ensure the efficient and timely resolution of native claims through a negotiation process, in accordance with government policy and in the interests of all involved and affected parties.

Resource Summary

This activity accounts for approximately 6.7% of total Native Claims Program expenditures and 94.0% of total person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Research*	2,741	44	2,592	44	2,520	44
Negotiation	1,787	19	1,692	19	1,646	19
	4,528	63	4,284	63	4,166	63

Of total expenditures in this activity 65.2% relate to personnel costs and 34.8% to other operating.

* Includes costs for the ADM's Office, Native Claims.

Past Financial Performance

Figure 9: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Research[1]	2,520	44	2,520	44	-	-
Negotiation	1,646	19	1,646	19	-	-
	4,166	63	4,166	63	-	-

Description

This Activity is the responsibility of the ADM, Native Claims, and is administered through the Office of Native Claims (ONC) which serves as the official representative of the Minister and the Government of Canada in all claims negotiations undertaken with Indian and Inuit claimant groups or their representatives.

The two sub-activities which comprise Claims Negotiations are:

Research: The Office of Native Claims is responsible for the receipt of all specific and comprehensive claims (as defined in Section I, Program Overview, page 5-14) submitted by native groups. It conducts a thorough analysis of the historical and factual elements of all supporting evidence submitted by the claimants. As well, ONC conducts further research, as required, to obtain other pertinent documentation which may have a bearing on the claim. ONC may also seek meetings with the claimant to clarify points of concern. The above investigations are undertaken to determine whether the claim meets established acceptance criteria which would allow it to be recognized as a legally valid claim for which compensation should be negotiated.

A synopis of the claim together with supporting documentation is then forwarded to the Department of Justice for a ruling on the legal merits of the claim. Based on the Justice opinion, an official response by the Minister, on behalf of the federal government, is formulated. Recommendations are made for the further development of claims policy. Where findings do not substantiate the claim, the

claimant is provided with an explanation and supporting documentation and is advised of the government's willingness to review the case at a later date on the basis of new evidence. Where a claim is felt to be substantiated, ONC is authorized to proceed to negotiate a settlement.

Negotiation: This sub-activity's main responsibility is to negotiate a settlement with the claimant which is fair, equitable and agreeable to all parties. Negotiations are conducted either by ONC staff or in certain cases through negotiators from outside the Public Service who are appointed by the Minister in conjunction with ONC. The process involves detailed discussions with claimant groups on a range of issues, with other federal departments participating in the preparation and presentation of positions in accordance with their jurisdictional responsibilities. The negotiation of equitable comprehensive claim settlements in the south requires the direct participation of the provinces, given their jurisdiction over the land and resources. In the north, provision is made for the participation and involvement of the territorial governments.

Once final agreement has been reached Cabinet and/or Treasury Board, authority is sought by the Office of Native Claims to accept the settlement on behalf of the Government of Canada, and to provide the required financial resources for settlement compensation through Supplementary Estimates.

The significance of a claim settlement is that it represents final redress of the particular grievance dealt with since a formal release is obtained from the claimants so that negotiations on the same claim cannot be reopened at some time in the future.

Performance Information/Resource Justification

Functions performed by this Activity include the research and negotiation of native claims and the provision of analytical support and advice to federal negotiators. As described in Figures 10 and 11 the prime outputs of the activity are therefore the number of claims assessed, accepted or rejected for negotiation and the number of agreements-in-principle reached on portions or on the totality of claims. As the number and complexity of claims submitted increase (this trend is anticipated to continue particularly in the Specific Claims area), the level of resources needed to assess those claims, to clarify the government's legal obligations and protect its interests, and to negotiate and implement a settlement is also expected to rise, as is the level of resources needed to administer funding of native claimant participation in the negotiation process.

Figure 10: Status of Claim Settlements

Specific Claims	up to 1975	1976-80	1980-81	1981-82	1982-83	1983-84
Submitted	165	78	7	9	11	10
Settled	8	2	2	2	2	4
Comprehensive Claims						
Submitted	4	17	4	4	4	1
Accepted for negotiation	3	12	0	0	0	8
Rejected	1	2	0	0	0	0
Agreements	1(F)	2 (1 AIP) (1 F)	0	0	0	0

F: Final
AIP: Agreement-in-Principle

Figure 11: Current Status of Submitted Specific Claims

Under review:	87
In negotiation:	83
Rejected:	17
Settled:	20
Under litigation:	11
Administrative referral:	55
Suspended:	7
Total submitted to March 1984:	280

B. Funding of Native Claimants

Objective

To ensure native claimants have access to resources to research and develop specific and comprehensive claims and to negotiate settlements.

Resource Summary

This Activity accounts for approximately 28.2% of total Native Claims Program expenditures and 6.0% of total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Establishment of Claims*	4,734	4	4,697	4	4,532	4
Claimant Negotiation	14,303	-	14,303	-	14,081	-
	19,037	4	19,000	4	18,613	4

Of total expenditures in this activity 1.0% relate to personnel costs 23.8% to contributions and 75.1% to loans.

Past Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Establishment of Claims*	4,532	4	3,889	4	643	-
Claimant Negotiation	14,081	-	14,303	-	(222)	-
	18,613	4	18,192	4	421	-

Description

This Activity is administered by the Corporate Policy Sector. Its role is to provide native claimants with financial assistance to enable them to participate on an equitable basis with the federal government, represented in negotiations by the Office of Native Claims (ONC) in the claims resolution process. The claims funding process (see Figure 14) is intended to fully complement the claims negotiation process which is described on pages 5-21 to 5-22 of Section II.A.

Two types of funding exist and are provided in accordance with Treasury Board-approved terms, conditions and guidelines. Contributions are funds which are provided for the initial research, development and submission of specific and comprehensive claims (defined on page 5-14). Loans are funds which are provided to permit the further development and negotiation of accepted claims.

*Includes funding administration costs for the entire activity

The two sub-activities which comprise Funding of Native Claimants are :

Establishment of Claims : Contributions are arranged with the native association, pursuant to the terms of the Claims Research and Development program, to enable them to conduct claims research on behalf of their member bands. Once a research workplan has been accepted by Corporate Policy and the amount of money allocated, a Contribution Agreement is signed by both parties. The Agreement specifies the total funds to be provided in a fiscal year, a schedule of payments, and the requirement to maintain a separate account for the funds received. It also requires the recipients to submit quarterly activity reports and financial statements, plus an annual consolidated audited financial statement.

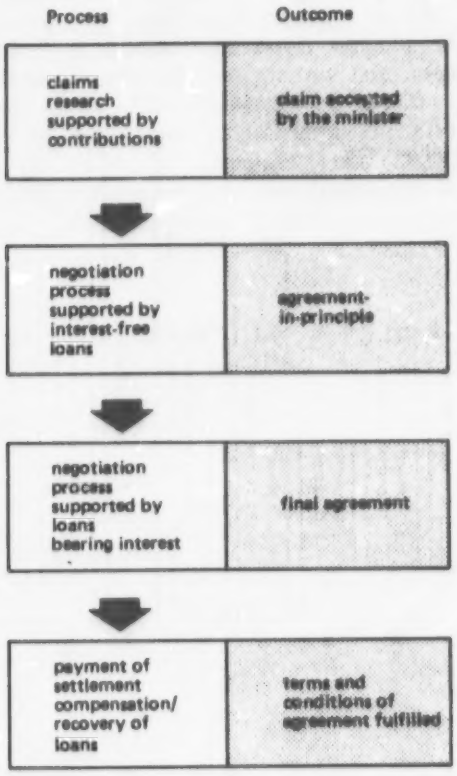
After claims research and consultation has been completed, the native association provides a final report to the band or bands involved in the claim. It then becomes the responsibility of the band(s) to submit their claim to the federal government. Often, research findings will reveal that no basis for a claim exists or alternatively will identify the possibility of resolving a grievance through administrative channels within the Department.

Claimant Negotiation : Once a claim has been validated and accepted for negotiation by the Minister, the native claimant group (band or bands) may apply for a loan to support the further development and negotiation of their claim under the Loans to Native Claimants program. The program aims to support the claims negotiations which are often lengthy and involve a considerable investment of time and expertise. The loans are interest-free until an agreement-in-principle is reached. Subsequent loans to support claimants' negotiation costs towards a final agreement do carry interest charges. Loans and any accrued interest are repayable from the final settlement of a claim.

The loan programs are recorded in the Public Accounts of Canada as loans, investments and advances and are financed through non-budgetary appropriations.

The native claimant group must have its workplan approved and a funding level allocated in relation to the planned pace of negotiations before a standardized Loan Agreement can be finalized between both parties. The Loan Agreement specifies the total funds to be provided in a fiscal year, and a schedule of payments. It also requires a separate account for the funds received, quarterly progress reports and financial statements, plus an annual consolidated audited financial statement.

Figure 14: Claims Funding Process



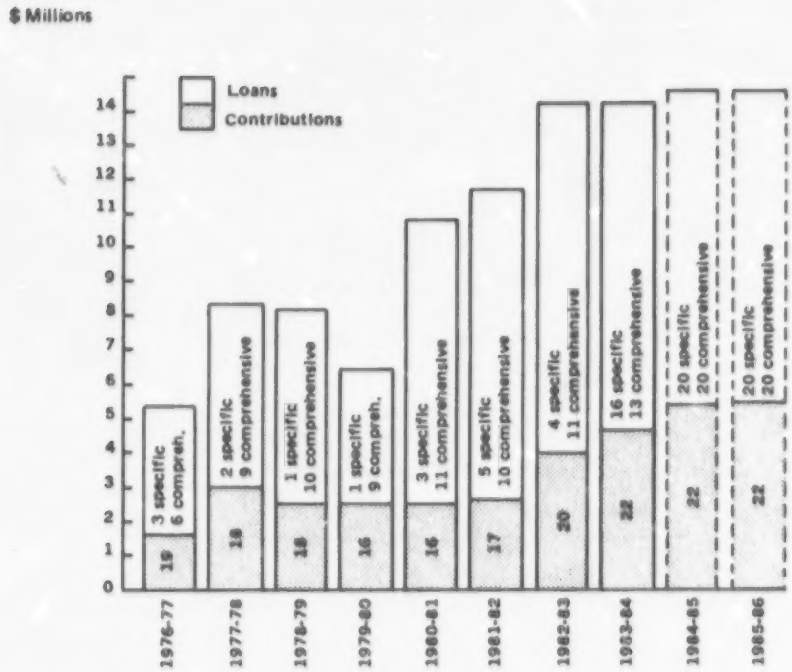
Performance Information/Resource Justification

The main function of the Funding of Native Claimants Activity is to provide contributions to Indian and Inuit associations for researching, developing and submitting claims as well as to provide loans to support native claimants in the negotiation process in accordance with the federal government's stated policies on the resolution of claims.

Figure 15 illustrates the number of recipients funded and the number and value of contributions and loans provided. For detailed statements of the value of contributions and loans paid out to native associations by region, see page 5-38 and 5-40.

In 1985-86, the Department will provide contributions to approximately 22 native associations to engage in more than 300 claims research projects on behalf of their member bands. Loans will be provided to some 40 native claimant groups to further develop and negotiate their claims.

Figure 15: Contributions and Loans to Claimant Groups



1. The numbers in the loans portion of the chart indicate the number of claimants funded that year through loans to carry out research and negotiation on accepted claims.

2. The numbers shown in the contributions portion of the chart relate to the number of recipients funded to enable them to carry out the necessary research to establish a claim.

A total of 280 specific claims have been submitted to the Office of Native Claims as of April 1, 1984, including 84 related to outstanding treaty land entitlements, and 22 involving British Columbia cut-off lands.*

The primary factors having an impact on activity resourcing are the type and number of claims under consideration. Comprehensive claims require extensive research and time to prepare positions for the negotiation talks. A specific claim, on the other hand, is one in which the basis of the claim has been established and therefore does not require the same level of resources for research and negotiation. It is anticipated that the number of both types of claims will increase as bands become more confident of the potential success of resolving their grievances through the claims process, thereby creating a potential increase in the level of resources that will be required.

* The term "cut-off lands" is described in the Footnote on page 5-12 of the Program Overview, Section I.

C. Settlements

Objective

To fulfill the federal government's financial compensation obligations agreed to by the parties involved in the claims settlement process.

Resource Summary

This Activity accounts for approximately 65.1% of total Native Claim Program expenditures.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Settlements	43,952	-	42,073	-	16,404	-
	43,952	-	42,073	-	16,404	-

The change between Estimates 1985-86 and Forecast 1984-85 is mainly attributable to the $30 million increase in loans to the Inuvialuit Regional Corporation in 1985-86 offset by several one time grant settlements which took place in 1984-85. Of total expenditures in this activity 29.2% relate to grants and 70.8% to loans.

Past Financial Performance:

Figure 17: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Settlements	16,404	-	2,348	-	14,056	-

The change column is explained on page 5-13 .

Description

A major function of this Activity is to provide financial compensation payments to claimants according to the provisions of the claim settlement agreements, following their formal approval by all parties. This may also involve the making of grant payments to beneficiaries under the new funding relationship established by claim settlements. The settlements may require that a single payment or a series of payments be issued over a period of several fiscal years as detailed in a schedule set out in the agreements and may result in a requirement for ongoing grant payments. Prior to the finalization of any agreement this Activity also ensures that the Office of Native Claims (responsible for negotiating the settlement) has incorporated the repayment of any outstanding claims development and negotiation loans into the terms of the settlement agreement.

Performance Information/Resource Justification

This Activity provides payments to native claimants as specified in settlement agreements negotiated by the Office of Native Claims and approved by the government.

While the number and value of settlement agreements are the major factors affecting resources required by the activity, the complexity of the settlement is also of significance. As the financial compensation process becomes more complex the operational requirements of the program will have to be adjusted to ensure that effective monitoring of settlement terms and conditions is carried out and that payments are made in a timely and efficient manner.

A recent, significant outcome of the claims settlement process is the Cree/Naskapi (of Quebec) Act, July 1984, which removes certain lands allocated to the Cree and Naskapi from the provisions of the Indian Act. This new act established an autonomous relationship between the government and the native beneficiaries by providing the Cree and Naskapi with grants which had previously flowed from the Indian and Inuit Affairs (I&IA) Program, thereby greatly reducing the support role of the I&IA Program. Future settlements will likely continue this trend toward increased native autonomy.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures By Object

Figure 18: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	2,753	2,529	2,551
Contributions to Employee Benefit Plans	385	328	355
Goods and Services			
Transportation and Communications	408	406	363
Information	39	39	35
Professional & Special Services	1,089	1,084	970
Rentals	44	44	39
Repair & Upkeep	2	2	2
Utilities, Materials and Supplier	11	10	9
All Other Expenditures	1	1	1
Total Operating	4,732	4,443	4,325
Capital	1	1	1
Transfer Payments	17,360	45,568	19,864
Total Budgetary Expenditures	22,093	50,012	24,190
Non-Budgetary (loans, investments and advances)	45,424	15,345	14,993
Total Program	67,517	65,357	39,183

2. Personnel Expenditures

Figure 19: Person-Year requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Claims Negotiations	63	63	63
Funding of Native Claimants	4	4	4
Settlements	-	-	-
Authorized Person-Years	67	67	67

Figure 20: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Management	15	15	15	50,350-96,300	64,339
Scientific and Professional					
Economy, Sociology and Statistics	2	2	2	14,570-65,080	47,382
Administration and Foreign Service					
Administrative Services	4	4	4	13,912-57,987	35,309
Program Administration	3	3	3	13,912-57,987	46,369
Technical					
Social Science Support	28	28	28	12,635-57,764	36,766
Administrative Support					
Clerical-Regulatory	2	2	2	12,932-31,743	21,937
Secretarial, Stenographic and Typing	13	13	13	12,636-31,946	21,410

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 21: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Settlements			
Grants to the James Bay Cree and Naskapi Bands of Quebec	11,831	19,052	-
S - Grants to Indian and Inuit in respect of the James Bay and Northern Quebec Agreement	-	1,380	1,380
S - Grants to the Inuvialuit Regional Corporation	1,000		
Grant to the Oromocto Indian Band	-	-	2,550
Grants to the Westbank, Okanagan and Squamish Bands for the Settlement of land claims			9,695
Settlement of Specific Land Claim and Treaty Entitlement to Cattle (Long Lake No. 58 and Blackfoot Bands)	-	-	1,867
S - Grants to the Inuvialuit Development Corporation for the Economic Enhancement Fund and to the Inuvialuit Social Development Fund	-	17,500	-
Manitoba Northern Flood Agreement	-	850	-
Western Arctic Claims Settlement	-	1,615	-
Grant to the Chemainus Band in settlement of a specific land claim	-	642	-
Contributions			
Funding of Native Claimants			
Contributions to Native Claimants for the preparation and submission of claims	4,529	4,529	4,372
	17,360	45,568	19,864

B. Cost Analysis

Figure 22: Net Program Costs ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Total 1984-85
Claims Negotiations	4,528	369	4,897	4,833
Funding of Native Claimants	19,037	17	19,054	19,026
Settlements	43,952	-	43,952	2,433
	67,517	386	67,903	26,292

The adjustments made to the estimated operating expenditures to arrive at a total cost include accomodations provided without charge by Public Works Canada and other services provided without charge by other departments.

C. Additional Information

1. Activity Structure Crosswalk

Figure 23: Reconciliation of Revised 1985-86 Activity Structure to Previous 1984-85 Activity Structure

1985-86 Activity Structure	1984-85 Activity Structure			
($000)	Establishment of Claims	Claims Research Development and Negotitation	Settlements	Total
Claims Negotiation[1]				4,528
Funding of Native Claimants[2]	4,529	14,303		18,037
Settlements			43,952	43,952
	4,529	14,303	43,952	67,517

1 All resources for Claims Negotiation were transferred in from the Administration Program in 1985-86.

2 $205,000 was transferred into the Funding of Native Claimants Activity from the Administration Program in 1985-86.

2. **Figure 24: Contributions to Native Associations ($)**

	1983-84	Commitments 1984-85*
Maritimes		
Union of N.S. Indians	75,000	-
Union of N.B. Indians	192,000	170,000
Labrador Inuit Association	77,395	-
	344,395	170,000
Quebec		
Confederation of Indians of Quebec	17,868	40,645
Le Conseil Attikamek-Montagnais	100,000	100,000
Oka Band	30,000	38,847
Hurons of Lorette	20,000	30,000
River Desert Band	45,500	-
Kahnawake Band	30,000	-
Kipaqwa Band	-	24,925
Grand Council Crees of Quebec	45,000	-
Wlaban-Aki	29,200	
	317,568	234,417
Ontario		
Union of Ontario Indians	578,000	550,000
Association of Iroquois and Allied Indians	271,120	245,000
Grand Council Treaty No. 3	229,160	231,030
Grand Council Treaty No. 9	192,000	192,000
Six Nations Council	157,000	157,000
Northern Superior Ojibway Council	-	50,000
	1,427,280	1,425,030
Manitoba		
Treaties and Rights Research Centre	600,000	503,861
Treaty No. 1	-	65,250
	600,000	569,111

* To September 1, 1984

Saskatchewan		
Federation of Saskatchewan Indians	585,000	537,500
	585,000	537,500
Alberta		
Indian Association of Alberta	300,000	415,000
	300,000	415,000
British Columbia		
Atlin Band	30,000	125,000
Union of B.C. Indian Chiefs	370,190	317,420
Carrier Sekani Tribal Council	75,000	102,450
McLeod Lake Band	40,000	-
Kitamaat Band	-	3,785
Umista	-	27,025
Kaska-Dena	33,000	-
Aboriginal Council	220,000	320,000
	768,190	895,680
National		
Assembly of First Nations	30,000	-
	30,000	-
	4,372,433	4,246,738

3. **Figure 25: Loans to Native Claimant Groups ($)**

Province/Territory	1983-84	1984-85 Estimated Requirements
Maritimes	791,970	820,000
Quebec	1,050,000	1,350,000
Ontario	323,247	327,016
Saskatchewan	213,715	135,000
Alberta	-	332,853
British Columbia	2,195,000	2,590,000
Yukon	4,356,063	4,053,000
Northwest Territories	6,062,741	5,416,870
	14,992,736	15,024,739*

For individual recipients, loan amounts in 1984-85 have varied between approximately $12,000 and $135,000 for specific claims and between $100,000 and $3 million for comprehensive claims.

* Actual Commitments to September 30, 1984.

Departmental Administration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $47,547,000 to operate the Administration Program during the 1985-86 fiscal year. Existing authorities authorize the expenditure of $4,650,000.

Financial Requirements by Authority

Vote	(thousands of dollar)	1985-86 Main Estimates	1984-85 Main Estimates
	Departmental Administration Program		
1	Program expenditures	47,547	47,025
(S)	Minister's salary and motor car allowance	42	40
(S)	Contributions to employee benefit plans	4,608	4,059
	Total Program	52,197	51,124

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Departmental Administration Program	
1	Departmental Administration Program - Program Expenditures	47,547,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars	1985-86 Main Estimates				1984-85 Main Estimates
		Budgetary			
	Authorized Person-years	Operating	Capital	Total	
Executive Direction	40	2,610	4	2,614	2,561
Corporate Policy	114	8,585	12	8,597	8,009
Finance and Professional Services	540	30,113	65	30,178	30,220
Personnel Services	179	7,469	19	7,488	6,947
Communications	35	3,316	4	3,320	3,387
	908	52,093	104	52,197	51,124

Note 1984-85 Main Estimates have been restated to reflect a transfer of operating expenditures to the Native Claims Program in 1985-86 ($4,452,000 and 67 P.Y.s).

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 1 - Administration - Program expenditures	$44,760,900	45,787,635	42,316,309
Statutory - Minister of Indian Affairs and Northern Development - Salary and Motor Car Allowance	39,100	39,100	40,975
Statutory - Contributions to Employee Benefit Plans	3,800,000	3,800,000	4,270,000
Total Program	48,600,000	49,626,735	46,627,284

Note: 1983-84 Main Estimates have been restated to reflect a transfer of operating expenditures to the Native Claims Program in 1985-86 ($4,326,000).

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- Propose amendments to the Indian Act to remove its long-recognized discrimination on the basis of sex, to bring the Act into conformity with the equality provisions of the Canadian Charter of Rights and Freedom which come into effect on April 17, 1985.

- Decentralize EDP applications to regional sites. Hardware replacement and modified applications designs will be initiated in 1985/86 and pursued during the next several years to ensure the introduction of a distribution network with appropriate EDP training and Management Services Branch support facilities. (see p. 6-23).

- Update the Improved Management Practices and Controls (IMPAC) agreement with the Office of Comptroller General and continue the strengthening of management practices within the Department. (see p. 6-23).

- Support to the Indian and Inuit Affairs objective of Band planning, development and management of their communities and affairs will be maintained through continuation of priority initiatives in the transfer of technology. Continuing initiatives involve the development and dissemination of technical, contracting and fire prevention/protection training courses and publications. (see p. 6-23).

- Implement a computerized loan accounting system nationally to provide quality and timely management reports for control and decision-making purposes.

- Assist in federal preparations for the third First Minister's Conference on Aboriginal Rights, required by the Constitution.

- Continue to develop a new framework for Indian government, moving significantly beyond existing policies and practices, and possibly involving legislative action.

- Support and participation associated with the communication activities of Expo 86.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Executive Direction	2,614	2,561	53	6-16
Corporate Policy	8,597	8,009	588	6-18
Finance and Professional Services	30,178	30,220	(42)	6-21
Personnel Services	7,488	6,947	541	6-24
Communications	3,320	3,387	(67)	6-27
Total	52,197	51,124	1,073	
Authorized Person-Years	908	904	4	

The 1985-86 estimate of $ 52,197,000 represents an increase of approximately $ 1,073,000 or 2.1% over the 1984-85 forecast.

Figure 2: Gross Expenditure by Activity (Percentage Distribution 1985-86)

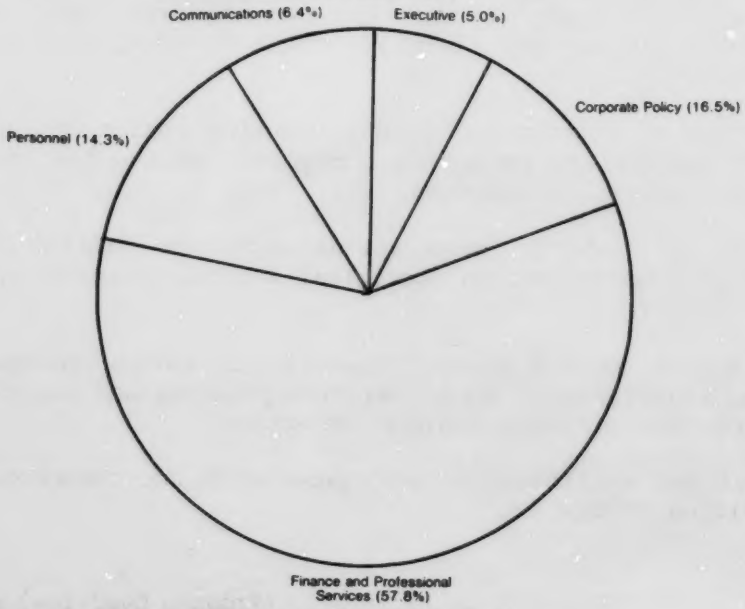
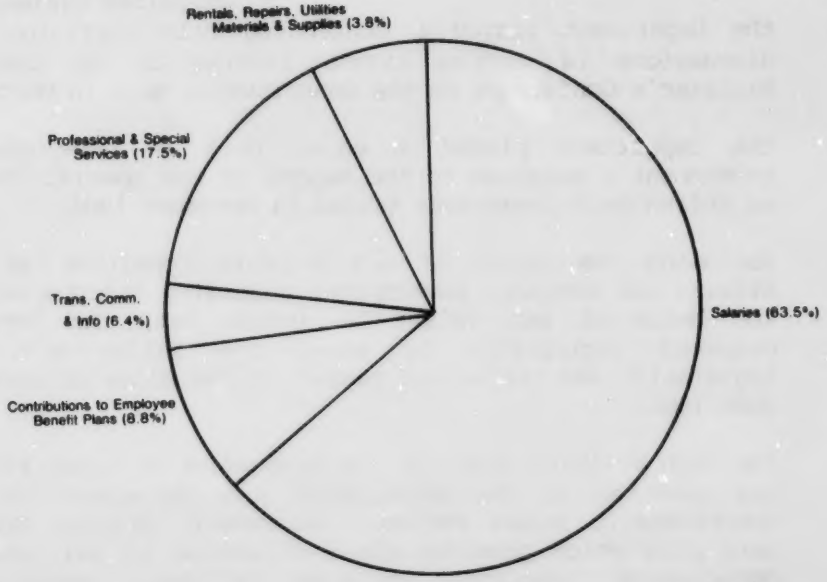


Figure 3: 1985-86 Distribution of Gross Expenditures by Standard Object



B. Recent Performance

1. Highlights

- the Department played a continuing role participating in discussions of native rights leading up to the First Minister's Conference on the Constitution held in March 1984.

- the Department played a major role in developing the government's response to the Report of the Special Committee on Indian Self-Government tabled in November 1984.

- following the report of the Standing Committee on Indian Affairs and Northern Development regarding discrimination on the basis of sex under the Indian Act, the Department prepared legislation to amend the Indian Act. This legislation was tabled and passed in the House of Commons in June 1984.

- the high priority given to the management of human resources has resulted in the development and implementation of a comprehensive human resource management process and long term plan which provides clear direction to all levels of Departmental management relative to human resources and ensures that approved human resource management strategies are fully supported to achieve established, long term human resource objectives.

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Executive Direction	3,206	2,610	596
Corporate Policy	5,541	5,109	432
Finance and Professional Services	28,194	30,766	(2,572)
Personnel Services	6,907	6,986	(79)
Communications	2,779	3,129	(350)
	46,627	48,600	(1,973)
Authorized Person-years	928	894	34

The additional utilization of person-years in 1983-84 is a result of incremental requirements for the improvement of management practices and constitutional discussions on Aboriginal Rights as approved in Supplementary Estimates 'B'.

C. Background

1. Introduction

The Administration Program is responsible for providing policy direction, central advisory services, administrative services and functional guidance in such areas as finance, personnel and technical services to the Department's operating programs. The Program differs from the administration activities carried out by the operating programs in that their administration activities are directly in support of management and line operations.

The Administration Program is the focal point in the Department for projects relating to the improvement of management and control of the Department's financial, human and material resources. As well, the Program is the principal departmental contact with central agencies such as Treasury Board of Canada Secretariat, Treasury Board of Canada Comptroller General, Office of the Auditor General of Canada, Public Works Canada and the Public Service Commission.

Within the Program, the Corporate Policy sector ensures departmental co-ordination of policy issues and provides consistent liaison with Parliament, Cabinet policy committees, other federal departments and other levels of government. The range of functions includes research, evaluation, intergovernmental affairs and strategic planning. For certain key issues such as constitutional development, which cut across Program responsibilities, the Administration Program assumes the lead role with regard to policy development and analysis. Included in this sector's functions is the administration of two claims implementation secretariates.

2. Legal Mandate

The Administration Program provides policy direction and support to the two departmental operational Programs which include the Indian and Inuit Affairs program, whose legal mandate is based on the Indian Act, and the Northern Affairs Program, whose legal mandate is set out in various acts and regulations pertaining to Yukon and the Northwest Territories. The Department's overall responsibilities are defined in the Department of Indian Affairs and Northern Development Act, 1970 (as amended).

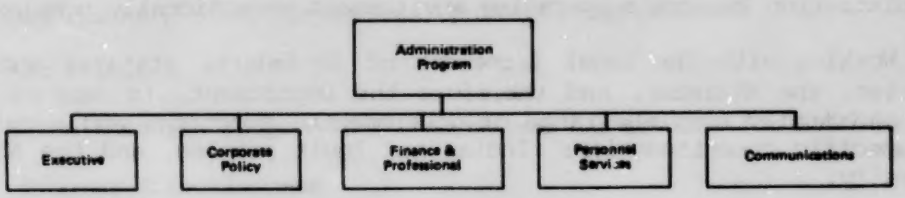
3. Program Objective

To ensure the efficient and effective management of the Department and its Programs in a manner that is responsive to its mandate, ministerial and parliamentary priorities, Central Agency directions and the overall needs of the Department's clients.

4. Program Organization for Delivery

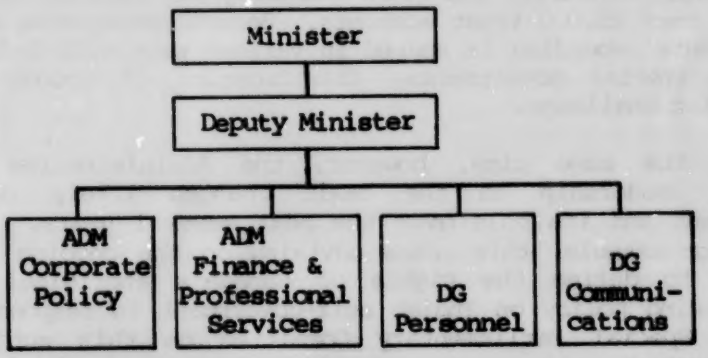
Activity Structure: The Administration Program is divided into five Activities. Figure 5 illustrates the activity structure.

Figure 5: Activity Structure (for details refer to Section III C).



Organization Structure: The organization structure of the Administration unit is divided into four components, two of which are headed by Assistant Deputy Ministers. The other two are headed by Directors General who report to the Deputy Minister.

Figure 6: Resources by Organization/Activity ($000)



	ADM Corporate Policy	ADM Finance & Professional Services	DG Personnel	DG Communi-cations	Total
Executive	200	*2,061	188	165	2,614
Corp. Policy	8,597				8,597
Finance and Prof. Services		30,178			30,178
Personnel			7,488		7,488
Communications				3,320	3,320
	8,797	32,239	7,676	3,485	52,197

* Includes $1,835,000 for Minister's and Deputy Minister's offices.

D. Planning Perspective

1. Environment

The Administration Program operates as the focal point for policy and administrative co-ordination within the Department. As such, the breadth and sensitivity of the Department's mandate make the Administration Program's operating environment exceptionally complex.

Working with the legal framework of 39 federal statutes and 13 treaties, the Minister, and therefore the Department, is responsible for a virtually complete range of governmental functions and services for specific constituencies: Indian and Inuit peoples, and the North generally.

This presents a "normal" departmental challenge of broad scope. For example, the Administration Program must establish and monitor the systems to administer over 5,000 contribution agreements with Indian governments, provincial and territorial governments, and other organizations, as well as approximately $62[illegible]M in direct departmental spending managed through 60 regional and district offices. These systems must cope not only with regular program expenditures, but also with controlling over 5,685 capital projects in excess of $299M in total value annually, and with operating and maintaining systems that support over 25,000 trust accounts. Because management of most of the Departments' spending is shared in various ways with Indians, Inuit or the territorial governments, clarification of accountability is a particular challenge.

At the same time, however, the Administration Program must provide leadership on the basic changes likely to affect the Department and its role over the next several years. On the policy side, for example, this means advising on the ongoing constitutional process to define the rights of Canada's aboriginal peoples, and recommending policy on Indian self-government in response to the work of the Special Parliamentary Committee on this subject. On the administrative side, for example, this will involve developing innovative planning, budgetary and accountability processes which can support the strengthening of Indian governments.

The cumulative effect of these issues is particularly acute in the current climate of restraint since the perceived needs of the Department's clients greatly exceed the incremental resources likely to be available.

This situation also underlines the importance of improving management advisory and support services to enhance the productivity resources assigned to all programs in the Department. Of particular concern in this respect is the quality of human resource management in terms of both the quality of people and of the processes whereby they contribute to the objectives of the Department.

The Communications Branch evaluates and realigns its communications resources in response to the governments communications initiative and increased requirements by its agencies for the preparation and implementation of communications strategies and plans. The objective will be to carry out more active communications, especially at the regional level in support of governmental and departmental strategic objectives and policy thrusts. Internal communications have been overhauled to improve employees' knowledge of the Department's aims, objectives, policies and programs.

2. Initiatives

The Administration Program proposes no new initiatives for 1985-86.

3. Program Effectiveness

Data cannot readily be presented in isolation from similar evaluations of the Indian and Inuit Affairs and the Northern Affairs Program Activities.

In Section II, Analysis by Activity, some data are presented for the Program Activities.

Section II
Analysis by Activity

A. Executive Direction

Objective

To ensure that the executive direction provided to the Department corresponds to the Minister's priorities and reflects the overall needs of clients, Parliament, central agencies and departmental managers with respect to strategic planning, approval and promulgation of relevant policies, accountability for results, and the related utilization of human and financial resources.

Resource Summary

This Activity accounts for approximately 5.0% of the total Administration Program expenditures and 4.4% of the person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive Direction	2,614	40	2,561	40	3,206	49

Of total expenditures in this activity 67.4% relate to personnel costs and the remainder to other operating costs, most of which are for professional and special services.

Past Financial Performance

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Executive Direction	3,206	49	2,610	40	596	9

Additional expenditures in this Activity are partially due to increased costs in the areas of travel, contractual requirements and associated costs for the Minister and Senior Departmental Officials regarding the First Ministers Conference and initiatives related to Indian Self Government and discrimination legislation.

Description/Resource Justification

The Executive Direction Activity includes the Minister, Deputy Minister, Associate Deputy Minister, Assistant Deputy Ministers of Finance and Professional Services and of Corporate Policy, Directors General of Personnel and Communication and the immediate support staff of their offices.

The Assistant Deputy Minister, Finance and Professional Services, as well as having management responsibilities for Finance and Professional Services, is responsible for the Department's management improvement and control practices.

The Assistant Deputy Minister, Corporate Policy, is the Department's senior policy officer. As such, he is responsible for providing the strategic framework within which policy is developed. He also ensures that detailed policies make sense, respond to the Minister's priorities and are capable of achieving their purposes.

The Director General, Personnel, is responsible for policy and program development services at the corporate level as well as provision of functional direction with respect to personnel operations in the regions.

The Director General, Communications is responsible for development of communications policy, standards and strategy as well as provision of communications advice to departmental senior management.

B. Corporate Policy

Objective

To ensure that the Department's overall policies and programs are coherent, consistent with the government's priorities and effective in meeting client needs; to research and develop strategic policies as assigned by the Minister or the Deputy Minister; and to evaluate departmental programs in accordance with Treasury Board policy.

Resource Summary

This Activity accounts for approximately 16.5% of the total Administration Program expenditures and 12.6% of the person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy	6,405	80	6,143	80	4,241	64
Evaluation	710	12	697	12	481	10
Research	1,171	18	1,169	18	819	16
Intergovernmental Affairs	311	4	-	-	-	-
	8,597	114	8,009	110	5,541	90

Of total expenditures in this activity 73.8% relate to personnel costs and the remainder to other operating costs, most of which are for professional and special services.

Past Financial Performance

Figure 10: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Policy	4,241	64	3,804	54	437	10
Evaluation	481	10	483	10	(2)	-
Research	819	16	822	20	(3)	(4)
Intergovernmental Affairs	-	-	-	-	-	-
	5,541	90	5,109	84	432	6

The deficit in this Activity results mainly from increased resourcing for constitutional discussions on Aboriginal Rights as approved in Supplementary Estimates 'B'.

Description/Resource Justification

Corporate Policy is the senior staff group for the Minister and Deputy Minister. It is responsible for strategic policy development; manages relations with provincial governments; conducts evaluations of programs and policies across the Department; conducts and supports research including that related to preparation of native claims; oversees the implementation of comprehensive claims settlements; manages Parliamentary relations and correspondence for the Minister and Deputy Minister; and coordinates the Minister's participation in the Cabinet Committee System. The strategic policy responsibility refers to policy that gives overall direction to the Department including policies which transcend the interests of individual programs, or have a major impact on the mandate and role of the Department. Overall, Corporate Policy is responsible for ensuring that the Department's policies and programs are consistent with the Minister's and government's priorities, and effective in meeting the needs of the populations served by the Department.

The Activity's resource requirements are primarily for salaries and professional services. There has been an intense demand for strategic policy in the Department in recent years as the basic relationship of the federal government to Indians and the North has been changing. This is apparent in such areas as constitutional development of aboriginal rights, Indian self-government,

intergovernmental agreements and other Indian or Inuit issues which increasingly require broad policy definition, e.g., Indian taxation, administration of justice of Indians, and hunting and fishing rights. There has also been a growing requirement for coordination of these fields of Indian policy with other major related developments in northern political evolution and comprehensive claims negotiations. Coordination of comprehensive claims settlement implementation has been located in Corporate Policy because of the special sensitivity of these complex, modern-day treaties, and their many new policy aspects. This is accomplished through the establishment of small implementation secretariats which coordinate the work of other branches within INAC, other federal Departments and, where appropriate, the offices of territorial and provincial governments. To date the Department has established two secretariats - one for the Western Arctic (COPE) Agreement and the other for the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement.

Research and evaluation responsibilities undertaken by this activity essentially support strategic policy and planning purposes. Their resourcing is thus broadly a function of the nature and requirements of the strategic policy and planning activity. The resources required for the evaluation function also depend on Treasury Board policies, and the Claims Funding Program administered by the research group is affected by government decisions on claims policy and approved levels of claims activity.

C. Finance and Professional Services

Objective

To provide central financial planning and operations which satisfy central agency and Parliamentary requirements for reporting, visibility, accountability and control, and to establish and maintain the technical competence required for departmental systems, and architectural, engineering and contract administration.

Resource Summary

This Activity accounts for approximately 57.8% of the total Administration Program expenditures and 59.4% of the person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Financial Services	5,646	134	5,982	134	5,541	135
Management Services Branch	11,576	240	12,290	240	11,633	269
Management Practices Branch	1,871	22	1,837	22	1,693	31
Technical Services and Contracts Branch	5,671	113	6,011	113	5,558	111
Departmental Audit Branch	5,150	25	3,841	25	3,529	26
Legal Services	264	6	259	6	240	6
	30,178	540	30,220	540	28,194	578

Of total expenditures in this activity 71.3% relate to personnel costs and the remainder to other operating costs, most of which are for professional and special services.

Past Financial Performance

Figure 12: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Financial Services	5,541	135	8,249	140	(2,708)	(5)
Management Services and Systems	11,633	269	13,087	263	(1,454)	6
Management Practices Branch	1,693	31	-	-	1,693	31
Technical Services and Contracts	5,558	111	5,587	115	(29)	(4)
Audit	3,529	26	3,596	28	(67)	(2)
Legal	240	6	247	6	(7)	-
	28,194	578	30,766	552	(2,572)	26

Surpluses were a result of restrictions placed on travel activities, delays in activities involving contracts e.g. audit contacts; more in house projects as opposed to planned contracted work; and reductions in systems development and maintenance costs.

Description/Resource Justification

Finance and Professional Services is divided into six sub-activities as illustrated in figure 12. Financial Services which includes Financial Administration Branch, Financial Management Branch and Headquarters Financial Services; Management Services Branch; Management Practices Branch; Technical Services and Contracts Branch. In addition there are two sub-activities, Departmental Audit Branch and Legal Services, which are the administrative responsibility of the Assistant Deputy Minister.

Financial Administration Branch: develops and operates systems of financial administration, develops accounting policy, and provides functional direction to departmental accounting.

Financial Management Branch: develops resource planning and allocation mechanisms, manages the Budgetary Control System, and provides resource planning information, advice and guidance on a functional basis regarding regional resource planning activities.

Headquarters Financial Services: provides forecasting, planning and analysis services to headquarters program managers and the operation of financial administration, accounting, resource control and financial reporting systems.

Management Services Branch: provides all automated data processing services throughout the Department including the development, maintenance and operations of departmental systems. For 1985-86 and future years, emphasis will be placed on decentralized applications of E.D.P. facilities to Regions. Provides central administrative and support services and the management of information and of assets both at Headquarters and field locations. As well, appropriate training will continue to the extent possible within existing resource levels.

Management Practices Branch: promotes sound managerial practices, processes and systems within the Department and is the focal point of Improved Management Practices, Accountability and Control (IMPAC) initiatives. It also carries out special projects and assignments as a result of new government policies or initiatives, and provides managerial advisory services within the Department.

Technical Services and Contracts Branch: is responsible for the provision of functional direction and advisory services concerned with the implementation of the Department's capital construction program, the maintenance of physical assets, the transfer of technology to Indian bands, fire protection and prevention on Indian reserves, and contract administration.

In addition to these functional responsibilities, Technical Services and Contracts provides direct support services to the headquarters units in contract administration and provides direct technical support and project management services in the implementation of the Department's Northern Roads activities.

Departmental Audit Branch: performs cyclical functional and management reviews of departmental organizations as well as special audits of selected client organizations. Findings and recommendations are reported to a Departmental Audit Committee chaired by the Deputy Minister.

Legal Services: provides advice and services of a legal nature to departmental management.

The majority of resources for the aforementioned organizations is required for salaries and related personnel expenditures.

D. Personnel Services

Objective

To provide functional direction and national policies required to acquire, develop, and maintain personnel to advise, assist, and support Departmental management and operations.

Resource Summary

This Activity accounts for approximately 14.3% of the total Administration Program expenditures 19.7% of the person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Functional Management	1,873	45	1,738	45	1,722	45
Operations	3,018	68	2,805	68	2,799	67
Special Concerns	2,597	66	2,404	66	2,386	64
	7,488	179	6,947	179	6,907	176

Of total expenditures in this activity 90.7% relate to personnel costs and the remainder to other operating costs, most of which are for professional and special services.

Past Financial Performance

Figure 14: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Functional Management	1,722	45	2,021	46	(299)	(1)
Operations	2,799	67	2,570	67	229	-
Special Concerns	2,386	64	2,395	70	(9)	(6)
	6,907	176	6,986	183	(79)	(7)

Description and Resource Justification

The Personnel Services Activity provides policy and program development services at the corporate level. It also delivers functional direction and monitors personnel operations and special human resource concerns throughout the regions of the department. Personnel Operations are provided to managers in NCR and nationally for specific non-delegated functions (e.g. management category).

Personnel administration is a staff function accountable to line management for the quality of advice and service delivered to managers and employees in all areas of personnel management. Personnel makes a contribution to the effectiveness and efficiency of the Department by providing all managers with quality advice and service in the areas of human resources planning, staffing, classification, workforce adjustment, training, special concern group employment, official languages, counselling, performance review and employee appraisal, employee relations, compensation, occupational health and safety and personnel information systems.

The advice and services delivered are consistent with legislative requirements and government-wide programs, policies and practices, to help managers effectively utilize their human resource complement. Personnel contributes to the acquisition, development and maintenance of a qualified work force and to the management of change by delivering clear and comprehensive programs which will assist management to improve participation in the Department of under represented groups - particularly Natives; it also assists in

improving management's capability to effectively plan and manage their human resources, and assist in the progress of managing changes as a result of devolution processes and economy measures.

The majority of resources are required for salaries and related personnel expenditures.

E. Communications

Objective

To ensure that clients, Members of Parliament and the general public have access to the level and quality of information needed to understand the Department's programs, policies, and services.

Resource Summary

This Activity accounts for approximately 6.4% of the total Administration Program expenditures and 3.9% of the person-years.

Figure 15: Activity Expenditures ($000's) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Communications	3,320	35	3,387	35	2,779	35

Of total expenditures in this activity 39.6% relate to personel costs and the remainder to other operating costs, most of which are for professional and special services.

Past Financial Performance

Figure 16: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Communications	2,779	35	3,129	35	(350)	-

Surpluses result mostly from restrictions placed on advertising and publications as well as on travel.

Description and Resource Justification

Communications branch provides advice to the Minister and senior management on ways to increase public awareness and understanding of the Department's policies, programs and services. It manages various communications functions, including publishing, exhibits, audio-visuals, public enquiries and public and media relations and provides services to the major Programs. In addition, it provides functional direction to communications officers in all regions. The majority of resources are required for salaries and related personnel costs.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Administration Program's expenditures for 1985-86 are presented in Figure 17.

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	33,135	31,254	30,710
Contributions to employee benefit plans	4,608	4,059	4,270
Goods and services			
Transportation and communications	2,158	2,418	1,886
Information	1,184	1,432	975
Professional and special services	9,141	9,782	6,889
Rentals	461	516	426
Repairs and upkeep	948	1,054	670
Utilities, Materials and supplies	423	470	346
All other expenditures	35	35	25
Total operating	52,093	51,020	46,197
Capital			
Construction and acquistion of equipment	104	104	430
Total capital	104	104	430
Total expenditures	52,197	51,124	46,627

M 31

2. Personnel Expenditures

The Administration Program's personnel costs of $37,743,000 account for 72.3% of total operating expenditures. This includes statutory contributions to employee benefit plans.

Figure 18: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Executive Direction	40	40	49
Corporate Policy	114	110	90
Finance and Professional Services	540	540	578
Personnel Services	179	179	176
Communications	35	35	35
Authorized Person-years	908	904	928

Figure 19: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Management	30	36	32	50,350 - 96,300	69,505
Other	17	9	8	-	59,043
Scientific and Professional					
Engineering and Land Survey	36	36	35	23,306 - 76,130	50,762
Library Services	7	7	6	19,782 - 50,712	29,476
Architecture	10	10	9	18,610 - 76,130	43,467
Economics, Sociology and Statistics	14	12	14	14,570 - 65,080	45,416
Other	5	5	5	-	46,171
Administration and Foreign Service					
Administrative Services	137	145	142	13,912 - 57,987	34,504
Computer Systems	28	28	27	18,766 - 61,433	38,282
Financial Administration	83	83	79	13,853 - 57,980	38,674
Information Services	32	32	31	13,579 - 57,980	38,950
Organization and Methods	46	46	47	13,520 - 57,980	42,110
Personnel Administration	68	68	71	13,330 - 63,870	37,372
Program Administration	60	57	32	13,912 - 57,987	45,314
Purchasing and Supply	9	9	12	12,766 - 57,980	36,498
Administrative Trainees	7	7	11	13,890 - 27,530	18,766
Other	3	3	2	-	26,410
Technical Category					
Drafting and Illustration	-	-	10	15,557 - 40,310	27,191
Engineering and Scientific Support	9	9	9	14,041 - 50,866	36,880
General Technical	10	10	8	12,635 - 55,682	33,074
Social Science Support	3	-	-	12,635 - 57,764	35,403
Administrative Support					
Clerical - Regulatory	173	178	174	12,932 - 31,743	21,107
Data Processing	10	10	10	13,352 - 37,130	22,823
Secretarial, Stenographic and Typing	103	95	106	12,636 - 31,946	20,640
Other	2	3	4	-	19,450
Operational Category					
General Sevices	6	6	6	13,253 - 39,988	22,225

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Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Other Operating Costs

These costs represent $14,454,000 or $27.7% of total costs. Of this amount, $2,158,000 (14.9%) is for transportation and communications, i.e., travel, telephones and telegrams, etc., and $9,141,000 (63.2%) is for professional and special services, i.e., contracts, consultants, etc.

B. Cost Analysis

Net Program Cost

Figure 20: Net Cost of Program by Activity for the Year 1985-86 ($000)

	1985-86 Operating Expenditure	Add Other Costs	Total Cost	Forecast 1984-85
Executive Direction	2,614	344	2,958	2,906
Corporate Policy	8,597	984	9,581	9,161
Finance and Professional	30,178	4,641	34,819	34,881
Personnel	7,488	1,539	9,027	8,492
Communications	3,320	305	3,625	3,690
	52,197	7,813	60,010	59,130

The adjustments made to the estimated operating expenditures to arrive at a total cost include accommodation provided without charge by Public Works Canada and other services provided without charge by other Departments.

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C. Additional Information

1. Activity Structure Crosswalk

Figure: Reconciliation of Revised 1985-86 Activity Structure to Previous 1984-85 Activity Structure

1985-86 Activity					1984-85 Activity
($000)	Executive	Advisory Services	Technical Services and Contracts	Claims Negotiation	Total
Executive Direction	1,867	747	-	-	2,614
Corporate Policy	-	8,597	-	-	8,597
Finance and Professional	-	23,140	6,075	963	30,178
Personnel	-	7,488	-	-	7,488
Communications	-	3,320	-	-	3,320
	1,867	43,292	6,075	963	52,197

Labour Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Labour Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section, and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $55,053,000 in support of the 1985-86 Labour Program. The remaining expenditures, estimated at $70,457,000 for contributions to employee benefit plans, payments of compensation respecting public service employees and merchant seamen, Labour Adjustment Benefits payments and the Minister's salary and motor car allowance, will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)		1985-86 Main Estimates	1984-85 Main Estimates
	Labour		
1	Operating expenditures	39,841	39,122
5	Grants and contributions	15,212	6,727
(S)	Minister of Labour - salary and motor car allowance	42	41
(S)	Payments of compensation respecting public service employees and merchant seamen	23,004	22,414
(S)	Labour Adjustment Benefits payments	43,394	23,150
(S)	Contributions to employee benefit plans	4,017	3,711
	Total Program	125,510	95,165

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Labour	
	Department	
1	Labour - Operating expenditures and the expenses of delegates engaged in activities related to Canada's role in international labour affairs	39,841,000
5	Labour - The grants listed in the Estimates and contributions	15,212,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary					Total	
		Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote		
Mediation and Conciliation	69	4,036	4	....	4,040	....	4,040	3,653
General Labour Services	351	18,470	222	7,500	26,192	....	26,192	24,426
Policy and Communications	182	10,359	27	7,712	18,098	....	18,098	10,826
Labour Adjustment Income Support Program	6	383	1	43,394	43,778	....	43,778	23,510
Injury Compensation Respecting Government Employees and Merchant Seamen	42	47,653	3	14	47,670	23,330	24,340	24,014
Administration	178	8,946	116	....	9,062	....	9,062	8,736
	828	89,847	373	58,620	148,840	23,330	125,510	95,165

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Extracts from Volume II of the Public Accounts

Use of appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 1 - Operating expenditures and the expenses of delegates engaged in activities related to Canada's role in international labour affairs	35,679,000	37,497,773	36,091,710
Vote 5 - The grants listed in the Estimates and contributions	18,770,000	27,750,183	24,338,815
	54,449,000	65,247,956	60,430,525
Statutory Budgetary Expenditures			
Minister of Labour - Salary and motor car allowance	39,100	40,975	40,975
Payments of compensation respecting Public Service Employees (Government Employees Compensation Act) and Merchant Seamen (Merchant Seamen Compensation Act)	20,114,000	29,695,391	29,695,391
Contributions to employee benefit plans	3,380,000	3,762,000	3,762,000
Labour adjustment benefits (Labour Adjustment Benefits Act)		10,682,496	10,682,496
Refunds of amounts credited to revenue in previous years		25,178	25,178
	23,533,100	44,206,040	44,206,040
Total Program	77,982,100	109,453,996	104,636,565

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86 the Labour Program will undertake the following:

- continued implementation of amendments to the Canada Labour Code (see page 28);
- implementation of a new compliance policy for Parts III and IV of the Code, designed to promote self-regulation throughout Labour Canada's jurisdiction and to advance an increased employee-employer awareness of their responsibilities for the workplace and the prevention of occupational hazards (see page 28);
- programs of information, education and promotion, and other initiatives aimed at increasing communication, consultation and cooperation among officials and leaders in the labour, government and business communities (see page 38); and
- proposed evaluations of the statutory programs Labour Adjustment Benefits and Federal Government Employment Injury Benefits (see pages 47 and 51, respectively).

2. Financial Summary by Activity

Funding requirements for the Labour Program for both the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Mediation and Conciliation	4,040	3,675	365	21
General Labour Services	26,192	23,713	2,479	28
Policy and Communications	18,098	16,679	1,419	38
Labour Adjustment Income Support Program	43,778	40,612	3,166	47
Injury Compensation Respecting Government Employees and Merchant Seamen	47,670	43,884	3,786	51
Administration	9,062	9,116	(54)	55
	148,840	137,679	11,161	61
Less-Receipts and Revenues Credited to Vote*	23,330	21,096	2,234	62
	125,510	116,583	8,927	61
Authorized person-years	828	839	(11)	

*These receipts and revenues are derived from the operation of the Injury Compensation Respecting Government Employees and Merchant Seamen Activity.

Explanation of Change: The increase of $8,927,000 (7.7%) in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	($ million)
• General Labour Services Activity for the Labour Education Program;	0.8
• Policy and Communications Activity for the Technology Impact Research Fund;	1.2
• Policy and Communications Activity for the Labour-Government Employee Secondment Program;	0.4

	($ million)
• Labour Adjustment Income Support Program Activity for increased statutory labour adjustment benefits payments;	3.2
• Injury Compensation Respecting Government Employees and Merchant Seamen Activity as a result of a revision to the forecast of statutory compensation payments;	1.6
• Contributions to employee benefit plans in all Activities; and	0.2
• Salaries and wages in all Activities.	1.4

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $21.4 million or 22.5% higher than the 1984-85 Main Estimates of $95.2 million (Extracts from Part II of the Estimates, page 4). The difference of $21.4 million reflects the following major offsetting items:

	($ million)
• Supplementary Estimates for a grant to the Canadian Labour Market and Productivity Centre (Policy and Communications Activity);	5.0
• upward revision of the forecast for statutory labour adjustment benefit payments due primarily to an increase in layoffs in nationally designated industries (Labour Adjustment Income Support Program); and	17.0
• downward revision of the forecast of statutory compensation payments under the Government Employees Compensation Act to reflect a lower inflation rate (Injury Compensation Respecting Government Employees and Merchant Seamen Activity).	(1.0)

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 were:

- preparation of amendments to the Canada Labour Code for tabling in 1984-85 (see page 18);

- establishment of a Public Affairs Unit aimed at improving consultative mechanisms. Charged with promoting contact and consultation between the federal government and the trade union movement, and between organized labour and the business community, this unit has been organizing and continues to organize a series of consultation seminars which bring together senior labour, government, and business officials for an exchange of ideas and concerns (see page 19); and

- release of the report of the Commission of Inquiry into Part-Time Work on September 7, 1983 (see page 18).

An update of the Program's performance during 1984-85 is as follows:

- passage on June 29, 1984, of major amendments to the Canada Labour Code which included, amongst other things, extended child-care leave availability, new protections against sexual harassment in the workplace, strengthened safety and health provisions with coverage extended to include most employees under federal jurisdiction including those in the federal Public Service, mandatory union dues check-off, and revision and clarification concerning the duty of fair representation (see page 18);

- establishment of a Part-Time Employment Unit to examine the implications of an inquiry commission's recommendations on part-time work (Wallace report), with a view to developing policies by the summer of 1985 (see page 18);

- development of responses to problems presented by the introduction of microtechnology in the workplace, through legislative requirements for advance notice and negotiation of significant change to protect employees from adverse consequences of such change, and development and implementation of the Technology Impact Research Fund and Technology Education Seminars (see page 18);

- policy and program development is now under way for delivery under Part III of the Labour Code respecting Equal Pay provisions (see page 28);

- development and administration of a Labour-Government Employee Secondment Program, and provision of financial support to the Canadian Labour Market and Productivity Centre as part of the ongoing initiative to improve communication and consultation mechanisms among the major interests of business, labour and government (see page 19); and

- improvements to the labour data base through the development of an "effective wage" measure, a measure which takes into account the effects of cost-of-living adjustments (COLA) negotiated in collective agreements, thereby giving a more accurate picture of wage changes in the economy. The improvements also provide for the inclusion in the data base, of collective agreements from the construction industry.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Mediation and Conciliation	3,368	3,262	106
General Labour Services	21,436	18,767	2,669
Policy and Communications	15,167	9,478	5,689
Labour Adjustment Income Support Program	24,754	16,969	7,785
Injury Compensation Respecting Government Employees and Merchant Seamen	47,052	52,789	(5,737)
Administration	8,535	7,817	718
	120,312	109,082	11,230
Less-Receipts and Revenues Credited to Vote*	15,675	31,100	(15,425)
	104,637	77,982	26,655

*These receipts and revenues are derived from the operation of the Injury Compensation Respecting Government Employees and Merchant Seamen Activity.

The difference between actual expenditures and the Main Estimates is due primarily to the following items:

	($ million)
• Supplementary Estimates for contribution payments under the Labour Education Program and various offsets (General Labour Services Activity);	2.5
• Supplementary Estimates for a grant to the Canadian Labour Market and Productivity Centre and other miscellaneous items (Policy and Communications Activity);	5.7
• Supplementary Estimates for statutory labour adjustment benefit payments (Labour Adjustment Income Support Program Activity);	8.1
• lower than anticipated costs of the Automatic Assumption provision in Nova Scotia Workers' Compensation legislation, which relates to the provision of compensation to any coal miner who has worked at the face of a mine, or in similar conditions, for twenty years or more, and who suffers a loss of lung function (Injury Compensation Respecting Government Employees and Merchant Seamen);	(5.7)
• related to the above, corresponding lower than anticipated revenues associated with the Automatic Assumption provision in Nova Scotia Workers' Compensation legislation (Injury Compensation Respecting Government Employees and Merchant Seamen);	5.7
• outstanding accounts mainly due to a legal dispute with a major client (Injury Compensation Respecting Government Employees and Merchant Seamen Activity); and	9.7
• Supplementary Estimates for the centralized distribution of publications and reallocations from other activities to cover cost over-runs (Administration Activity).	0.7

C. Background

1. Introduction

Jurisdiction over labour matters in Canada is subject to divisions among the federal and provincial governments. Although the power to

legislate in the field of labour relations is primarily the constitutional responsibility of the provinces, the federal government also has constitutional authority originally vested in the British North America Act to enact labour legislation affecting a number of matters within its exclusive jurisdiction.

The Canada Labour Code, which is the responsibility of the Labour Program, applies to employees across Canada who work for an industry or enterprise which is considered a federal undertaking or business. These include those industries involved in interprovincial or international rail, road and pipeline transportation, shipping and related services, air transportation, interprovincial and international telecommunications, banks and certain Crown corporations. Also included are industries declared by Parliament to be for the general advantage of Canada, such as uranium mining. Finally, all non-federal industries in the Yukon and the Northwest Territories are under federal labour jurisdiction with respect to Part V (Industrial Relations) of the Labour Code.

Although Labour Canada's programs of compliance, prevention and enforcement are applied only to those industries and enterprises within the federal jurisdiction, the Labour Program is also concerned with improvements to the labour relations system and climate in all of Canada. Its concerns also involve general labour issues as they may be affected by, and impact upon, public policy choices by the government as a whole. In this respect, education, communication, promotion, information, and policy research and analysis programs are not limited to the industries under federal jurisdiction but are national in scope.

The operations of Labour Canada are complemented by those of the Canada Labour Relations Board, which is an independent, quasi-judicial body empowered to certify bargaining agents and adjudicate certain kinds of disputes, mainly in the area of industrial relations.

2. Legal Mandate

The mandate of the Labour Program is derived from the Department of Labour Act and the Canada Labour Code, which consists of Labour Standards (Part III), Occupational Safety and Health (Part IV), and Industrial Relations (Part V), as well as the Fair Wages and Hours of Labour Act, the Government Employees Compensation Act, the Merchant Seamen Compensation Act and the Labour Adjustment Benefits Act.

In general, this mandate involves the assurance of appropriate labour standards and the fostering of a positive labour relations climate through the administration of the Program's legislation.

3. Program Objectives

The objectives of the Labour Program are:

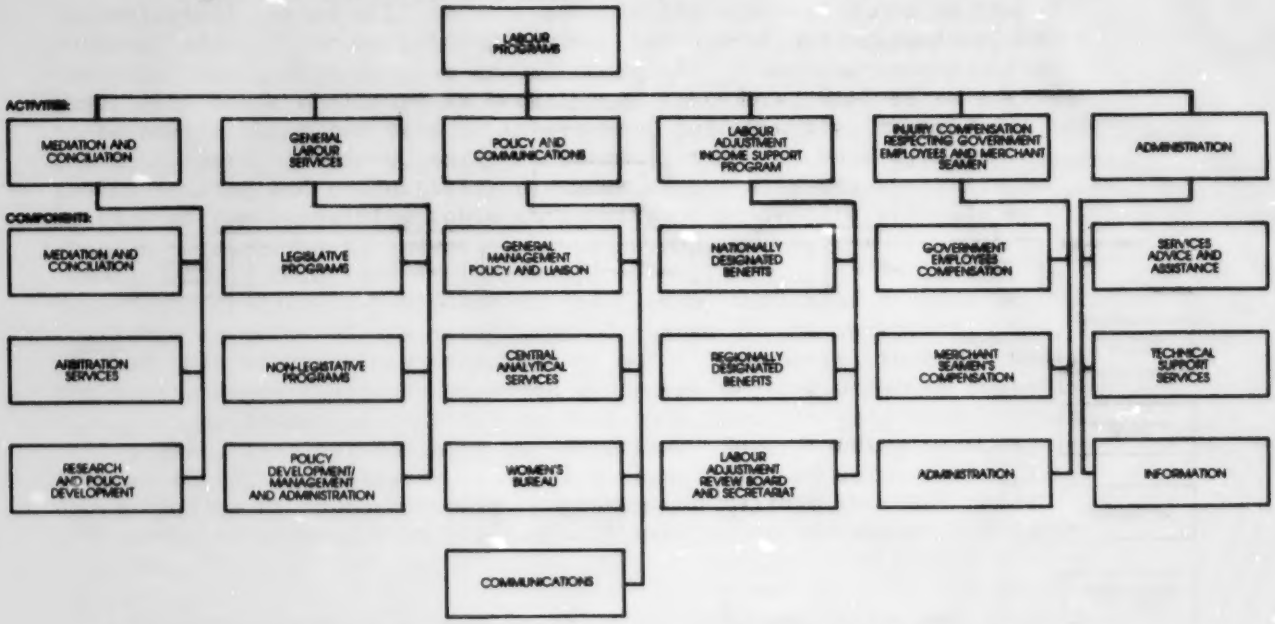
- To promote and sustain stable industrial relations, a fair return for efforts in the workplace, and a working environment conducive to physical and social well-being;
- to protect the rights and interests of the parties involved in the world of work;
- to promote equitable access to employment opportunities; and
- to foster a climate for improved consultation and communication among government, labour and management.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 3 on the next page, the Labour Program is divided into six activities, each consisting of one or more components. Two activities, Injury Compensation Respecting Government Employees and Merchant Seamen, and Labour Adjustment Income Support Program, are statutory. The first activity is designed to meet requirements of the Government Employees Compensation Act and the Merchant Seamen Compensation Act. The latter, Labour Adjustment Income Support Program, meets the requirements of the Labour Adjustment Benefits Act. Two other activities, Policy and Communications, and Administration, are aimed at policy/program development and management, and the provision of support systems and services respectively. The remaining activities, Mediation and Conciliation, and General Labour Services, are intended for the direct provision of services to the Labour Program's clients.

Two components represented in the 1984-85 Program Expenditure Plan have changed, in name only, to better represent the existing supporting functions. The Administration and Policy Development Component of the General Labour Services Activity is now Policy Development/Management and Administration. Within the Labour Adjustment Income Support Program Activity, the Administration Component has been changed to Labour Adjustment Review Board and Secretariat.

Figure 3: Activity Structure

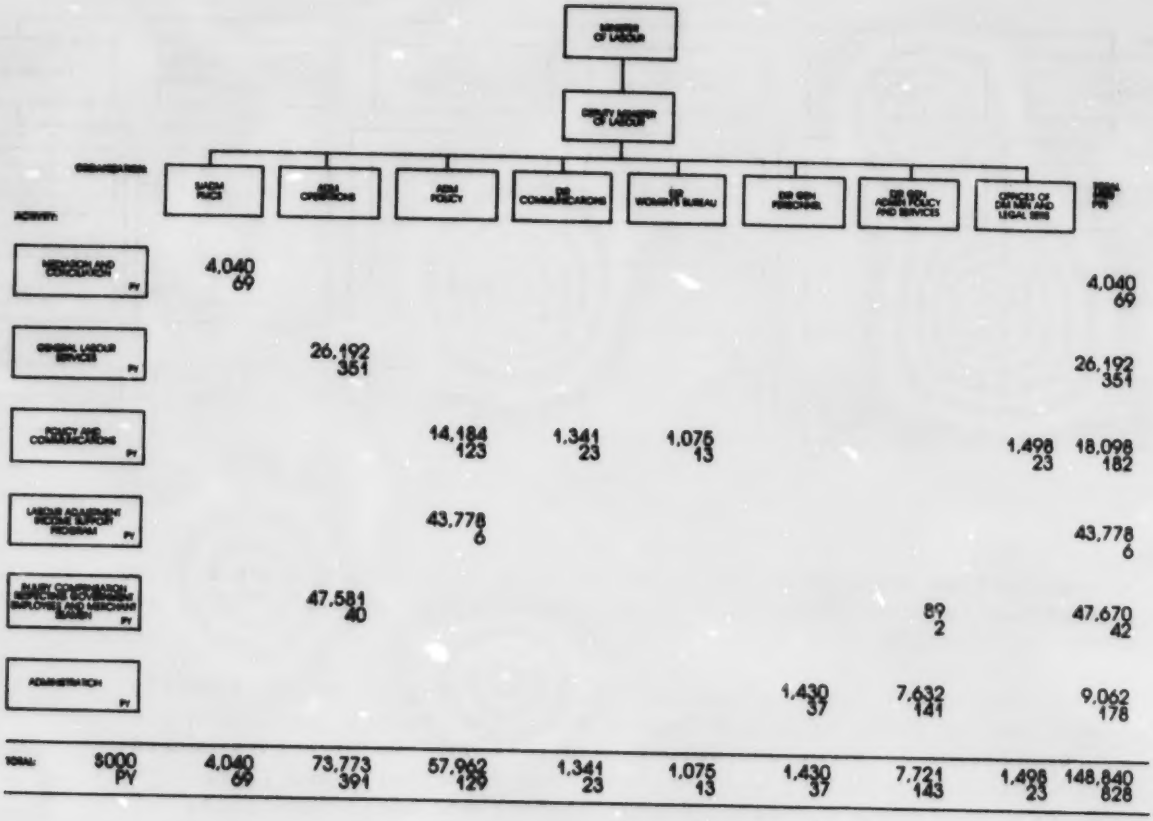


Organization Structure: The Labour Program is a highly decentralized organization consisting of a headquarters, five regional offices and twenty-five district offices.

The Deputy Minister manages the Labour Program and is directly assisted by three Assistant Deputy Ministers (Federal Mediation and Conciliation Service, Operations, and Policy), two Directors-General (Administrative Policy and Services, and Personnel), and three Directors, (Women's Bureau, Communications and Legal Services).

Figure 4 on the next page, outlines the activity/organization structure of the Labour Program and the respective resource requirements.

Figure 4: Resources by Organization/Activity ($000)



Activity		Labour Canada	Adm. Operations	Adm. Policy	Info. Communications	Women's Bureau	Dep. Adm. Personnel	Dep. Adm. Admin. Policy and Services	Offices of Dep. Adm. and Legal Serv.	Total
Minister and Deputy Minister	PY	4,040 69								4,040 69
General Labour Services	PY		26,192 351							26,192 351
Policy and Communications	PY			14,184 123	1,341 23	1,075 13			1,498 23	18,098 182
Labour Adjustment Benefits Support Program	PY			43,778 6						43,778 6
Dairy Commission, Agricultural Stabilization Board, Employee and Merchant Banks	PY		47,581 40					89 2		47,670 42
Administration	PY						1,430 37	7,632 141		9,062 178
Total	$000 PY	4,040 69	73,773 391	57,962 129	1,341 23	1,075 13	1,430 37	7,721 143	1,498 23	148,840 828

D. Planning Perspective

1. Environment

The Canadian economy is currently recovering from the most severe set-back since the depression of the nineteen thirties. Economic forecasts for the medium-term generally indicate a period of renewed but modest growth. Substantial progress has been made in reducing price and cost inflation, but generally speaking, over the past few years, nominal wage gains have not kept pace with prices, and real wages have fallen. These factors will undoubtedly affect the labour relations climate and may impose substantial strains on the collective bargaining system.

Concern over unemployment, job preservation and uncertainty over technological change will be uppermost in the minds of those on the workers' side of the bargaining table. Employers' preoccupations, on the other hand, will revolve around productivity and cost competitiveness. The basic challenge in bargaining, therefore, will be to attempt to reconcile these two sets of interests. Job security, re-training, income support, pensions, early retirement, two-tier wage systems, profit sharing and productivity are some of the elements that will be in play at the bargaining table in an attempt to resolve this difference in perspective as between labour and management.

Major changes taking place in the economy will also provide a challenge in terms of the management of change in the workplace, whether that workplace is organized or not. Fundamental sectoral and regional changes caused by advances in technology and offshore competition will no longer be confined to what have been the traditional areas of footwear, tanning, clothing and textiles. Several other sectors, such as mining and forestry, have also shown signs of vulnerability. The extension of income support programs such as that provided under the Labour Adjustment Benefits Act will need to be addressed in this context.

Economic change will also in all likelihood call into question the adequacy of existing labour legislation and standards. The effectiveness of present standards and regulations in the field of occupational safety and health, for example, is coming under increasing scrutiny. Furthermore, the emerging concerns over new issues such as robotics, ergonomics, bio-technology and office air quality will add impetus to the demands for reassessment.

Finally, the rapid increase in the number of women in the workplace has brought into question the adequacy of legislation and norms in such areas as equal pay for work of equal value, family leave and sexual harassment. Many of the three million women who have moved into the work force over the past two decades find themselves occupying part-time positions, which are less well structured in terms of pay and benefits than are corresponding full-time positions. Public policy decisions surrounding such matters as minimum wage, pensions and health benefits for the part-time work force will be very much to the fore during this period.

2. New Initiatives

In keeping with its policy on restraint, the Department has no new initiatives of financial significance for 1985-86.

3. Update on Previously Reported Initiatives

Amendments to the Canada Labour Code: Following extensive consultation with some 40 employer and employee associations, a major bill to amend the Canada Labour Code was tabled in the House of Commons on May 15, 1984, passed on June 29, 1984, and is being proclaimed in stages.

One of the major objectives of this bill is to consolidate legislative powers for work health and safety, which had previously been fragmented. Part IV of the Canada Labour Code will also be extended to include most employees under federal jurisdiction, including those in the federal Public Service.

The amendments to Part IV are also designed to encourage greater worker and employer participation in occupational health and safety matters through compulsory health and safety committees or health and safety representatives.

The effect of the amendments to Part III of the Code, will be to improve the position of workers with family responsibilities and to address the problem of sexual harassment in the workplace.

Amendments to Part V, which were proclaimed in force July 18, 1984, include amongst other things provision for mandatory union dues check-off (Rand Formula), clarification of the definition of dependent contractor and employer, advance notice of technological change, revision and clarification concerning the duty of fair representation, and improved provisions relating to the administration of the legislation.

Commission of Inquiry into Part-Time Work: Subsequent to the release of the report of the Commission of Inquiry into Part-time Work (Wallace Commission) in September 1983, a Departmental Committee was established to analyze its findings. The Committee concluded that before action could be taken on any of the Inquiry Commission's 32 recommendations, information was needed both about the circumstances of part-time workers under federal jurisdiction, and about the costs to employers and employees of increasing benefits for these workers.

Therefore, a Part-Time Employment Unit ($230,000 operating for 1984-85) was established in June 1984, with the mandate of collecting the necessary data by means of a survey and consultations with provincial governments, employers and unions. When the data has been gathered and analyzed, recommendations will be made for appropriate changes in policies and/or legislation.

Microtechnology: The impact of new technologies on the workplace has been addressed by the Labour Program through the following endeavours.

Legislative requirements have been put in force for employers to provide for advance notice and negotiation of significant changes to protect employees from adverse consequences of technological change.

A three-year Technology Impact Research Fund Program (approximately $4.5 million in contribution funds only, covering 1984-85 to 1986-87) was created to provide financial support for research studies on the social and human impacts of technological change in the workplace, and for demonstration or pilot projects that illustrate effective methods of cooperative development and implementation of technological innovation.

Related to the above is a separate initiative which will be introduced in an effort to foster a more strategic approach within the labour movement to technology-related issues. The Department is sponsoring a process (Technology Education Seminars) which will increase trade union leaders' awareness of the challenges and opportunities stemming from technological change and encourage them to minimize the adverse effects and maximize the beneficial effects.

Consultative Mechanisms re National Dialogue: The Department's communication and consultation efforts have concentrated on interpreting the goals and aspirations of the labour movement to the federal government and, in turn, on interpreting government activities and policies to organized labour. This interface between labour and government has been achieved through a variety of mechanisms ranging from informal joint seminars to providing a "pathfinding" service (for organized labour) to key government departments. This pathfinding service is assisted in part through a three-year Labour-Government Employee Secondment Program (approximately $1.6 million in contribution funds only, covering 1984-85 to 1986-87). The Department also provides financial support to the Canadian Labour Market and Productivity Centre to address key issues such as productivity and employment growth.

More recently, the Department has expanded its consultative initiatives by acting as a catalyst in fostering dialogue between labour and the business community. These relatively low-key efforts to build up a level of trust and confidence among the parties are judged to be essential to any successful, high profile meetings of labour, business and government.

4. Program Effectiveness

Due to the diversity of the Labour Program, program effectiveness measures will be obtained by activity level effectiveness indicators rather than overall program level. Some activity level indicators are now in place, such as those displayed in Figures 7 and 8 on pages 24 and 25 for the Mediation and Conciliation Activity. The development of further activity level effectiveness measures and indicators is a

priority of departmental management. The development of suitable monitoring and information systems to produce such indicators will require time and experience. However, it is expected that in the next several years effectiveness of all the major activities of the Labour Program will be measured and reported accordingly.

In 1983 the Conditions of Work program was evaluated. This evaluation indicated that the program continues to be a relevant instrument to achieve government objectives in the labour affairs field. The evaluation also reviewed the program performance in terms of specific labour standards such as hours of work, fair wages and hours of labour, and unjust dismissal. The evaluation findings are presently under review by program managers and a follow-up strategy will be articulated by the end of the 1984-85 fiscal year. The Labour Education Program is currently under evaluation. The Department also proposes to evaluate the Quality of Working Life Program, and two major statutory programs dealing with the Labour Adjustement Benefits Program and the Federal Government Employment Injury Benefits Program.

Section II
Analysis by Activity

A. Mediation and Conciliation

Objective

To promote and maintain a stable industrial relations environment by providing third-party dispute resolution assistance in federal jurisdiction, and by implementing innovative strategies, policies and legislative proposals.

Resource Summary

Expenditures for the Mediation and Conciliation Activity will account for approximately 3.2% of total 1985-86 Program expenditures and 8.4% of total person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Mediation and Conciliation	2,669	47	2,364	45	2,026	40
Arbitration Services	746	8	669	8	514	7
Research and Policy Development	625	14	642	15	828	18
	4,040	69	3,675	68	3,368	65

Past Financial Performance

Figure 6: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Mediation and Conciliation	2,026	40	2,123	45	(97)	(5)
Arbitration Services	514	7	483	8	31	(1)
Research and Policy Development	828	18	656	16	172	2
	3,368	65	3,262	69	106	(4)

No significant changes occurred between 1983-84 planned and actual financial performance.

Description

The Mediation and Conciliation Activity, through the Federal Mediation and Conciliation Service, fulfills the statutory responsibility under the Canada Labour Code, Part V, for the provision of conciliation, mediation and arbitration assistance for dispute resolution in the federal private sector; the adoption of dispute prevention initiatives to maintain stable labour-management relations; and the provision of industrial relations expertise for policy formation and implementation, and legislative development. Three components are identified: Mediation and Conciliation; Arbitration Services; and Research and Policy Development.

Mediation and Conciliation: This component involves the appointment of conciliation officers, conciliation commissioners and conciliation boards, mediators, fact-finders and industrial inquiry commissions and the processing of complaints to the Minister concerning alleged unfair labour practices. Other services provided are preventive mediation, and grievance and complaint mediation, which are applicable during the "closed" period of contracts and serve to facilitate collective bargaining and reduce labour-management conflicts.

Arbitration Services: This component involves the investigation of requests received by the Minister for the appointment of arbitrators and the establishment of arbitration boards to arbitrate grievance disputes during the term of collective agreements. It also involves the appointment of adjudicators to hear and adjudicate complaints of unjust dismissals lodged by employees not subject to collective agreements, pursuant to Part III of the Canada Labour Code. Arbitration Services also conducts research and promotes systems to expedite the grievance arbitration process, maintains the National Inventory and Subject Index of Arbitral and Adjudication Awards, and publishes the Federal Arbitration Award Digest and Arbitration Services Reporter.

Research and Policy Development: This component involves the research and analysis of industrial relations problems, policy development and the provision of technical support and economic advice to third-party appointees.

Performance Information/Resource Justification

Mediation and Conciliation: This component will require $2,669,000 and 47 person-years to perform its function.

Workload: The number of federal private sector collective agreements entering their "open" or bargaining period represents the overall potential caseload for Mediation and Conciliation, and provides an indication of the mix of resource usage among major tasks in any given year.

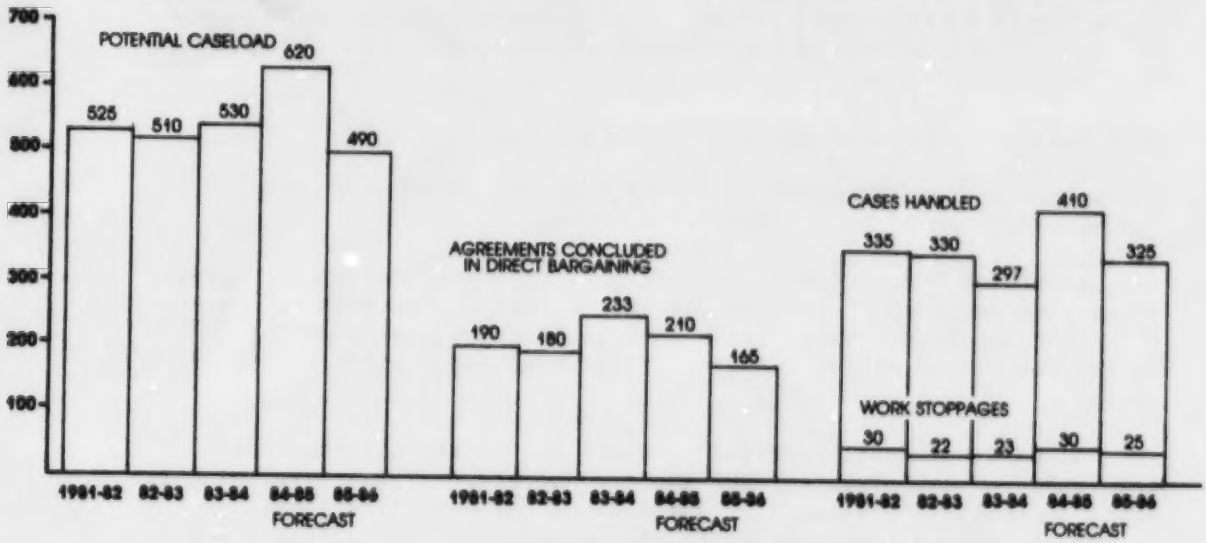
Overall potential caseload consists of bargaining situations involving renewal of existing collective agreements plus bargaining for first collective agreements as a result of new certifications. Bargaining for renewal represents the majority of the caseload, but bargaining for a first agreement generally requires a larger commitment of time and resources than does renewal.

On average, between 35% and 45% of all renewal agreements are reached by the parties in direct negotiations (i.e., without third-party assistance). The remaining situations call for mediation or conciliation assistance and represent the actual demand or workload for the Mediation and Conciliation component.

The number of collective agreements expiring in any given year is a function of the original term of the agreements. Longer term agreements contribute to labour stability, but in times of economic uncertainty the parties often seek shorter terms or reopener provisions. The Public Sector Compensation Restraint Act (PSCRA) had the effect of extending collective agreements at federal Crown Corporations for two years. These agreements represent approximately 20% of the Federal Mediation and Conciliation Service universe, and the result has been a

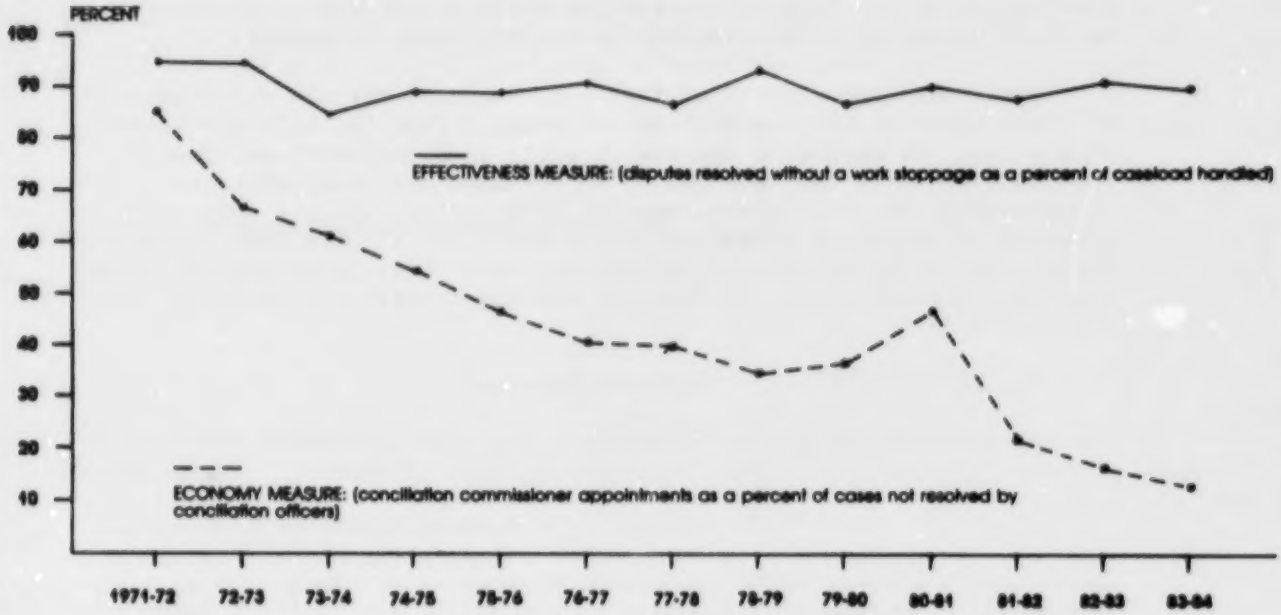
decrease in potential caseload for 1982-83 and 1983-84, but a significant increase in the number of agreements expiring in fiscal year 1984-85. It is anticipated that the number of expiring agreements will return to pre-PSCRA or normal levels in 1985-86, which is a decrease in workload from the forecasted 1984-85 caseload. This is reflected in Figure 7, which demonstrates the recorded and forecast levels of potential and actual demand for mediation and conciliation assistance.

Figure 7: Collective Bargaining Under Part V, and Federal Mediation and Conciliation Service Caseload



Economy: Over the past ten years, the program has deliberately de-emphasized the use of conciliation commissioners (industrial relations experts outside of the public service retained to provide dispute resolution assistance) and increased the use of government conciliators, in the role of mediators. The overall rate of settlement without work stoppage has been maintained, and a significant financial saving realized (see Figure 8).

Figure 8: Effectiveness and Economy Measures



Effectiveness: The primary measure of effectiveness of the Mediation and Conciliation component is the percentage of cases concluded to finality without a work stoppage. As indicated in Figure 8 above, despite a number of outside variables affecting the bargaining process, the component has consistently maintained a settlement ratio in the 90% range.

The number of disputes which involve a work stoppage varies from year to year, as does the duration of the stoppages. However, on average, less than 0.5% of all available work time per year is lost due to labour disputes.

Arbitration Services: This component will require $746,000 and 8 person-years to perform its function. With the exception of the maintenance of the Index of Arbitral and Adjudication Awards, and the publication of the Federal Arbitration Award Digest and Arbitration Services Reporter, this component is totally keyed to demand.

Workload: Under Part V of the Code, requests for the appointment of arbitrators to resolve differences arising from the interpretation of a collective agreement emanate directly from the parties. Under Part III, requests for referral of unjust dismissal complaints to adjudication are made at the regional office level and are only referred to Arbitration Services after mediation efforts have failed to bring about a settlement. Consequently, only those cases that Arbitration Services refers to the Minister for appointment are computed. See Figure 9 below.

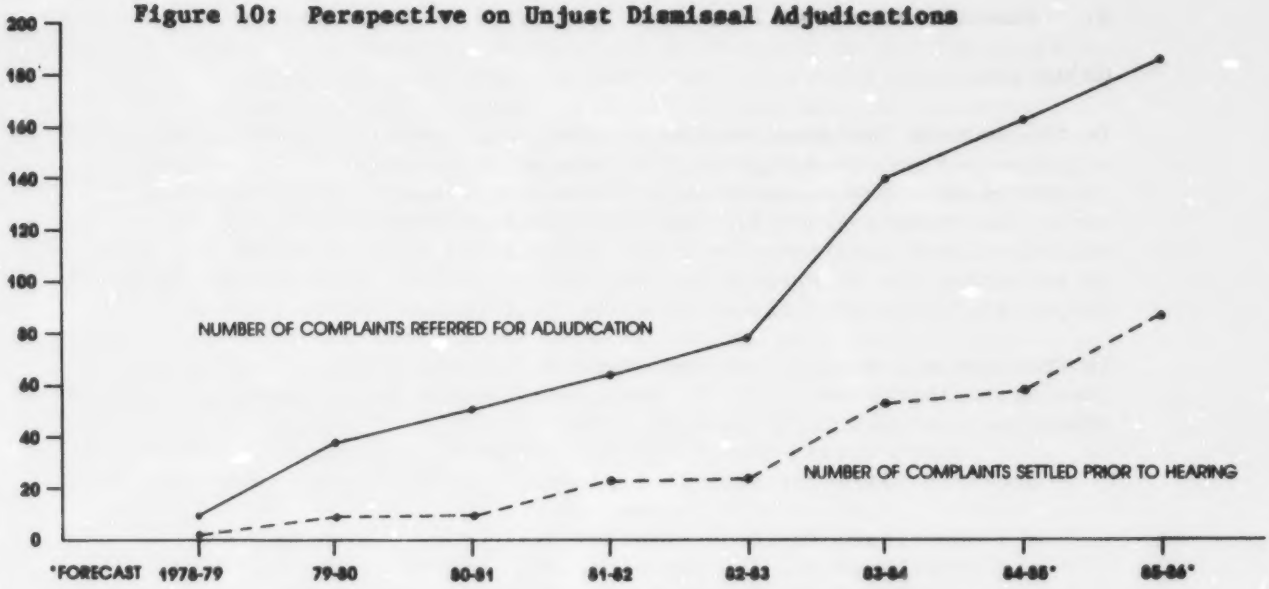
Figure 9: Arbitration Services Caseload

	Part V			Part III
	Requests	Cases[2] Settled	Arbitrators Appointed	Adjudicators Appointed
1980-81	68	28	40	51
1981-82	92	49	43	63
1982-83	114	44	70	78
1983-84	115	37	76	140
1984-85[1]	127	40	87	162
1985-86[1]	139	43	96	184

[1]Forecast
[2]Difference resolved prior to appointment of arbitrator

The increase in usage of the unjust dismissal adjudication provision since its introduction in 1978, is demonstrated in Figure 10.

Figure 10: Perspective on Unjust Dismissal Adjudications



The substantial increase over the period 1978-79 to 1983-84 is likely due to an increase in the number of complaints filed as knowledge of the provision amongst the unorganized federal labour force improves. The increase in the number of complaints settled prior to adjudication hearing is attributed to improved knowledge by employers of the jurisprudence governing unjust dismissal settlements.

Research and Policy Development: The proportion of resources devoted to this component are shown in Figure 11 as a percentage of the resources of the total Mediation and Conciliation Activity. These supportive functions are best expressed as a percentage of the Activity since their resource allocation is largely dependent on the demand for third-party assistance as described in the two previous components.

Figure 11: Research and Policy Development Resources as a Percentage of Total Activity Resources

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Person-Years	14 (20%)	15 (22%)	18 (28%)
Expenditures ($000)	625 (16%)	642 (17%)	828 (25%)

B. General Labour Services

Objectives

In the federal jurisdiction: to develop programs and to provide new policies and proposed legislative changes in response to identified client needs and government priorities with respect to occupational safety and health (Part IV) and conditions of work (Part III); to enforce client compliance with the legislation (Parts III and IV) and to encourage the acceptance by workers, unions and employers of their respective responsibilities under the legislation (Parts III and IV).

In the national context: to encourage value and attitudinal shifts leading to improvements in the workplace through the programs of Labour Education and Quality of Working Life.

Specific plans for 1985-86 include:

- continued implementation of Bill C-34. Given delayed proclamation, the implementation of the changes to Parts III and IV of the Canada Labour Code will be accelerated in 1985-86. Emphasis will be placed on enforcing the requirements of the Code with respect to Safety and Health Committees and Representatives, and revision or development of Part IV regulations.

- implementation of a new compliance policy for Parts III and IV of the Code. It has been determined that traditional methods of delivery are no longer adequate in achieving a sufficient level of client compliance with Parts III and IV of the Code. Accordingly, a new rationalization of services is being pursued under the aegis of this policy which will bring increased program focus on those companies and industrial sectors which have a higher incidence of accidents, complaints, and/or violations. An appropriate balance will also be sought between programmed inspections and response to complaints. The new compliance policy and procedures are designed to promote self-regulation throughout Labour Canada's jurisdiction and to advance an increased employee-employer awareness of their responsibilities for the workplace and the prevention of occupational hazards.

- implementation of an equal pay program designed to effect reduced employer discriminatory pay practices within the federal jurisdiction as expressed in the concept "equal pay for work of equal value".

- proposals being put forward for the extension of the Labour Education and Quality of Working Life Programs subject to positive evaluations.

- implementation of a national training program for Labour Affairs Officers (LAO's) which is designed to provide consistent training for all new LAO's and continuous upgrading for existing staff. Labour Affairs Officers are the essential delivery personnel for the legislative programs in General Labour Services. Faced with a high degree of future turnover in this area due to retirement, individuals with ready-made skills and experience are becoming relatively scarce.

Resource Summary

Expenditures for the General Labour Services Activity will account for approximately 20.9% of total 1985-86 Program expenditures and 42.4% of total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Legislative Programs	14,824	283	13,323	272	11,524	248
Non-legislative Programs	8,376	18	7,358	14	6,641	24
Policy Development/Management and Administration	2,992	50	3,032	49	3,271	66
	26,192	351	23,713	335	21,436	338

Past Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Legislative Programs	11,524	248	12,165	251	(641)	(3)
Non-legislative Programs	6,641	24	3,149	24	3,492	-
Policy Development/ Management and Administration	3,271	66	3,453	67	(182)	(1)
	21,436	338	18,767	342	2,669	(4)

The difference between actual expenditures and the Main Estimates resulted mainly from the following items:

	($ million)
• approval in Supplementary Estimates of the extension of the Labour Education Program and other miscellaneous items;	4.5
• lapses due mainly to fewer than anticipated quality of working life contributions and a reduction in the contribution to the Canadian Labour Congress labour education program; and	(0.9)
• reallocation of funds to offset cost overruns in other activities.	(0.9)

Description

General Labour Services involves the development and administration of legislated programs directed towards a safe and healthy working environment, and fair and equitable opportunities in employment; and the promotion and implementation of non-legislated activities aimed at constructive relationships between labour and management, and a better informed work force on union and socio-economic affairs.

Within General Labour Services, three components have been identified as the basis for management accountability. These are: Legislative Programs; Non-Legislative Programs; and Policy Development/ Management and Administration.

Legislative Programs: This component involves operations intended to enforce compliance with provisions of Parts III and IV of the Canada Labour Code and the Fair Wages and Hours of Labour Act. The operations undertaken are inspections, investigation of complaints and accidents, technical surveys of work environments, and the establishment of safety and health committees in enterprises under federal jurisdiction, as well as the program development and technical support related to compliance.

Non-legislative Programs: This component involves operations which are advisory, promotional and educational. The intent is to achieve positive attitudinal changes toward the workplace, and better understanding among members of labour organizations of the roles of the various participants in the industrial relations system. This work is carried out through a Quality of Working Life program and the provision of Labour Education grants and contributions.

Policy Development/Management and Administration: This component involves the provision of administrative support, and policy development and management to the Legislative and Non-Legislative Programs.

Performance Information/Resource Justification

Legislative Programs: This component will require $14,824,000 and 283 person-years to perform its function.

Workload: The measurable workload of this component is based on three indicators: Complaint Activities, which involve the investigation of complaints respecting conditions of work and occupational safety and health matters, unjust dismissal conciliations, accident investigations, and refusal to work; Inspection Activities, which involve conducting inspections to increase compliance with the legislation; and Safety and Health Committees, which involve ensuring the establishment of Safety and Health Committees in enterprises under federal jurisdiction. In Figures 14, 15, and 16, these indicators are expressed in terms of workload trends.

Figure 14: Complaint Activities

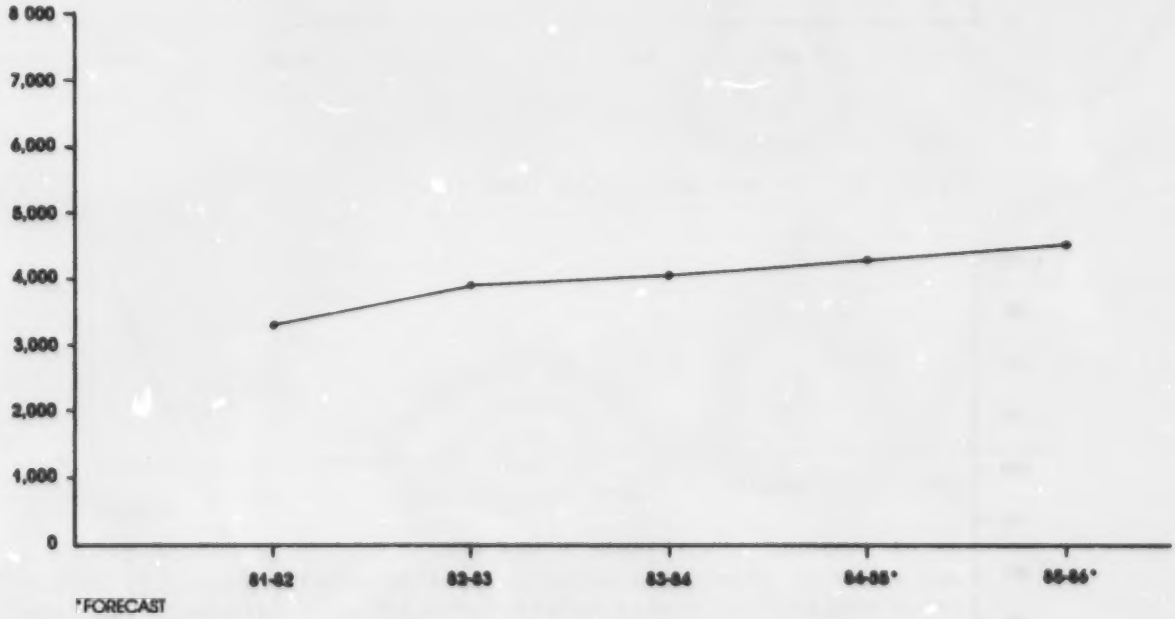


Figure 15: Inspection Activities

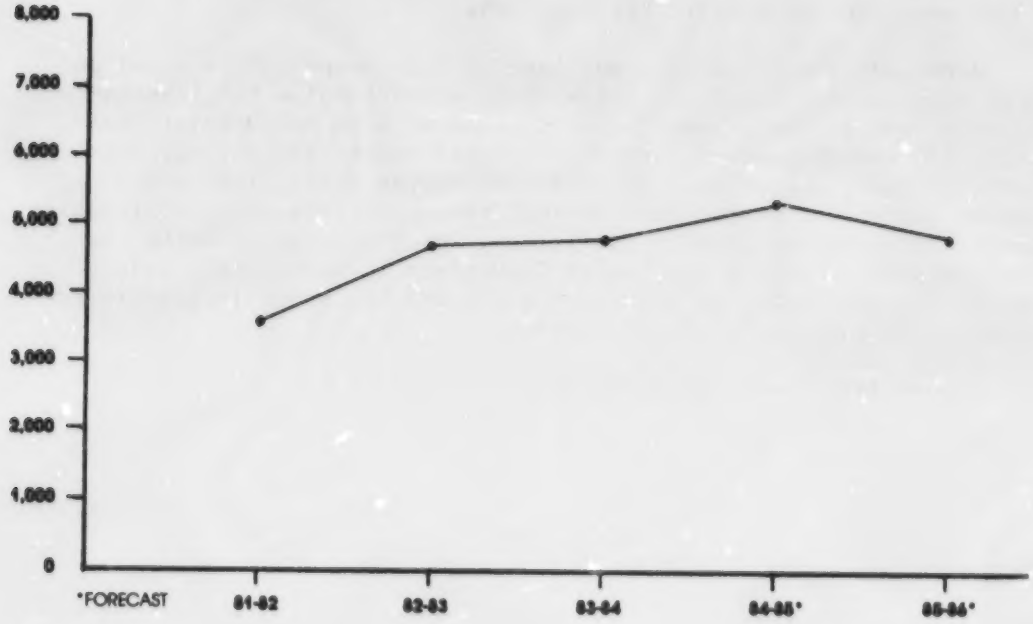
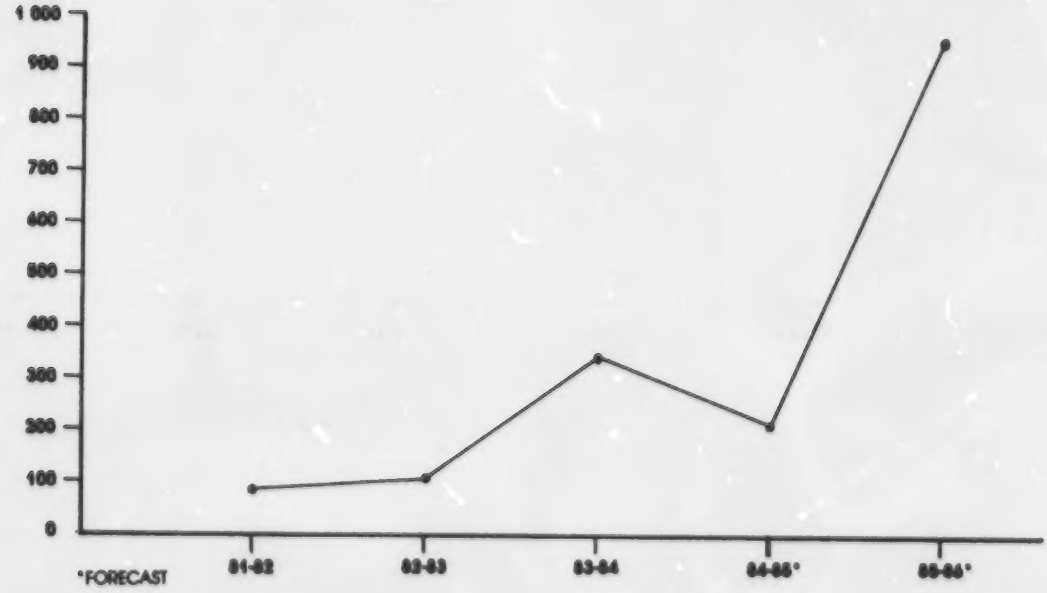


Figure 16: Safety and Health Committees

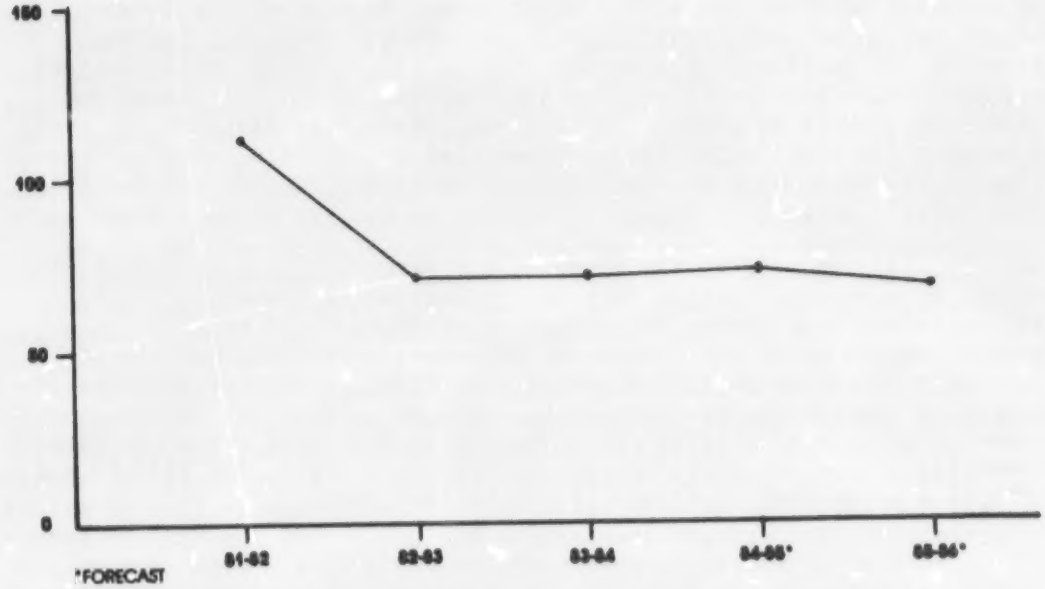


Although there is an upward trend in the area of complaints, a slight reduction in the number of inspections is anticipated for 1985-86, which is partly attributable to the additional time and effort that will be consumed in activities related to the establishment and monitoring of Safety and Health Committees as a result of passage of Bill C-34.

The number of Safety and Health Committees to be established in 1984-85 is lower than originally estimated. This is mainly due to the delay in the proclamation of amendments to the Code. In anticipation of the above, extensive training on committee implementation and monitoring has been undertaken and will continue throughout 1985-86.

Efficiency: Figure 17 provides an indication of efficiency trends that relate to the two major groups of activities — complaints and inspections -- and to the person-years directly devoted to them (LAO time).

Figure 17: Complaint and Inspection Cases Settled per Person-Year



The beginning of the decade saw a significant increase in the number of Labour Affairs Officers. General training of these new officers, combined with the concentrated effort to finalize cross-training to provide a generalist approach to case resolution (introduced in the mid-1970s), led to a slight downward trend in output per person-year in 1981-82 and stabilized. No significant change, therefore, is foreseen in the number of cases settled per person-year between 1983-84 and 1985-86.

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The average completion time for an inspection is presently 1.5 days; complaints concerning unjust dismissal are usually resolved in four to five days, while the average time to handle a complaint on failure to pay wages is ten days. A current study of our person-year utilization in the above activity sectors is expected to produce data on the percentage of officer time spent by activity. Such information, when available, will assist the program management in setting productivity standards and targets.

Non-legislative Programs: This component involves the administration of the Quality of Working Life Program and the Labour Education Program. It will require $8,376,000 and 18 person-years to perform its function.

The Quality of Working Life (QWL) program, which is aimed at improving employee work satisfaction and organization productivity and effectiveness, is part of Labour Canada's broad strategy for promoting responsible labour-management relations and the well-being of Canadian workers. Promotional, educational and experimental in nature, the program seeks to encourage and support workplace innovation in response to changing economic and social conditions. Because of the develop mental nature of many organizational improvement projects, "action-learning" is an essential program feature. To this end, organizations are encouraged to closely monitor and evaluate their experiences and report on results achieved. In this way, other organizations may learn from existing experiments and be encouraged to innovate. The publication of relevant QWL case studies is an important program component in this regard.

In 1981 the program was expanded and extended for a period of five years, with the realization that before increasing numbers of successful organizational change demonstration projects could be anticipated, general awareness of the values and processes underlying Quality of Working Life had to be raised, and a supportive infrastructure created. Four main program thrusts were identified, and activities in all four areas undertaken simultaneously. These activities and the anticipated financial resources, provided on a contribution basis, for 1984-85 and 1985-86 are outlined in Figure 18 on the next page.

Figure 18: Quality of Working Life Contributions Budget ($000)

Thrusts - Main Program Activities	1984-85	1985-86
Promotional and awareness-raising activities (conferences, workshops)	70	50
Development of knowledge and skills (publications, development of courses, training bursaries)	180	155
Supportive networks and institutions (QWL Centres)	200	200
Change projects undertaken by organizations	335	250
	785	655

Performance indicators fall under two main headings, quantitative and qualitative, which flow from the "action-learning" objectives of the QWL program. A primary quantitative "action-oriented" performance indicator is the number of "Change projects undertaken by organizations" (see Figure 18) resulting from the program. QWL site implementations have shown substantial growth over the past two years, from 3% of the budget in 1981-82 to 34% of the budget in 1983-84. This result can be attributed in part to the very real need for productivity improvements experienced by Canadian organizations and the existence of a growing number of supportive institutions able to provide specialized resources in the field of workplace innovation.

Under the qualitative performance indicators, which are "learning-oriented", the results achieved through the application of QWL programs within organizations will be analyzed by the careful monitoring and evaluation of projects in order to establish baseline data. Qualitative as well as quantitative information will be gathered over the course of the next two years, and preliminary results and conclusions will be published. At the end of the five-year period it will be possible to make comparisons and draw some conclusions as to the effectiveness of a variety of innovative approaches to organizational change and their contribution to the industrial relations climate.

Although the program is national in scope, it must be flexible in its application in order to respond to regional needs and priorities. Starting in 1983-84, a Regional Budgetary Envelope approach was implemented for the QWL contribution budget, and it is now an integral part of the program planning process.

In addition, there is an operating budget of $278,000 for 1985-86 in support of general program activities such as planning, delivery, management, publications, training and evaluation. This budget is shared between Headquarters and the five regions.

The objective of the Labour Education Program is to create a better informed union membership, stimulate more constructive collective bargaining, and help labour participate more fully and knowledgeably in socio-economic affairs. With respect to this function, six contributions totalling $5,527,000 will be made in 1985-86 to major central labour organizations, and $1,292,000 will be provided to independent unions and individual members for education and research projects. The total membership covered by the 1983-84 fund distribution represents 3.2 million of the 3.6 million unionized workers in Canada. Bursaries were granted to eleven individual union members to enroll in labour education courses or to conduct research projects.

Embodied in the new contracts with central labour organizations are requirements for the submission of a quarterly cash flow forecast, a quarterly accounting of receipts and expenditures, annual audits and activity reports. The courses provided by the recipients include a wide variety of subjects such as collective bargaining, steward training, parliamentary procedures, union administration, negotiation skills, conciliation and arbitration procedures, occupational health and safety, women in the workplace, economic issues, labour legislation, leadership and public relations.

The Labour Education Program is scheduled to terminate March 31, 1986. An independent evaluation of the program, planned for 1984-85 is now underway and is to be completed by March 1985. Subject to a positive evaluation, a proposal will be made to extend the program.

Figure 19 on the following page, shows the distribution of funds in 1983-84 and 1984-85, and the proposed allocation of the funds for 1985-86.

Figure 19: Distribution of Labour Education Funds by Organization

	1983-84	1984-85	1985-86
Canadian Labour Congress	$3,378,631	$3,901,324	$4,291,000
Confederation of National Trade Unions	323,141	345,780	398,500
Canadian Federation of Labour	317,236	361,332	398,500
Canadian Conference of Teamsters	141,479	140,992	171,500
Centrale de l'enseignement du Québec	129,005	145,778	161,500
Centrale des syndicats démocratiques	84,911	96,266	106,000
Independent Unions	585,675	974,000	1,167,000
Individual Union Members (bursaries)	50,000	95,000	125,000
	$5,010,078	$6,060,472	$6,819,000

Policy Development/Management and Administration: The proportion of resources devoted to this component is shown in Figure 20, as a percentage of the resources of the total General Labour Services Activity. These administrative and policy support functions are best expressed as a percentage since their resource allocation is largely dependent on the workloads described in the two previous components.

Figure 20: Policy Development/Management and Administration Resources as a Percentage of Total Activity Resources

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Person-Years	50 (14%)	49 (15%)	66 (20%)
Expenditures ($000)	2,992 (11%)	3,032 (13%)	3,271 (15%)

C. Policy and Communications

Objectives

To provide policy direction and management of the Labour Program; to provide analysis, research and information on labour matters; to participate in international labour bodies; to communicate Labour Canada programs and policies; to promote constructive labour relations and improvements in the situation of women in their pursuit of equality in the workplace.

Specific plans for 1985-86 include:

- management of the Labour-Government Employee Secondment Program, the Technology Impact Research Fund, and Technology Education Seminars.

- the development and implementation of significant changes in the quality and quantity of data collection and analysis, including new statistical concepts for reporting wage and non-wage benefits in collective agreements, the inclusion in the data base of agreements covering fewer than 500 employees, the analysis of unit costs of labour for wage and non-wage provisions, and an analysis of agreements at the micro level in order to provide effective input into policy development on social, economic and legislative issues by government departments.

- preparation for a federal-provincial ministerial conference on selected labour issues, to be held in 1985-86.

- planning and development of a labour issues component in the federal government pavilion at Expo 86 in Vancouver.

- a major revision of the publication "Women in the Labour Force", aimed at refining and refocussing the statistical information provided therein, and ensuring its publication on an annual basis.

- organization of the forthcoming International Labour Organization (ILO) Americas Regional Conference and duties associated with membership on the Governing Body of the ILO. This conference, which will be hosted by Canada, will focus on rural development, including problems of indigenous populations, labour relations, and general ILO-related developments in the Americas.

Resource Summary

Expenditures for the Policy and Communications Activity will account for approximately 14.4% of total 1985-86 Program expenditures and 22% of total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
General Management, Policy and Liaison	10,483	55	9,626	57	8,227	50
Central Analytical Services	5,199	91	4,838	93	4,312	95
Women's Bureau	1,075	13	748	12	845	12
Communications	1,341	23	1,467	27	1,783	28
	18,098	182	16,679	189	15,167	185

Past Financial Performance

Figure 22: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
General Management, Policy and Liaison	8,227	50	2,289	31	5,938	19
Central Analytical Services	4,312	95	4,712	102	(400)	(7)
Women's Bureau	845	12	1,265	13	(420)	(1)
Communications	1,783	28	1,212	21	571	7
	15,167	185	9,478	167	5,689	18

Supplementary Estimates were approved for the following items:

	($000)
• Canadian Labour Market and Productivity Centre; and	5,000

($000)

- promotion of amendments to the Canada Labour Code and the implementation of changes to the Collective Bargaining Monitoring and Technical Systems. 709

Description

The Policy and Communications Activity involves the provision of analysis, management and direction through the offices of the Minister, the Deputy Minister, and a policy and liaison group; the analysis and development of economic and social policies related to labour issues; the provision and analysis of labour market data; the co-ordination and participation in international and federal-provincial organizations; the promotion and strengthening of the efforts of women to achieve equality in the labour force; and the communication of departmental programs, policies, legislation and services.

Four components are defined: General Management, Policy and Liaison; Central Analytical Services; the Women's Bureau; and Communications.

General Management, Policy and Liaison: This component formulates short-term and long-term objectives and priorities; integrates operational and program areas with goals and strategies; develops and co-ordinates policies promoting a positive climate of labour relations; promotes consultation among organized labour, government and business on labour matters; delivers the Technology Education Seminars and the Technology Impact Research Fund; analyzes the status of part-time workers in the federal jurisdiction and recommends appropriate changes to the Canada Labour Code; undertakes the general management of the Program, analyzes and develops policy on economic and social issues of concern to labour and for liaison with other federal departments, the provinces and international agencies; and co-ordinates Canadian participation in international and interprovincial bodies related to labour affairs, specifically the International Labour Organization (ILO). It consists of the Minister's Office, the Deputy Minister's Office, the Assistant Deputy Minister of Policy's Office, Policy and Liaison, Public Affairs Unit, and the Part-Time Employment Unit.

Three sub-components constitute the Policy and Liaison function: Policy and Strategic Analysis; Federal/Provincial Relations; and International Relations.

Central Analytical Services: This component provides analysis, research, data collection and dissemination, and policy studies in the area of labour economics and industrial relations. It also collects and publishes a wide range of data and information derived from the collective bargaining process.

Three sub-components constitute Central Analytical Services: Labour Data; Economics and Industrial Relations Research; and Industrial Relations Information.

Women's Bureau: This component provides research and policy development, and promotes a positive public dialogue to advance the situation of women in their pursuit of equality in the workplace.

Communications: This component involves the overall planning, development and implementation of a comprehensive communications program for the Department, and the provision of professional and technical communications advice, expertise and assistance to all Program activities.

Performance Information/Resource Justification

General Management, Policy and Liaison: This component will require $10,483,000 and 55 person-years to perform its function. The Policy and Liaison aspect of this component consists of the following three sub-components. It should be noted that the nature of this work does not lend itself readily to formal performance measurement systems. However, ongoing performance is monitored by managers through a regular review of work plans.

Policy and Strategic Analysis: This sub-component will require $7,320,000 and 6 person-years to perform its function.

This unit is responsible for briefings and strategic analyses of social and economic issues related to labour matters. It prepares policy papers and liaises with government and private organizations in matters of productivity, technological change, and pension/retirement policy. It also administers the Technology Impact Research Fund, and provides financial support to the Productivity Branch of the Canadian Labour Market and Productivity Centre.

Federal/Provincial Relations: This subcomponent will require $444,000 and 9 person-years to perform its function.

This area is responsible for the monitoring and analysis of trends and issues pertaining to labour matters in provincial jurisdictions, for the purpose of developing departmental initiatives.

In support of this, the unit maintains a documentation centre supplying analysis and research on Canadian labour legislation to governments and the public. It also acts as the secretariat for the Canadian Association of Administrators of Labour Legislation (CAALL).

International Relations: This sub-component will require $559,000 and 7 person-years to perform its function.

This unit co-ordinates Canadian participation in international labour activities, particularly the International Labour Organization (ILO), co-ordinates the preparation of reports on the application of ILO Conventions ratified by Canada, and manages complaints by Canadian unions to the ILO Freedom of Association Committee. It also organizes attendance at ILO Governing Body meetings of which Canada is a member, and is planning for the forthcoming ILO Americas Regional Conference.

Central Analytical Service: This component will require $5,199,000 and 91 person-years to perform its function. For explanatory purposes it has been divided into three sub-components: Labour Data; Economic and Industrial Relations Research; and Industrial Relations Information.

Labour Data: This sub-component will require $2,558,000 and 56 person-years to perform its function.

Labour Data collects, analyzes, and disseminates labour-related information through a series of regularly published periodicals. The majority of its information comes directly from industrial establishments, unions and collective agreements. In other cases, such as information on work stoppages, statistics are collected through provincial labour departments and/or Employment and Immigration Centres and press clippings.

During 1984-85, the unit established a performance measurement framework to gauge the quantity and quality of each of the statistical tasks. The system will be implemented with performance indicators for fiscal year 1985-86. A publication and project monitoring system was introduced in April 1984, and an inquiries/response monitoring system to measure planned versus actual performance was established in June 1984.

Workload: Major outputs include:

- the production of a Canada-wide survey of wage rates, salaries and hours of labour, resulting in 22 community publications and one all-Canada publication with an annual distribution of 10,000 volumes;

- the annual publication of "Strikes and Lockouts in Canada", showing time lost, dates and major issues in work stoppages by industry and by province, and a monthly report monitoring work stoppages for each month;

- the publication of "Labour Organizations in Canada", an annual directory summarizing data on labour unions, both national and international, and union federations in Canada;

- the maintenance of a collective agreement library of over 8,000 agreements in both federal and provincial jurisdictions;

- the maintenance of computerized data bases providing data on wage and non-wage provisions contained in 1,100 current major collective agreements; and

- the production of statistical and informational publications pertaining to collective bargaining published on a monthly, quarterly, annual and periodic basis.

Economic and Industrial Relations Research: This sub-component will require $1,216,000 and 21 person-years to perform its function.

The work of this unit involves analysis of the impact of economic factors and trends, analysis of industrial relations and socio-economic issues, and assessment of policy and program proposals in terms of consistency with government and Labour Canada priorities and their impact on industrial relations in Canada. This unit produces background studies and research reports for Labour Canada and government officials, specific client groups and the general public. The unit is also responsible for certain aspects of the Labour Adjustment Benefits (LAB) Act, specifically policy review, recommendations to Cabinet on designations, economic analysis of program recipients, and liaison with other departments involved with labour adjustment policy.

Workload: The work of this area is mainly in response to the internal policy and analysis needs of the Labour Program and the needs of other government officials, for example, the submission to the Macdonald Royal Commission. Its workload cannot be forecast with any accuracy, i.e., the number and subject matter of each of the many discussion papers, reports and studies, on various labour economics and industrial relations subjects produced each year are not known in advance. However, selected reports and studies are periodically published and made available to the interested public. In addition, publications based on comparative analysis and research of labour-related legislation are produced annually. Two research-related grants programs are also administered: the Unsolicited Grants Program ($40,000), which supports endeavours by the Department's clientele (such as conferences) that contribute to Labour Canada's objectives; and the University Research Grants Program ($62,000), which encourages and supports research in the field of labour relations and labour economics, particularly by younger scholars.

Industrial Relations Information: This sub-component will require $1,126,000 and 10 person-years to perform its function.

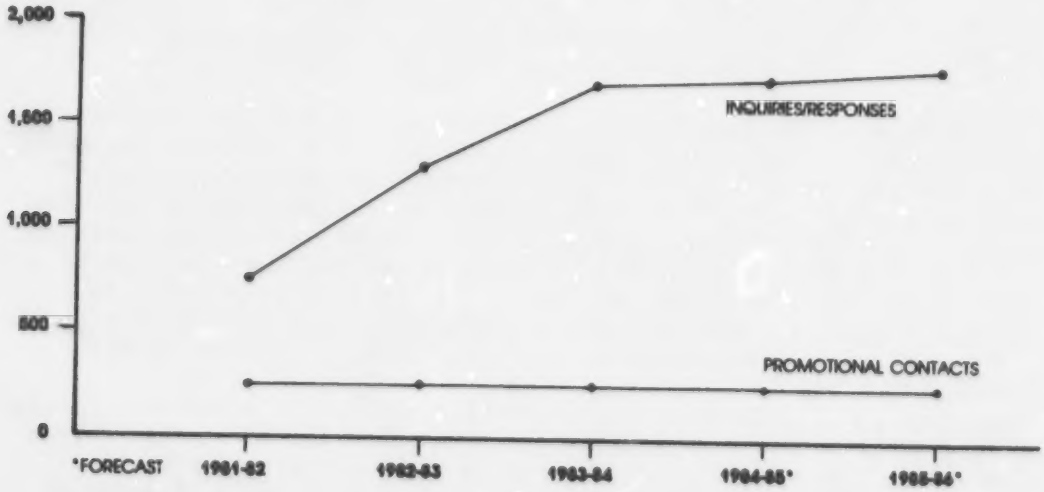
This unit provides an information service for individuals and organizations in the industrial relations field by drawing on this Activity's information sources and data banks and other government and

private sector sources. This sub-component also administers the new Labour-Government Employee Secondment Program, which stimulates and facilitates temporary assignments of staff between labour organizations and the federal public service.

Workload: Since the inception of this service in 1981-82, the level of activity has sustained a request rate about 1,700 to 1,800 requests per annum. It is expected to continue at that rate in 1985-86 as indicated in Figure 23. However, the planned enhancement of the collective agreement data base will generate operating efficiencies by making certain varieties of requests simpler to handle. This will permit a broader range of service to be provided to clients and serve as a base for attracting new clients.

Performance is monitored by periodic follow-up checks with clients. This will be supplemented in 1984-85 by a formal client survey within the target population to establish that the level of service is in keeping with requirements. It is anticipated that this survey will be conducted annually thereafter.

Figure 23: Number of Inquiries/Responses and Promotional Contacts



Women's Bureau: This component will require $1,075,000 and 13 person-years to perform its function.

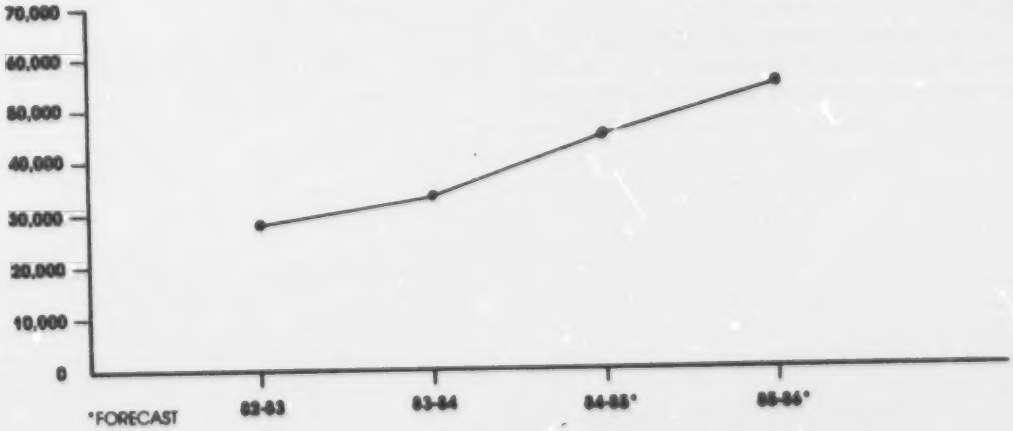
A large portion of its resources ($221,000) is devoted to research and policy development addressing those factors which hamper equality in the workforce. These factors are identified in part by government priorities and initiatives, but also in response to pressure from constituent groups: women's groups, lobby groups, labour, the general public, and the media. Pressure from interested groups for policy

change in areas such as equal pay for work of equal value, part-time work, technological change, and the health and safety of workers, has increased markedly, and is expected to continue strongly in 1985-86. The Bureau's resources are also devoted to national and international policy development, as demonstrated by its role in formulating the National Plan of Action concerning women, and participation in activities related to the UN Decade of Women. The impact of such research and policy development is long-term, and cannot be evaluated at time of implementation.

The Bureau strives to advance the situation of women in their pursuit of equality in the work force by promoting public awareness, and encouraging discussion of issues of special interest to women. This is done through an information and education program which will require $256,200, and includes conferences and seminars, discussion and informational papers, statistical and general publications, and a Women's Bureau exhibit.

Interest in these events and requests for publications have increased markedly in recent years, and this trend is expected to continue. Figure 24 below, shows the number of Women's Bureau publications requested from 1982-83 to 1985-86. In addition, requests for the Women's Bureau exhibit have increased from three in 1983-84 to ten in 1984-85, and are expected to increase further in 1985-86.

Figure 24: Number of Women's Bureau Publications Provided



Communications: This component will require $1,341,000 and 23 person-years to perform its function.

Effectiveness of the communications process is measured by analysis of attitudinal and awareness shifts among target publics, by monitoring and evaluating public/media reactions and information requests, by assessing public displays and special events, and by conducting awareness/opinion surveys subsequent to specialized advertising programs.

A useful indication of the level of activity of these three components -- General Management, Policy and Liaison; Women's Bureau; and Communications -- is their ratios of person-years and operating dollar costs to the Labour Program total as displayed in Figure 25. In both instances the ratios are expected to remain relatively constant over the next three years.

Figure 25: Policy Related Resources as a Percentage of Total Departmental Resources

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Person-Years	91 (11%)	96 (11%)	90 (11%)
Expenditures ($000)	12,899 (10%)	11,841 (10%)	10,855 (10%)
Expenditures (Excluding $5,000,000 per year for the Canadian Labour Market and Productivity Centre)	7,899 (7%)	6,841 (6%)	5,855 (6%)

D. Labour Adjustment Income Support Program

Objective

To administer the Labour Adjustment Benefits Act.

A specific plan for 1985-86 includes the proposed evaluation of the labour adjustment benefits program.

Resource Summary

Expenditures for the Labour Adjustment Income Support Program Activity will account for approximately 34.9% of total 1985-86 Program expenditures and 0.7% of total person-years.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Nationally Designated Benefits	34,300	-	32,600	-	21,383	-
Regionally Designated Benefits	9,094	-	7,579	-	3,008	-
Labour Adjustment Review Board and Secretariat	384	6	433	6	363	6
	43,778	6	40,612	6	24,754	6

Past Financial Performance

Figure 27: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Nationally Designated Benefits	21,383	-	8,500	-	12,883	-
Regionally Designated Benefits	3,008	-	8,237	-	(5,229)	-
Labour Adjustment Review Board and Secretariat	363	6	232	3	131	3
	24,754	6	16,969	3	7,785	3

The program was originally conceived as a means of combining newly-introduced regional designations with the general designations that had existed in the textile, clothing, footwear and tanning industries for several years. Prior to 1982, these programs together had never exceeded $4,000,000 in any one year. However, the economic downturn, coupled with increased pressure from imports, resulted in larger and more frequent layoffs in these industries and an unforeseen level of demand.

In the regionally designated industries, on the other hand, the gap between layoff and benefit caused by the requirement to exhaust unemployment insurance, along with higher-than-expected pension levels, have caused benefit payments to be lower than anticipated.

The net result has been that Supplementary Estimates of $8,100,000 were necessary mainly to cover Nationally Designated Benefits and increased administrative costs.

Description

The Labour Adjustment Income Support Program provides payments to assist workers who have been laid off as a result of import competition, industrial restructuring, or severe economic disruption in a designated industry and/or region. There are also related administrative costs for the operation of the Labour Adjustment Review Board.

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This Activity provides last-resort income maintenance benefits, and is targeted to a population of older workers who have been laid off from certain industries designated either nationally or regionally. Recipients of labour adjustment benefits have depleted their unemployment insurance entitlement and are generally not well-suited to other adjustment programs or readily employable in other industries because of their age, level of education, and the possession of industry-specific skills resulting from a lengthy one-industry work experience.

Industries are designated because they are undergoing significant non-cyclical economic adjustments. Industries designated nationally are experiencing difficulties flowing from strong import competition and/or restructuring resulting in severe industry-wide unemployment. Those designated regionally are experiencing acute unemployment in the designated region.

Specific individual layoffs under both streams are certified by the Labour Adjustment Review Board. Certified individuals then apply to Employment and Immigration Canada, which establishes their eligibility for receipt of benefits. Costs attributed to the Labour Adjustment Review Board cover the provision of investigative, information dissemination, and other secretariat services.

Within this Activity, three components have been identified: Nationally Designated Benefits; Regionally Designated Benefits; and the Labour Adjustment Review Board and Secretariat.

Performance Information/Resource Justification

This Activity will require $43,778,000 and 6 person-years to perform its function. These resources are necessitated as follows:

Nationally Designated Benefits: There are four industries currently designated under this component: textiles, clothing, tanning, and footwear. Of these, textiles and clothing produce the large majority of beneficiaries. In the clothing industry, large-scale layoffs are continuing into 1984, and the one-year gap between layoff and labour adjustment benefit entitlement caused by unemployment insurance entitlement will probably mean that payments respecting current layoffs will begin in 1985. No decline in benefits is therefore expected.

Regionally Designated Benefits: Benefits under some of the regional designations began to be paid in mid-1983, and grew during 1984-85, again because of the gap created by unemployment insurance entitlements. With the addition of four regional designations under the Modified Industry and Labour Adjustment Program, and the possibility of other new designations under that program, growth can be expected to continue.

Labour Adjustment Review Board and Secretariat: The Board, a quasi-judicial body, makes decisions on applications for certification of layoffs as meeting the criteria under the Labour Adjustment Benefits Act. The major task of the Secretariat is to undertake the investigations leading to Board decisions. Because the program began only in May 1982, performance indicators are still subject to adjustment. However, the following represents the Board's view of appropriate measures for 1985-86.

Workload: Workload is determined by the demand for certification arising out of the economic conditions which affect the designated industries. While it cannot be accurately predicted, it is anticipated that the number of applications for certification will continue to increase during 1985-86 because import competition in textiles and clothing continues to be strong, because of recently created new regional designations, and because the retroactivity provisions of the Labour Adjustment Benefits Act result in investigation of layoffs that took place as long ago as 1978. It is anticipated that only 576 cases can be investigated and heard during 1985-86, given current resource levels.

Effectiveness: Effectiveness is best measured by the rate at which investigations are completed, the objective being to minimize the gap between unemployment insurance and labour adjustment benefits for new beneficiaries. Ideally, the elapsed time between receipt of an application and the completion of an investigation should not be greater than that between meetings of the Board, or approximately six weeks. In the present situation, an unexpectedly high demand has resulted in a backlog, and it is the objective of this component that this situation be rectified to the point where 85% of the cases are completed within six weeks. (Others require more time because of their complexity.) This objective, however, will not be achieved during 1985-86 because current resource levels are insufficient to meet this level of demand.

Efficiency: The norm is 12 completed investigations per officer per month.

E. Injury Compensation Respecting Government Employees and Merchant Seamen

Objective

To administer a federal government employment injury benefits program.

A specific plan for 1985-86 includes the proposed evaluation of the federal government employment injury benefits program.

Resource Summary

Expenditures for this Activity will account for approximately 19.4% of total 1985-86 Program expenditures and 5% of total person-years.

Figure 28: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Government Employees' Compensation	46,320	-	42,496	-	45,360	-
Merchant Seamen's Compensation	14	-	14	-	10	-
Administration	1,336	42	1,374	53	1,682	54
	47,670	42	43,884	53	47,052	54
Less revenue*	23,330	-	21,096	-	15,675	-
Net expenditures	24,340	42	22,788	53	31,377	54

*These revenues are amounts recoverable from Crown agencies to cover compensation and related administrative costs. For further information see Figures 39 and 40, page 62.

Past Financial Performance

Figure 29: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Government Employees' Compensation	45,360	-	51,200	-	(5,840)	-
Merchant Seamen's Compensation	10	-	14	-	(4)	-
Administration	1,682	54	1,575	56	107	(2)
	47,052	54	52,789	56	(5,737)	(2)
Less revenue*	15,675	-	31,100	-	(15,425)	-
Net expenditures	31,377	54	21,689	56	9,688	(2)

*These revenues are amounts recoverable from Crown agencies to cover compensation and related administrative costs.

The difference between actual expenditures and the Main Estimates resulted mainly from outstanding receivables amounting to approximately $9,700,000, the bulk of which was not recovered due to a legal dispute with a major client.

Description

The function of this Activity is to ensure that federal government workers and/or their dependents receive workers' compensation for injuries suffered in the employment pursuant to the Government Employees Compensation Act. Funds are made available to the provincial workers' compensation boards for the handling of claims made by federal government employees. Provision is also made for supplementary compensation payments to certain widows and dependent children of merchant seamen.

Adjudication of claims under the Government Employees Compensation Act is carried out by provincial workers' compensation boards on behalf of the federal government. The benefits awarded by the provincial boards then become statutory payments and are paid to the claimants by the boards on behalf of the federal government. The federal government also covers administrative costs. Costs related to claims by employees of Crown agencies are recoverable from the agencies, while those related to claims by employees of departments are not. Payments under the Merchant Seamen Compensation Act are determined by the Merchant Seamen Compensation Board, which is a federal board, and are paid by the employer of the seamen. Currently eighteen monthly supplementary payments are made by Labour Canada to widows of seamen who were fatally injured prior to May 1, 1965 pursuant to Section 31 of the Act.

Within this Activity, three components have been identified: Government Employees' Compensation; Merchant Seamen's Compensation; and Administration.

Performance Information/Resource Justification

Under the first two components, benefit levels are determined by provincial workers' compensation boards, whose decisions are not under the control of the Program. Total benefit levels are also influenced by the number of accidents and the cost of medical services in the provinces in which they are paid. Nevertheless, program delivery is subject to measures of efficiency and economy, as shown in Figures 30 and 31, respectively. (It should be noted that the mode of calculation employed in Figures 30 and 31 has changed to reflect actual person-year utilization, rather than allocated person-years, which had been applied in previous Program Expenditure Plans.) Projected reductions in person-years account for an increase in the volume of claims being processed per person-year, and a corresponding drop in salaries and operating costs will result in a decrease in the unit cost of processing claims. The average time required for the initial processing of accident reports from employers, prior to being forwarded to the provincial Boards, remains 24 hours.

Figure 30: Claims Processed Per Person-Year

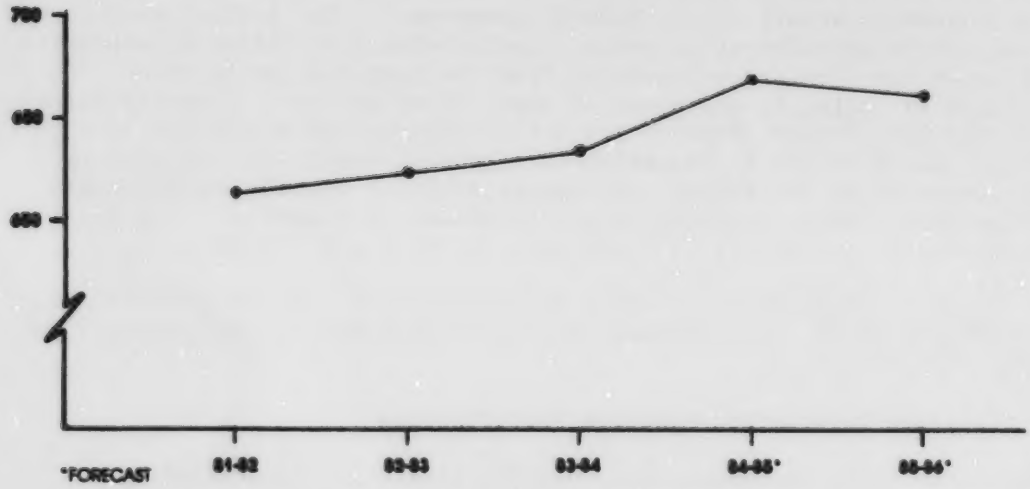
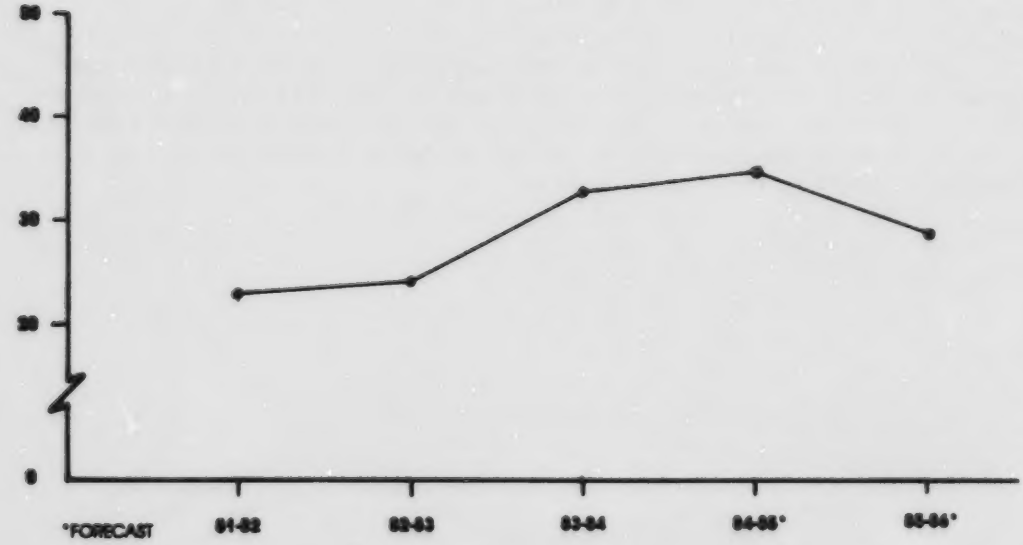


Figure 31: Cost of Processing ($) Per Claim



F. Administration

Objective

To provide human resources planning, financial services and advice, corporate planning and evaluation, information processing and storage, data and word processing services, library services, and the services of security and general administration.

A specific plan for 1985-86 includes the performance of a feasibility study concerning the possible automation of the accounting and commitment control functions.

Resource Summary

Expenditures for the Administration Activity will account for approximately 7.2% of total 1985-86 Program expenditures and 21.5% of total person-years.

Figure 32: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Services, Advice and Assistance	4,817	112	5,226	117	3,441	77
Technical Support Services	1,468	15	1,575	20	2,806	60
Information	2,777	51	2,315	51	2,288	52
	9,062	178	9,116	188	8,535	189

Past Financial Performance

Figure 33: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Services, Advice and Assistance	3,441	77	3,348	72	93	5
Technical Support Services	2,806	60	2,388	59	418	1
Information	2,288	52	2,081	51	207	1
	8,535	189	7,817	182	718	7

The difference between actual expenditures and the Main Estimates was mainly due to Supplementary Estimates in the amount of $400,000 for the centralized distribution of departmental publications and various other administrative requirements. The remaining variance of $300,000 was offset by reallocations from other activities.

Description

The provision of advisory and support services to the Department including administrative, financial, personnel, data and word processing, corporate planning, program evaluation and internal audit, library and security services.

Three components have been identified: Services, Advice and Assistance; Technical Support Services; and Information.

Services, Advice and Assistance: This component is composed of the overall management of the Administration Activity and centralized common services, including those of an advisory nature and those that ensure the continued implementation of management systems to serve both senior management and departmental employees, i.e., personnel, finance, corporate planning, evaluation, and security.

Technical Support Services: This component involves the provision of centralized support services of a technical nature to the Program's activities. These services include publication distribution, materiel services, records management and centralized communications-related services such as telephones, telex, postage and courier.

Information: This component includes departmental data processing services and also encompasses the library which maintains a large permanent collection of books, periodicals, journals, and other materials relevant to the labour field for the use of Labour Canada employees, labour professionals, researchers, and other interested persons.

Performance Information/Resource Justification

Presently, the only overall activity measure of performance thought to be applicable is the trend in the proportion of total resources devoted to Administration.

Administration is planning to maintain its operating costs at 10% or less of the Total Labour Program 1985-86 operating expenditures as shown in Figure

Performance and productivity measures have been addressed in all components of this Activity and will continue to be monitored to assess the effectiveness and the efficiency of the delivery of service. Systems are in place in a number of areas reporting quantifiable workload inputs and outputs. Where possible, workload is related to resource usage, and over a period of time normative standards will be developed to enable a meaningful measure of performance. Examples of measures include: the library monitoring volume with respect to cataloguing, indexing and reference requests; word processing tracking input and output pages; data processing measuring data entry volumes; finance monitoring turnaround time on Workmen's Compensation Board statement processing; and records management recording volume of files issued.

Figure 34: Administration Resources as a Percentage of Total Departmental Resources

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Person-Years	178	(22%)	188	(22%)	189	(23%)
Expenditures ($000)	9,062	(7%)	9,116	(8%)	8,535	(8%)

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Labour Program expenditures by object are presented in Figure 35.

Figure 35: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	28,728	27,310	26,189
Compensation respecting Public Service Employees and Merchant Seamen	39,240	36,000	38,657
Contributions to employee benefit plans	4,017	3,859	3,762
Other personnel costs	8	8	170
	71,993	67,177	68,778
Goods and services			
Transportation and communications	2,897	2,895	2,564
Information	1,290	1,346	1,341
Provincial administration of Public Service and Merchant Seamen Compensation Legislation	7,080	6,496	6,135
Other professional and special services	4,240	4,375	3,566
Rentals	399	360	335
Purchased repair and upkeep	156	169	135
Utilities, materials and supplies	813	758	653
All other expenditures	979	1,107	1,254
	17,854	17,506	15,983
Total operating	89,847	84,683	84,761
Construction and acquisition of machinery and equipment (Capital)	373	229	521
Transfer payments	58,620	52,767	35,030
	148,840	137,679	120,312
Less receipts and revenues credited to the vote	23,330	21,096	15,675
Total expenditures	125,510	116,583	104,637

2. Personnel Expenditures

Figure 36: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	38	37	28	50,350 - 96,300	62,981
Scientific and Professional					
Economics, Sociology and Statistics	27	27	30	14,570 - 65,080	47,960
Library Science	8	7	7	19,782 - 50,712	31,003
Engineering	16	16	18	23,306 - 76,130	54,449
Administrative and Foreign Service					
Mediation and Conciliation	23	24	-	13,912 - 57,987	50,322
Administrative Services	67	65	64	13,912 - 57,987	33,899
Financial Administration	11	11	10	13,853 - 57,980	38,820
Program Administration	223	230	265	13,912 - 57,987	39,560
Computer System Administration	21	21	22	18,766 - 61,433	39,768
Information Services	10	11	11	13,579 - 57,980	40,936
Personnel Administration	15	13	14	13,330 - 63,870	35,247
Purchasing and Supply	2	2	2	12,766 - 57,980	32,675
Administrative Support					
Data Processing	12	11	11	13,352 - 37,130	24,918
Clerical and Regulatory	195	208	205	12,932 - 31,743	21,584
Secretarial, Stenographic and Typing	103	104	96	12,636 - 31,946	22,181
Operational					
General Services	3	2	3	13,253 - 39,988	22,989
Technical					
Drafting and Illustration	2	2	2	15,557 - 40,310	24,570
General Technical	2	3	2	12,635 - 55,682	32,502
Social Science Support	33	34	36	12,635 - 57,764	33,737
Engineering and Scientific Support	6	9	6	14,041 - 50,866	31,483
Other	11	14	13		53,588

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 37: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Special research studies in the labour field (Accident prevention)	16,000	16,000	16,000
To support standards-writing associations	10,000	10,000	10,000
To the Canadian Council of Occupational Health Nurses	-	75,000	-
Special research studies in the labour field (Special research)	40,000	40,000	40,000
To support activities which contribute to Labour Canada's objectives	62,000	62,000	61,440
Canadian Labour Market and Productivity Centre	5,000,000	5,000,000	5,000,000
To provide financial assistance to labour organizations and central labour bodies in staging educational events	10,000	10,000	-
To Commonwealth Trade Union Council	-	20,000	40,000
Labour adjustment benefits	43,394,000	40,179,000	24,390,834
Merchant Seamen Compensation	14,000	14,000	9,460
	48,546,000	45,426,000	29,567,734
Contributions			
To the Canadian Labour Congress labour education programs	3,892,000	3,538,324	3,056,131
To labour organizations not affiliated with the Canadian Labour Congress to promote and upgrade labour education programs	1,236,000	1,090,148	995,772
To labour unions not affiliated with a central labour organization and to individual union members for labour education	1,292,000	1,069,000	635,675
Quality of Working Life Projects	655,000	710,258	430,517
Atlantic Region Labour Education Centre	399,000	363,000	322,500
Technology Impact Research Fund	2,010,000	410,000	-
Labour-Government Employee Secondment Program	500,000	160,000	-
Youth Summer Job Program	-	-	22,442
	10,074,000	7,340,730	5,463,037
	58,620,000	52,766,730	35,030,771

Transfer payments of $58,620,000 for Estimates 1985-86 include grants for the statutory programs Labour adjustment benefits ($43,394,000) and Merchant Seamen Compensation ($14,000).

B. Cost Analysis

Figure 38: Net Program Costs ($000)

	1985-86 Operating Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Total 1984-85
Total Labour Program	148,840	5,084[1]	153,924	23,330	130,594	124,142[2]

[1]Other Costs of $5,084,000 consist of: ($000)

- Accommodation provided without charge by Public Works 4,410
- Employer's share of insurance premiums and costs provided without charge by Treasury Board 560
- Common services provided without charge by Supply and Services 81
- Workers' compensation benefits provided without charge by this Department 33

[2]This is composed of:

- 1984-85 Main Estimates 95,165
- 1984-85 Supplementary Estimates "B" 23,448
- Other services provided to Labour Program without charge in 1984-85 5,529

C. Revenue Analysis

Figure 39: Receipts and Revenues Credited to the Vote ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Amounts Recoverable from Crown Agencies Respecting Payments of Injury Compensation	23,330	21,096	15,675
	23,330	21,096	15,675

These receipts and revenues are directly credited to the vote. Compensation payments to injured employees of Crown agencies and the attendant administrative costs are recovered from the agencies and credited to the vote. Payments to injured employees of government departments are not recovered from the departments.

An indication of the relative amounts received from Crown agencies is shown in Figure 40.

Figure 40: 1983-84 Recoveries ($000) from Crown Agencies by Major Client

Cape Breton Development Corporation	7,691
Canada Post Corporation	3,382
Eldorado Resources Limited	1,045
Canada Ports Corporation	710
Atomic Energy of Canada	484
Other Clients	1,503
Sub-total	14,815
Recoveries from responsible third parties	859
Other Recoveries	1
Total Recoveries	15,675

D. Dispute Resolution Process

The terms and conditions of employment for employees represented by a bargaining agent are established by means of a collective agreement reached through the process of collective bargaining with the employer. Collective agreements are for a fixed period of not less than one year and are subject to renegotiation upon expiry.

If the parties are unable to agree upon settlement terms for either a first or a renewal collective agreement through direct negotiation, either party may forward a notice of dispute to the Minister of Labour. The effect of this notice is to provide the Minister with the opportunity to select from a range of options designed to encourage a resolution of the dispute. In most cases, a conciliation officer is appointed to assist the parties to deal with their dispute. "Conciliation" is a persuasive process which relies on a full exploration of alternatives to resolve differences. During the conciliation process, the parties do not have the legal right to engage in strike or lockout activity.

If the conciliation officer is not able to assist the parties in resolving their dispute, he/she files a report to that effect. Upon receipt of the conciliation officer's report, the Minister may decide to terminate the conciliation process. A decision of this nature has the effect of placing the parties in a legal position to strike or lock out seven days following the date of the decision.

Alternatively, the Minister may prolong the conciliation process by appointing a conciliation commissioner. A conciliation commissioner is a person from outside the public service who has a recognized expertise in industrial relations. Commissioner proceedings are generally more formal than officer proceedings. Should the conciliation commissioner be unable to assist the parties in reaching a collective agreement, he/she submits a report to the Minister outlining his/her recommendations for settlement of each outstanding issue. The Minister then releases this non-binding report to the parties for their consideration, and the legal right to strike or lock out is acquired seven days from the date of release.

"Preventive mediation" is a term applied to involvement by Federal Mediation and Conciliation Officers during the term of a collective agreement. The aim of preventive mediation is to assist the parties in resolving problems during the life of the agreement in order to prevent them from becoming impediments to settlement at the time of collective bargaining. Through this process, effective labour-management relations are established which promote conflict resolution through negotiation rather than confrontation and thus a more stable labour relations environment.

"Arbitration" is used in federal jurisdiction to resolve differences which arise during the term of an agreement over questions of interpretation or application of the agreement. The legislation requires that collective agreements contain a mechanism for the final resolution of such rights disputes, and the Minister may be called on to appoint an arbitrator to issue a final and binding decision on grievances arising during the term of the agreement.

The legislation also prohibits certain conduct by employers and bargaining agents. Such activities are known as unfair labour practices. Although the Canada Labour Relations Board is the authority which determines whether an unfair practice has been committed and what the remedy should be, certain bargaining-related complaints require the consent of the Minister before they can be received by the Board. Officers of the Federal Mediation and Conciliation Service investigate such complaints on behalf of the Minister and attempt to resolve the underlying problem through negotiation.

The Minister also has the power to appoint industrial inquiry commissions to investigate and report on significant industrial relations issues and problems. However, the recommendations of these commissions are not binding on the parties or the government.

E. 1983-84 Main Estimates: Financial Comparison of Restated to Original Financial Plan by Activity

The activity structure was changed effective April 1984. The Past Financial Performance throughout this document has been presented on the basis of the new activity structure. Figure 41 provides a financial reconciliation between the new structure and the old structure that was used in the 1983-84 Main Estimates.

Figure 41: Reconciliation of New and Old Activity Structures for 1983-84 Main Estimates ($000)

	Old Activities															
	Mediation and Conciliation		Central Analytical Services		General Labour Services		Policy Adminis-tration		Adminis-tration		Special Income Support Programs		Injury Compensation Respecting Government Employees and Merchant Seamen		Total	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y
New Activities:																
Mediation and Conciliation	3,262	69													3,262	69
General Labour Services					18,767	342									18,767	342
Policy and Communications			4,712	102			4,766	65							9,478	167
Labour Adjustment Income Support Program											16,969	3			16,969	3
Injury Compensation Respecting Government Employees and Merchant Seamen													21,689	56	21,689	56
Administration							2,086	45	5,731	137					7,817	182
Total	3,262	69	4,712	102	18,767	342	6,852	110	5,731	137	16,969	3	21,689	56	77,982	819

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Law Reform Commission of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Law Reform Commission of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $4,831,000 to carry out the planned activities of the Law Reform Commission of Canada Program in 1985-86. Remaining expenditures of $218,000 for pensions and other employee benefits will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Law Reform Commission of Canada		
30	Program expenditures	4,831	4,811
(S)	Contributions to employee benefit plans	218	202
	Total Program	5,049	5,013

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Law Reform Commission of Canada	
30	Law Reform Commission of Canada - Program expenditures	4,831,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Law Reform Commission of Canada	47	4,982	67	5,049	5,013

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 35 - Program expenditures	5,232,000	5,232,000	4,571,096
Statutory - Contributions to employee benefit plans	185,000	206,000	206,000
Total Program	5,417,000	5,438,000	4,777,096

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

For 1985-86 the Law Reform Commission's highlights are:

- to continue the comprehensive Review of the Criminal Code conducted jointly with the Department of Justice and the Ministry of the Solicitor General. Acceleration of this project was approved by Cabinet effective April 1, 1981, with completion originally scheduled for late 1986. The object of the review is to recommend to Parliament a modern Criminal Code for Canada which truly reflects the contemporary values of Canadian Society. About 51% of the Commission's total research effort, amounting to $881,000 in 1985-86, is devoted to it (see page 9 and Figure 5, page 12);

- to continue the ongoing Protection of Life project addressing many topics and concepts which are relatively new in relation to the law or have attained a much greater perception of importance or urgency in contemporary society. In 1985-86, the focus of research will be the protection of human health and the control of the environment, with criminal law as a potential legal remedy for threats to it. About $441,000 or 25% of the Commission's research effort is devoted to it, showing the emerging importance for the potential needs for changes and new involvement of the law in this area of human activities (see page 9 and Figure 5, page 12);

- to continue the ongoing research project in the field of Administrative Law. In 1985-86 research will concentrate primarily on compliance with administrative policies, powers and procedures of administrative agencies, appeals from administrative decisions, and the special status of the Crown under federal law. About 24% of the Commission's total research effort, amounting to $420,000 will be devoted to this project in 1985-86 (see page 9 and Figure 5, page 12);

- to continue, as the need arises, to study small but significant items of legal reform under the umbrella of "Modernization of Statutes" at a minimal cost; and

- to undertake preliminary research aimed at formulating a new research program in areas of the law in need of reform, such program to be tabled in Parliament in the year 1986-87 for implementation after the completion of Phase I of the Comprehensive and Accelerated Review of the Criminal Code.

2. Financial Summary

Figure 1: Financial Requirements ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Law Reform Commission	5,049	5,013	36
Authorized person-years	47	47	nil

* There is no change in the 1984-85 forecast expenditures from the 1984-85 Main Estimates (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The difference in funding between fiscal year 1985-86 and 1984-85 amounts to less than 1% with, therefore, no significant changes in budget.

B. Recent Performance

1. Highlights

During 1983-84 highlights of the Commission's operations were:

- research in Phase I of the Review of the Criminal Code was accelerated with many new topics being undertaken. Some $864,000 or 51% of the Commission's total research expenditure of $1,694,000, was devoted to this program. The total research expenditure in 1983-84 was 7% less than planned (See Figure 2, page 8);

- in the field of Administrative Law and in Protection of Life, research progress accounted for $424,000 (25%) and $405,000 (24%) respectively; and

- a reorganization involving the appointment of a new President and Vice-President as well as two new Project Coordinators, did, after a short period of adjustment, give a new impetus to all research programs and initiatives.

2. Review of Financial Performance ($000)

Figure 2: Review of 1983-84 Financial Performance

	1983-84		
	Actual	Main Estimates	Change
Law Reform Commission	4,777	5,417	(640)
Authorized Person-Years	45	45	-

Explanation of Change: The difference between funds available through Main Estimates and actual expenditures, $640,000, is due largely to two factors. First, by direction, $102,600 was frozen as a restraint measure; second, $347,000 was transferred to the Department of Justice for their work in the Accelerated Program for Review of the Criminal Code. The balance of underspending amounted to 3.5% of Main Estimates.

C. Background

1. Introduction

Like many other modern legal jurisdictions, Canada has found that the increased complexity of today's society and its accelerated rate of social change have created pressures for new legislation and changes in the law which can best be formulated by an independent body charged with continuing study and review of the laws of Canada, and making recommendations to Parliament through the Minister of Justice. For these reasons, Parliament established the Commission by the Law Reform Commission Act, which came into force on June 1, 1971.

2. Legal Mandate

As defined by the Act, "the objects of the Commission are to study and keep under review on a continuing and systematic basis the statutes and other laws comprising the laws of Canada with a view to making recommendations for their improvement, modernization and reform, including, without limiting the generality of the foregoing:

- the removal of anachronisms and anomalies in the law;
- the reflection in and by the law of the distinctive concepts and institutions of the common law and civil law legal systems in Canada, and the reconciliation of differences in the expression and application of the law arising out of those concepts and institutions;
- the elimination of obsolete laws; and

- the development of new approaches to and new concepts of the law in keeping with and responsive to the changing needs of modern Canadian society and of individual members of that society".

The act was amended by Parliament in 1975 to eliminate the two part-time Commissioners and to increase the number of full-time Commissioners from four to five, including the Chairman and Vice-Chairman. In 1981 another amendment changed the Chairman's and Vice-Chairman's titles in English, respectively to President and Vice-President.

3. Program Objective

The objective of the Law Reform Commission of Canada is to study and keep under review on a continuing and systematic basis the statutes and other laws comprising the laws of Canada with a view to making recommendations for their improvement, modernization and reform.

4. Program Description

Almost all of the Commission's research endeavours fall within three major categories: Administrative Law, Criminal Law, and Protection of Life. The scope of work in Criminal Law is such that it is best handled as two projects; Substantive Criminal Law and Criminal Procedure. The Commission also performs work in the field of Modernization of Statutes but, as this tends to be sporadic, it is not treated as a separate project for planning purposes. The four continuing projects are described below.

Criminal Law (Substantive) Project: This project covers the substance of criminal law i.e. the rules on definitions of offences and the rules on liability, jurisdiction, defences, participation and inchoate crimes.

Criminal Law (Procedure) Project: This project encompasses legal procedures, police prerogatives and powers provided for the investigation, prosecution, trial, sentencing and appeal in criminal offences. It specifies the means by which proscriptions are enforced and punishments imposed.

Protection of Life Project: The focus of this project is upon the subject of environmental pollution. The role of criminal law in protecting the environment and health is of particular concern.

Administrative Law Project: The scope of this project includes studies of the effectiveness of administrative sanctions as well as procedures before administrative tribunals.

5. Program Organization for Delivery

Activity Structure: The Commission has one activity which is synonymous with the program.

Organization Structure: The Commission proper comprises five members; the President, the Vice-President and three Commissioners, all full-time and all appointed by the Governor-in-Council. The President is named in the Law Reform Commission Act as the Chief Executive Officer of the Commission and, accordingly, is responsible for all aspects of policy direction, and execution of the Commission's activities both in the research program and in its administrative functions. The Vice-President is empowered to act in the same capacity in the absence of the President. All Commissioners, including the President and Vice-President are fully involved in the research program and all publications and recommendations for reform action are given consideration by the Commissioners in plenary meetings. The Vice-President and three Commissioners have, each, direct responsibility for direction and supervision of a specific main project, with the President exercising general supervision over the whole program. Five person-years are required to provide secretarial support for these members.

The Commission Secretary, the senior public servant, reports directly to the President. He acts as adviser to the President on the formulation and execution of the research program, and related public consultation programs, he sets and monitors the standard of language used in Commission publications and correspondence, provides expert advice on the subject of the Commission's relations with other government organizations and with the public at large, and exercises a general direction over administrative policy matters. Five person-years are needed to provide the Secretary with support for secretarial services, assistance for coordination of research projects, and organization for consultations.

The Director of Operations, who controls a staff of 30, reports to the President also. In consultation with the Commission Secretary, he is responsible for formulation of administrative policy, for financial planning and control, and for overall efficiency of the personnel management system and such supporting facilities as the library, text processing, publication distribution, translation, records and accounts.

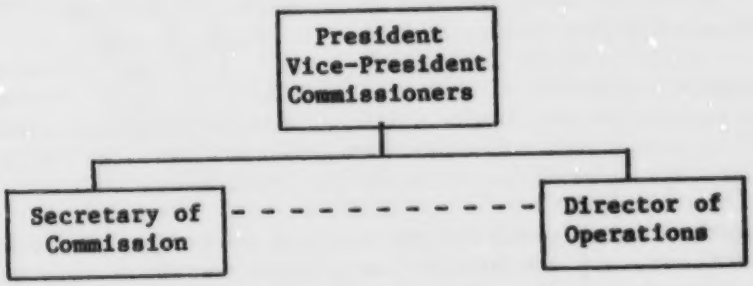
The distribution of resources by organization is depicted in Figure 3, page 11.

In addition to its allotment of 47 person-years, the Commission engages the services of a varying number of consultants under contract for research in law, in accordance with sub-section 7(2) of the Law

Reform Commission Act. Temporary assistants are also engaged, as required, to meet frequently changing needs for secretarial and clerical support.

The Commission obtains, free of charge, from the Department of Justice, some help and advice in the provision of administrative services, with particular reference to financial control and personnel management.

Figure 3: Resources by Organization/Activity ($000)



				Total
Law Reform Commission	1,979	576	2,494	5,049
Person-years	6	9*	32	47

* In addition, there is one judge whose salary is not paid through the Commission's vote.

Major projects in progress which will continue during 1985-86 and the resources which will be allocated to them are shown in Figure 4.

Figure 4: Personnel Resources by Projects

Project	Consultants		Permanent Staff	Total
	Full-time	Part-time		
Criminal Law*	12	13	-	25
Protection of Life	5	10	1	16
Administrative Law	7	7	1	15
	24	30	2	56

Figure 5 below presents the funding by project for contract services, temporary assistance and special services comprising the major components of research.

Figure 5: Financial Resources by Projects

Project	Funding
	$
Criminal Law*	881,000
Protection of Life	441,000
Administrative Law	420,000
	1,742,000

* The Criminal Law project is divided into two projects, one dealing with the substantive aspects of criminal law and the other dealing with criminal procedures. The total of resources allocated to both projects is shown here.

D. Planning Perspective and Performance Review

1. Environment

The Commission's program is in large part influenced by the following factors:

Legal Research: Basic research in most fields of law is, at best, a complex undertaking which is difficult to measure in terms of time requirements. Historical analyses and case studies are required, both of Canadian and foreign jurisdictions, and most often then not without the benefit of appropriate statistical data. Yet, thorough research is necessary for the Commission to arrive at reform proposals which are sound in law, an improvement over the present law, and suited to Canadian society of today.

Legislation and Judicial Interpretation: The program is governed by the Law Reform Commission Act which directs that new approaches to, and new concepts of, the law be developed in keeping with and being responsive to the changing needs of modern Canadian society and of individual members of society. New legislation, in particular fundamental laws such as the new Constitution and Canadian Charter of Rights and Freedoms, directly affects the content and nature of the program's endeavours. Much in the same way, major decisions by the Appeal Courts, in particular the Supreme Court of Canada, influence research activities and may cause a revision of work which is already at an advanced stage. As well, law reform in other jurisdictions, including abroad, must be monitored and taken into account. This is facilitated to some degree through a scheme of exchange of research papers between law reform agencies around the world.

Public Standards: The changing values and standards of Canadian society in general, and the individual in particular, have a direct impact upon the nature and content of the program. Such changes are made known to the Commission through a systematic and thorough program of consultation involving both federal and provincial governments, the judiciary, the legal and other professions, the law enforcement authorities, public interest groups and the general public. The growing demand for consultation has a direct effect on cost of publications, travel and related expenses.

New Government Policies: Government policy with respect to the purpose and principles of criminal law in Canadian society has a direct and profound bearing on the Commission's work in that field of law. The time-table originally established for the Accelerated Review of the Criminal Code and the close coordination required between Phase I of the Review, conducted by the Commission, and Phase II, conducted by the Department of Justice and the Ministry of the Solicitor General, add to the complexity of the program.

2. Initiatives

Initiatives planned for 1985-86 relate to a diversification and sophistication of the consultation process coupled with an intensification of public participation in law reform. These undertakings will not require additional resources but will be funded through budgetary reallocations.

In pursuing these efforts the Commission will focus on the following:

- in addition to the continuing and systematic consultation of the legal and law enforcement community, steps have been taken to extend consultation to other public interest groups such as women, native people, churches and, for particular topics, to sport organizations, environmentalists and so on;

- regional activities for research, consultation and public participation are being developed in British Columbia, Ontario and New Brunswick in addition to those already in place in Québec;

- liaison officers have been appointed in all law schools with the aim to achieve greater participation by the academic community;

- for the benefit of the legal community and the advancement of scholarly knowledge, efforts are made to interest publishers of law books and law journals to publish some of the excellent research materials and studies produced through the Commission but not published directly by the Commission because of budgetary constraints;

- in association with the Canadian Bar Association, the Commission will mark Law Day 1985 through a series of events, including an Essay Contest in Canadian universities on the topic, "A New Criminal Code for Canada?"; and

- the Commission will for the second year, conduct a summer internship program for law students intended to aid in developing excellence in legal research and to provide for law reformers in future years.

3. Update on Previously Reported Initiatives

In 1983-84, the Commission released a total of eleven publications, including four Reports to Parliament, five Working Papers and two Study Papers. These publications cost $271,688 in total, which was $5,688 higher than planned.

The Reports covered the following topics:

- Writs of Assistance and Telewarrants

- Investigative Tests - Alcohol, Drugs and Driving Offences

- Disclosure by the Prosecution

- Euthanasia, Aiding Suicide and Cessation of Treatment

The Working Papers discussed the following topics:

- Police Powers - Search and Seizure in Criminal Law Enforcement
- Questioning Suspects
- Investigative Tests
- Vandalism
- Homicide

Two study papers were released:

- Maurice H. Smith, Origins of Writ of Assistance Search in England, and Its Historical Background in Canada
- Neil Brooks, Pretrial Eyewitness Identification Procedures

Work was proceeding, by the end of 1983-84, on some 28 other topics, including 6 nearing completion.

4. Program Effectiveness

The Commission has developed projects designed to conduct research into all aspects of a particular area of law by addressing individual topics in an ordered and logical sequence. From this process the Commission has produced, since 1975, 23 Reports to Parliament dealing with a variety of Criminal Law, Protection of Life, Administrative Law, Family Law and Modernization of Statutes topics. A list of these appears under Additional Information at the end of this document.

Through the Reports to Parliament the program has an influence in four principal spheres; the legislative, the judicial, the administrative, and the general public receptiveness to law reform.

Legislative Sphere: Many of the Commission's recommendations set out in its 23 Reports to Parliament issued up to November 1984, have been incorporated in government and private members' bills. The action taken in the case of each Report is described in the list which appears under Additional Information on page 24.

Judicial Sphere: The Commission's work, because of the widespread dissemination of its publications among the judiciary and the legal profession, has frequently attracted judicial notice in court proceedings. We have been able to trace over eighty reported court decisions which by mid-1984 had made reference to, and in most instances adopted, the Commission's views in the last few years. Many of these decisions thus in effect impart to those Commission's recommendations virtually the same force of law, as if they had been enacted by Parliament.

The Supreme Court of Canada has frequently cited Commission's Reports in its reasons for judgment. For example, in the criminal law field, in R. v. Sault Ste. Marie [1978] 2 S.C.R. 1299, Mr. Justice Dickson referred to the Commission's Working Paper on Strict Liability as he decided inter alia that an accused person should not normally be convicted of a public welfare offence if he is able to establish that he exercised due diligence. In R. v. Zelensky [1978] 2 S.C.R. 940, the court held that, as part of the sentencing process, a criminal court could constitutionally award restitution. Chief Justice Laskin cited the "relevant observations" of the Commission's work to the effect that restitution should play a more important role in the sentencing process.

In the evidence area, the Supreme Court of Canada has also relied on Commission work in reaching its decisions. For example, in R. v. Vetrovec and Gaja [1982] 1 S.C.R. 811, Mr. Justice Dickson, after referring to the Commission's plea for the simplification of the law of corroboration contained in its report on Evidence, did just that and held that the testimony of an accomplice should be treated in the same way as that of any other witness. This holding was tempered by noting that it might be wise to caution a jury to look for additional evidence in certain types of situations. Similarly, in Graat v. The Queen [1982] 2 S.C.R. 819 the Supreme Court of Canada referred to the Commission's report on Evidence which urged that a non-expert witness be permitted to offer opinion evidence if it is based on facts perceived by the witness. In another case, R. v. Konkin (1983), 3 C.C.C. (3d) 289, Madame Justice Wilson, in her dissenting opinion, referred to the recommendation of the Law Reform Commission that the questioning of a complainant in a rape case in relation to sexual conduct with other men should be prohibited.

As for family law, the Supreme Court of Canada in its recent maintenance case of Messier v. Delage (1984) 2 D.L.R. (4th) 1, referred to Commission work on the subject. Mr. Justice Chouinard quoted from the case of Marcus v. Marcus [1977] 4 W.W.R. 458 (8 C.C.A.) in which that court mentioned that the Commission's "learned discussion of the law and recommendations on changes in the law are useful in clarifying the issues which arise before the courts and may well be helpful in that they offer examples of current thought upon the subject". Mr. Justice Lamer, in his dissent, also quoted extensively from the Working Paper on Maintenance on Divorce.

Courts at all other levels in the judicial hierarchy have also relied on Commission publications as authorities. In the last year alone, Commission work was cited in at least 14 reported decisions. For example, Mr. Justice G.A. Martin, writing for a unanimous Ontario Court of Appeal decision in R. v. Rao (May 16, 1984), referred to the Working Paper on Search and Seizure on six separate occasions. The court, noting that "the Law Reform Commission of Canada has recommended the elimination of warrantless searches of private premises subject to specific exceptions", held that evidence obtained by a warrantless

search would be inadmissible unless it was highly impractical to obtain one. The P.E.I. Court of Appeal in R. v. Carroll (1983), 4 C.C.C. (3d) 131, held unconstitutional the reverse onus clause of s.8 of the Narcotics Control Act, citing inter alia, the Commission's study paper on Burdens of Proof and Presumptions.

The reliance on the Commission's research and recommendations by courts of every level across Canada is an indication of the respect given to the Commission's work. Further examples are shown under Additional Information on page 30.

Administrative Sphere: Many of the Commission's views and recommendations lead to administrative changes which are beneficial to the administration of justice, the regulatory process and the citizens of Canada. Although these changes are not easy to monitor, some examples include the more general recourse to discovery in lieu of or in addition to the preliminary inquiry in criminal cases, a practice advocated by the Commission; the implementation of a majority of the Commission's administrative recommendations concerning unemployment insurance by the department concerned; administrative streamlining by the Bank of Canada in accordance with recommendations by the Commission; early notice of right of appeal to the Federal Court given by the Tariff Board to the party affected by an unfavorable decision, and many suggestions and recommendations taken into account by such agencies as the CRTC, the Canada Labour Relations Board, the Canadian Transport Commission and the Atomic Energy Control Board, particularly with regard to public participation. All of these were derived from Commission's working papers and study papers.

In its recent Working Paper on Questioning Suspects, the Commission recommended that the questioning of suspects in police stations or prisons should be electronically recorded wherever feasible, either by audio-tape or video-tape, as is already being done in several American jurisdictions, with encouraging results. Even before any legislation is enacted, the Commission has engaged in active discussions with the police in Ontario and Québec, which it is hoped will lead to the establishment of video-taping experiments on a voluntary basis without legislation. If the experiments are successful in expediting the criminal trial and reducing allegations of police misconduct, it is likely that police practices across Canada will change dramatically in the years ahead, even if legislation is not enacted.

Public Receptiveness: The interest shown by the general public in the work of the Commission can be measured, although imperfectly, by the increased demand for Commission's publications and the attention and, in most cases, support shown by the media in the many recommendations put forward by the Commission.

In the last year, the number of groups and individuals on the Commission mailing list showed a net increase of 1146 or 9%. During the same period, 186,568 copies of publications were distributed, a 35% increase over the previous year. Through information booths set up at various conferences and public events throughout the country for a total of 37 days, the Commission distributed over 55,000 information sheets highlighting the work of the Commission.

Media coverage also shows a steady increase and dozens of editorials are indicative of the accrued public interest and support for most of the Commission's recommendations. For instance, the Commission's position concerning euthanasia received strong support in the press, in general, and the specialized press, in particular. Other examples are the Commission's recommendations with regard to the creation of a new offence of criminal intoxication, the decriminalization of defamatory libel, the abolition of writs of assistance and the introduction of telephonic warrants.

5. Performance Information/Resource Justification

Major outputs of the Law Reform Commission's program are Working Papers and Reports to Parliament. Working Papers are statements of the Commission's law reform research at the time of publication and they contain tentative recommendations for reform in a particular area. The purpose of the Working Paper is to elicit comment and provide a vehicle for public consultation. Reports to Parliament, which contain the final recommendations of the Commission for reform in a particular area, are submitted to the Minister of Justice who, in turn, is required by the Law Reform Commission Act to cause each Report to be laid before Parliament within fifteen days of his receiving it, or if Parliament is not then sitting, within fifteen days after Parliament next commences sitting. In some cases, in order to collect and collate current knowledge of a topic, Study Papers are prepared by the Commission as the basis for research leading to a Working Paper.

Study Papers, as needed, Working Papers, and Reports to Parliament addressing topics within their area of study are produced by each of the four projects.

The table below shows the number of publications planned for release during 1985-86 and 1984-85, as well as the number of titles released during 1983-84.

Figure 6: Publications

Projects	1985-86 Estimated			1984-85 Forecast			1983-84 Actual		
	Study Papers	Working Papers	Reports	Study Papers	Working Papers	Reports	Study Papers	Working Papers	Reports
Criminal Law									
Substantive	-	6	1	-	4	-	1	2	-
Procedure	2	6	3	-	4	4	2	2	2
Protection of Life	1	5	2	2	1	-	-	-	1
Administrative Law	-	4	-	-	1	1	1	-	-
General	-	-	1	-	-	1	-	-	1
	3	21	7	2	10	6	4	4	4

Study of the following topics should be completed during 1985-86.

Criminal Law (Substantive) Project: One Report to Parliament on Corporate Criminal Liability will be released in 1985-86. Seven Working Papers addressing the following topics are scheduled to be published in the same year:

- Bigamy and Polygamy
- Application of the Criminal Code as Regards Time
- Conspiracy
- Secondary Liability
- Offences against the Security of the State
- Threats and Intimidation
- Procedural Defences

Criminal Law (Procedure) Project: In 1985-86, three Reports to Parliament will be published dealing with the following topics:

- Post-Seizure Procedures
- Electro[illegible] Surveillance
- Arrest

Also scheduled to be published are the following Working Papers:

- General Principles of Criminal Procedure
- Classification of Offences
- Private Prosecution
- Electronic Surveillance
- Trial and Appeal Procedures
- Criminal Pleadings

In addition, the following two Study Papers are planned:

- Search and Seizure, Extra Code
- Powers of the Attorneys-General

Protection of Life Project: A report to Parliament on Medical Treatment (encompassing results of medical-legal studies in the field of Protection of Life) is planned for tabling in 1985-86. Five working papers on the following topics are scheduled for release:

- Crimes against the Environment
- Consumer Product Pollution
- Pollution in the Work Place
- Policing Pollution
- Human Experimentation

In addition, two study papers are being prepared:

- Jurisdictional and Constitutional Perspective of Environmental Law
- Pesticide Law and Policy in Canada

Administrative Law Project: Four Working Papers are scheduled to be produced in 1985-86 on the following topics:

- Administrative Procedure
- Sanctions and Compliance Policy
- Privileges and Immunity of the Crown in Federal Administrative Law
- Execution of Judgements

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,559	1,475	1,367
Contributions to employee benefit plans	218	202	206
	1,777	1,677	1,573
Goods and Services			
Transportation and communications	475	480	492
Information	545	447	501
Professional and special services	1,934	2,087	1,964
Rentals	81	85	56
Purchased repair and upkeep	12	12	16
Utilities, materials and supplies	155	202	140
All other expenditures	3	4	4
	3,205	3,317	3,173
Total operations	4,982	4,994	4,746
Capital	67	19	31
Total expenditures	5,049	5,013	4,777

2. Personnel Expenditures

Figure 8: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Commissioners	5	5	5		79,544
Scientific and Professional	2	2	2	19,782 - 88,120	52,208
Administrative and Foreign Service and Technical	8	8	8	12,635 - 57,987	36,658
Administrative Support					
Clerical and Regulatory	16	15	15	12,932 - 31,743	21,059
Secretarial, Stenographic, Typing	15	17	15	12,636 - 31,946	22,760
Other	1	-	-		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 9: Net Cost of Program for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost 1985-86	Total Cost 1984-85
Law Reform Commission	5,049	461	5,510	5,439

Other costs consist of accommodation provided without charge by the Department of Public Works ($424,000) and other services provided by the Department of Supply and Services ($5,000) and by the Treasury Board ($32,000).

C. Additional Information

1. List of Reports to Parliament, 1972 to 1984

	Subject	Date Transmitted to Minister	Application of Recommendations
1.	Evidence	December 19, 1975	Bill C-242, "An Act to amend the Criminal Code" tabled October 30, 1978 by Mr. Woolliams (LRC Evidence Code, s. 42(1)). Bill C-334, "An Act to amend the Canada Evidence Act" tabled October 30, 1978 by Mr. Orlikow (Code, s. 16(1)). Bill C-21, "An Act to amend the Criminal Code, the Canada Evidence Act and the Parole Act" tabled November 21, 1978 by the Minister of Justice (Code, s. 88). Bill C-462, "An Act to amend the Canada Evidence Act" tabled February 26, 1979 by Mr. Howie (Code, s. 15(1)).

Subject	Date Transmitted to Minister	Application of Recommendations
		Bill C-15, "The Freedom of Information Act" tabled October 24, 1979 by the President of the Privy Council (Code, s. 89(c), s. 43).
		Bill C-362, "An Act to amend the Federal Court Act" tabled October 24, 1979 by Mr. Oberle (Code, s. 43(1), (2)).
		Bill C-365, "An Act to amend the Canada Evidence Act" tabled October 24, 1979 by Mr. Orlikow (Code, s. 16).
		Bill C-384, "An Act to amend the Federal Court Act" tabled October 24, 1979 by Mr. Woolliams (Code, s. 43(1), (2), (4), (5)).
		Bill C-455, "An Act to amend the Criminal Code" tabled October 24, 1979 by Mr. Woolliams (Code, s. 15, s. 42(1)).
		Bill C-202, "An Act to amend the Federal Court Act" tabled May 2, 1980 by Mr. Oberle (Code, s. 43(1), (2)).
		Bill C-238, "An Act to amend the Criminal Code" tabled May 2, 1980 by Mr. Baker (Code, s. 15, 42(1)).
		Bill C-446, "An Act to amend the Canada Evidence Act" tabled May 2, 1980 by Mr. Orlikow (Code, s. 16)).
		Bill C-477, "An Act to amend the Canada Evidence Act" tabled May 2, 1980 by Mr. Howie (Code s. 15(1)).
		Bill C-455, "An Act to amend the Canada Evidence Act" tabled May 2, 1980 by Mr. Beatty (Code, s. 31(h)).

Subject	Date Transmitted to Minister	Application of Recommendations
		An Act to enact the Access to Information Act and the Privacy Act, to amend the Federal Court Act and the Canada Evidence Act and to amend certain other Acts in consequence thereof, S.C. 1980-81-82, c. 111 (Code s. 43(4), s. 89(c)).
		An Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof, S.C. 1980-81-82-83, c. 125 (Code s. 88(b)).
		Young Offenders Act, S.C. 1980-81-82, c. 110 (Code, s. 16, 51).
		Canadian Charter of Rights and Freedoms, Constitution Act, 1982, Part I of schedule B, Canada Act 1982, c. 11 (U.K., s. 24(2) (Code, s. 15).
		Bill S-33, "An Act to give effect, for Canada, to the Uniform Evidence Act adopted by the Uniform Law Conference of Canada" tabled November 18, 1982 by Senator Olson.
		Bill C-685, "An Act to amend the Criminal Code" tabled May 27, 1983 by Mr. Robinson (Code s. 17(2)).
2. Guidelines-Dispositions and Sentences in the Criminal Process	February 6, 1976	Bill C- 21, "An Act to amend the Criminal Code, the Canada Evidence Act and the Parole Act" tabled November 21, 1978 by the Minister of Justice.
		Young Offenders Act, S.C. 1980-81-82, c. 110 (Code, s. 26, s. 51).

	Subject	Date Transmitted to Minister	Application of Recommendations
			Bill C-682, "An Act to amend the Criminal Code" tabled April 21, 1983 by Mr. Kilgour. Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice. Publication of a policy paper by the Government of Canada, Sentencing (February, 1984).
3.	Our Criminal Law	March 25, 1976	Publication of a policy paper by the Government of Canada, The Criminal Law in Canadian Society (August, 1982).
4.	Expropriation	April 8, 1976	Amendments to National Energy Board Act (Bill C-60) c. 80, S.C. 1980-81-82-83, assented to December 8, 1981, proclaimed in force March 1, 1983.
5.	Mental Disorder in the Criminal Process	April 13, 1976	Bill C-21, "An Act to amend the Criminal Code, the Canada Evidence Act and the Parole Act", tabled November 21, 1978 by the Minister of Justice.
6.	Family Law	May 4, 1976	Bill C-10, "An Act to amend the Divorce Act" tabled January 19, 1984 by the Minister of Justice.
7.	Sunday Observance	May 19, 1976	Action pending.
8.	The Exigibility to Attachment of Remuneration Payable in Right of Canada	December 19, 1977	Garnishment, Attachment and Pension Diversion Act, S.C. 1980-81-82, c. 100, s. 5.
9.	Criminal Procedure: Part I Miscellaneous	February 23, 1978	Bill C-21, "An Act to amend the Criminal Code, the Canada Evidence Act and the Parole Act", tabled November 21, 1978 by the Minister of Justice.

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Subject	Date Transmitted to Minister	Application of Recommendations
10. Sexual Offences	November 29, 1978	Bill C-44, "An Act to amend the Criminal Code" tabled February 28, 1979 by the Minister of Justice. Bill C-406, "An Act to amend the Criminal Code" tabled May 2, 1980 by Mr. Friesen. Bill C-53, "An Act to amend the Criminal Code" tabled January 12, 1981 by the Minister of Justice. An Act to amend the Criminal Code in relation to sexual offences and other offences against the person and to amend certain other Acts in relation thereto or in consequence thereof, S.C. 1980-81-82-83, c. 125.
11. The Cheque	March 8, 1979	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.
12. Theft and Fraud	March 16, 1979	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.
13. Advisory and Investigatory Commissions	April 18, 1980	Action pending.
14. Judicial Review and the Federal Court	April 25, 1980	Minister of Justice's Draft proposal to amend the Federal Court Act (August 29, 1983).
15. Criteria for the Determination of Death	April 8, 1981	Action pending.
16. The Jury	July 28, 1982	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.

Subject	Date Transmitted to Minister	Application of Recommendations
17. Contempt of Court	August 18, 1982	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.
18. Obtaining Reasons Before Applying for Judicial Scrutiny - Immigration Appeal Board	December 16, 1982	Action pending.
19. Writs of Assistance and Tele-warrants	July 22, 1983	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.
20. Euthanasia, Suicide, Cessation of Treatment	October 11, 1983	Action pending.
21. Investigative Tests: Alcohol Drugs and Driving Offences	November 10, 1983	Bill C-19, "An Act to amend the Criminal Code..." tabled February 7, 1984 by the Minister of Justice.
22. Disclosure by the Prosecution	June 15, 1984	Action pending.
23. Questioning Suspects	November 30, 1984	Action pending.

2. Examples of Courts' Reliance on Commission Research and Recommendations

1. The Quebec Superior Court relied on Commission work in two cases. In Institut Philippe Pinel de Montréal c. Dion [1983] C.S. 438 the report on Mental Disorder in the Criminal Process was cited on the issue of whether a patient in a psychiatric institution has the right to refuse treatment. In A.G. Québec v. Laurendeau (1983), 3 C.C.C. (3d) 250, the court denied a jury in a contempt of court case, relying upon the Commission's report Contempt of Court (1982) in which it was urged that no jury should be allowed in such cases.

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2. The Northwest Territories courts have utilized the Commission work. In Wasylyshyn (1984) 36 C.R., (3d) 143, Mr. Justice Marshall held that advertence was required for recklessness, basing his decision, in part, on Working Paper on the General Part (1982). In R. v. Panarctic Oils Ltd. (1983) 43 A.S.R. 199, the Working Paper on Criminal Responsibility for Group Action (1976) was cited. In R. v. Kusyj (1984), 51 A.R. 243, Working Paper 29 on the General Part was referred to for the proposition that self-defence cannot be used as a cloak for unlawful aggression.

3. Among the other instances in which Commission publications have been cited is R. v. Cyrenne, Cyrenne and Grant (1983) 62 C.C.C. 240, where parents who refused blood transfusions for their dying child were held not guilty of negligence. Fitzgerald D.C.J. quoted from our Working Paper on Medical Treatment and the Criminal Law, describing the role of criminal law in affirming fundamental values and setting limits for tolerable behaviour. The report on Sunday Observance has been quoted to indicate that honouring Sunday is not an exclusively Christian moral doctrine in R. v. Big M Drug Mart [1983] 4 W.W.R. 54.

4. In R. v. Texaco Canada (November 10, 1983) two of our works were quoted: Search and Seizure (1983) and Writs of Assistance and Telewarrants (1983). The definition of search and seizure as found in Working Paper 30, Police Powers - Search and Seizure and Criminal Law Enforcement, was relied upon by Judge Grenier in R. v. Blake (1983), 37 C.R. (3d) 347.

5. In R. v. Perron [1983] C.S.P. 1103, the Commission report on Evidence was used by the court in a field where "... there is little to guide me ..." The court looked at all the surrounding circumstances, as the Report had urged, and held that the evidence must be excluded if its use would bring the administration of justice into disrepute.

In his dissenting reasons, in R. v. Stevens (1984), 7 C.C.C. (3d) 220, Mr. Justice Jones of the Nova Scotia Court of Appeal noted that the Canadian, Commonwealth and American law on the exclusion of illegally obtained evidence is "admirably summarized in the study paper issued by the Law Reform Commission of Canada", entitled The Exclusion of Illegally Obtained Evidence.

Medical Research Council of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Medical Research
Council of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts provided as an aid in assessing the Program's financial performance.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $130,308,000 in support of the Medical Research Council during the 1985-86 fiscal year. The remaining expenditures, estimated at $275,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Medical Research Council		
75	Operating expenditures	3,222	3,510
80	Grants and Contributions	127,086	153,191
(S)	Contributions to Employee Benefit Plans	275	269
	Total Program	130,583	156,970

Votes - Wording and Amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Medical Research Council	
75	Medical Research Council - Operating expenditures	3,222,000
80	Medical Research Council - The grants listed in the Estimates	127,086,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized Person Years	Budgetary Operating	Capital	Transfer Payments	Total	
Grants & Scholarships	-	-	-	127,086	127,086	153,191
Administration	54	3,484	13	-	3,497	3,779
	54	3,484	13	127,086	130,583	156,970

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-1984

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 50 - Medical Research Council - Operating Expenditures	2,955,000	3,205,000	2,843,175
Vote 55 - Medical Research Council - The grants listed in the Estimates	117,563,000	137,313,000	137,312,986
Statutory - Contributions to Employee Benefit Plans	254,000	283,000	283,000
Total Program	120,772,000	140,801,000	140,439,161

Section 1
Program Overview

A. Plans for 1985-86

1. Highlights

The Main Estimates for 1985-86 indicate an amount of $127.1 million for grants and scholarships which is $26.1 million less than the current year's budget of $153.2 million. This situation reflects the end of a two year period during which the funding of research activity was increased by $50 million following the approval-in-principle of a Five-Year Plan in 1983. (see page 7) If the funding level for grants and scholarships is maintained at $127.1 million, all MRC programs will be reduced with essentially no new intake during the year. (see page 34)

Plans for 1985-86 include:

- The development of a policy and programs to promote the transfer of new knowledge between the universities and industry. (see page 19)
- The review of Program Grants and MRC Groups programs to improve the effectiveness and efficiency in the funding of collaborative research. (see page 19)
- The promotion of public discussion and input in the area of ethics in research and the redrafting of current guidelines on ethics in research involving human experimentation. (see page 19)
- The development of a senior scientist program to complement existing research strength. (see page 19)

2. Financial Summary by Activity

Funding requirements for the Medical Research Council (MRC) for both the Estimates and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Grants and Scholarships	127,086	153,191	(26,105)	23
Administration	3,497	3,779	(282)	29
	130,583	156,970	(26,387)	
Authorized person-years	54	54	0	33

The 1985-86 estimated expenditures of $130,583,410 represent a net decrease of $26.4 million or 16.8% below the 1984-85 forecast. Major items accounting for the change include:

- The $50 million increase in new funds following the approval-in-principle of the Five-Year-Plan in 1983 covered a two year period only, i.e. 1983-84 and 1984-85. As a result, the 1985-86 Estimates for Grants and Scholarships reflect the base budget prior to this increase plus adjustments for inflation during the period as indicated below:

	($000)
- Base budget of 1983-84 prior to approval of new funds.	117,563
- Adjustment for inflation added to the base in 1984-85.(5%)	5,878
- Adjustment for inflation in 1985-86.(3%)	3,702
- MRC contribution for Expo 86 and amount transferred to the National Research Council.	(57)
	127,086

- The new funds approved in 1983 for the Administration Activity included an annual amount of $250,000 in the Administration Vote for the development of a French terminology of scientific terms within the health sciences. This amount is being reduced to $125,000 in 1985-86. In

addition, the salary funds have been adjusted to reflect the current and anticipated classification levels of the 54 person years complement. These two items account for most of the $282,000 reduction in the Administration Activity.

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are:

- A Five-Year Plan for the MRC was approved in principle including the addition of $50 million in new resources for the two year period i.e. $20 million in 1983-84 and $30 million in 1984-85.

- A new program, MRC Scientist Awards, was initiated and is aimed at providing salary support for five years to outstanding investigators who have recently established their reputation as independent researchers and who wish to devote their full time to health research. Eleven awards were provided during the year. (see page 20)

- Expenditures totalling $13 million were approved to support the purchase of major equipment in health sciences faculties and other health research institutions. Increased funding for the replacement of obsolete equipment and the purchase of advanced technological equipment in order to maintain the capacity of Canadian health scientists to compete internationally and to gain access to new knowledge was a high priority in the Five-Year-Plan. (see page 21)

- The MRC initiated new programs in the field of biotechnology providing salary and operating support to permit the recruitement of additional investigators expert in biotechnological techniques. (see page 21)

- The new funds have enabled Council to allow a normal intake of new researchers and to maintain the levels of support of existing researchers in line with inflation. (see page 20)

- A Standing Committee on Ethics in Experimentation was established to advise Council, as appropriate, in areas of ethics, human and animal experimentation and safety. (see page 13)

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	Main Estimates 1983-84	Total Estimates 1983-84 *	Actual 1983-84	Change
Grants & Scholarships				
Grants-in-Aid	76,040	92,273	92,674	(401)
Other Grant Programs	18,010	21,710	21,754	(44)
Salary Support Programs	8,262	8,447	8,380	67
Research Training Programs	14,364	13,832	13,631	201
Travel & Exchange Programs	406	346	356	(10)
Other	481	705	518	187
	117,563	137,313	137,313	0
Administration				
Personnel Costs	2,204	2,233	1,980	253
Operating Expenditures	1,005	1,255	1,146	109
	3,209	3,488	3,126	362
Total Program	120,772	140,801	140,439	362
Person Years	51	51	50	1

* The Estimates total of $140,801,000 consists of:

Main Estimates 1983-84	$120,772,000
Supplementary Estimates "B" 1983-84	20,000,000
Increase in Contributions to Employee Benefit Plans	29,000
	$140,801,000

- It is the responsibility of Council to distribute the total funds available for Grants and Scholarships. The Estimates provide only a total approved resource level which is allocated at the discretion of the Council.

- The Supplementary Estimates of $20 million resulted from the approval-in-principle of the Five-Year-Plan and represents the first instalment of a $50 million increase over a two-year period. A total of $19,750,000 was affected to Grants and Scholarships with the remaining $250,000 being assigned to the Administration activity for the development of a French terminology of scientific terms in the health sciences and for operating expenditures associated with the increased volume of applications in Grants and Awards.

- All funds approved by Parliament for Grants and Scholarships are fully utilised. Any outstanding balances in specific programs at year end are assigned by Council to support the purchase of major equipment.

- Approximately 10% of the administration funds were allowed to lapse. The person years were almost entirely utilised but staffing was made at a lower classification level than anticipated and some senior level positions were not staffed. The development of the French terminology project was initiated in the last few months of the fiscal year thereby resulting in a lapse of the operating expenditures.

C. Background

1. Introduction

The Medical Research Council of Canada is a federal agency established by Parliament in 1969 to promote, assist and undertake basic, applied and clinical research in Canada in the health sciences, and to act in an advisory capacity to the Minister of Health and Welfare on matters of health research. It was previously under the aegis of the National Research Council of Canada where a formal mechanism for the federal support of medical research was established in 1938. The Medical Research Council reports to Parliament through the Minister of Health and Welfare.

Almost all health science research in Canada is carried out in universities, their affiliated hospitals and institutes. The responsibilities of the Medical Research Council therefore primarily embrace the support of research and research training in the health sciences faculties including the departments and laboratories of the sixteen medical schools, ten dental schools and eight pharmacy schools across the country. It follows that all the research activities funded by MRC are extramural.

The Medical Research Council of Canada is one of three federal agencies which, collectively, have responsibility for the support of research in most areas of endeavour, carried out primarily in Canadian universities. The other two are the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council.

2. Legal Mandate

The Council's mandate is based on the authority and responsibility assigned to it under the Medical Research Council Act (R.S., C. M-9). This Act gives the Council authority to:

- promote, assist and undertake basic, applied and clinical research in Canada in the health sciences; and
- advise the Minister in respect of such matters relating to such research as the Minister may refer to the Council for its consideration.

The Act also authorizes the Council to:

- expend any money appropriated by Parliament for the work of the Council or received by the Council through the conduct of its operations.

- publish and sell or otherwise distribute such scholarly, scientific and technical information relating to the work of the Council as the Council considers necessary.

3. **Program Objective**

The objective of the Medical Research Council is to help attain the quality and scale of research in the health sciences essential to the maintenance and improvement of health services.

In addition, the program has sub-objectives that address the training of research investigators in the health sciences and the provision of an adequate research base for education.

4. **Program Organization for Delivery**

Activity Structure: The Medical Research Council Program is divided into two activities; Grants and Scholarships, and Administration. The Grants and Scholarships activity encompasses all of the grants provided by the Council and accounts for 97.3% of the Program's expenditures. It is broken down further into four sub-activities: Grant Programs, Manpower Support Programs, Travel and Exchange and Other Activities. These are described in Section II, Analysis by Activity. (see page 23)

Organization Structure: The Council is comprised of a full-time President, who is also the chief executive officer, and 21 members representative of the scientific and lay community who serve without remuneration and are appointed by the Governor-in-Council. The Council's membership also includes three Associate Members who represent the other two federal granting agencies and the Department of National Health and Welfare. The Council's programs are administered by a secretariat of 54 person-years located in Ottawa.

Recommendations on grants and scholarships to be awarded are made following an extensive examination of applications through a process of peer review. This peer review process consists of 23 grant and six award committees with a total membership of over 250 working scientists drawn chiefly from universities and selected for their knowledge, expertise and experience. These scientists also serve without remuneration with only their travel expenses being reimbursed by the Council. The total time donated annually at no cost to the review of

the applications amounts to over 2,000 working days. The Council also makes wide use of over 5,000 external referees from both Canada and other countries also selected for expertise directly related to the subject of the application. The External referees also serve without remuneration.

The Council is assisted by four Standing Committees chaired by Council members and whose functions are briefly described as follows:

Standing Committee on Research Funding:

- to overview the operations of the Research Funding Programs and to recommend adjustments as appropriate;
- to advise Council on matters relating to research funding;
- to make recommendations for the improvement of the peer review system; and
- to make recommendations for the membership of the various Grant Committees and to establish terms of reference for these Grant Committees.

Standing Committee on Manpower:

- to develop a data base appropriate for future decisions of Council about the training and support of medical research manpower;
- to recommend ways and means of strengthening research manpower in underdeveloped subject areas and clinical research;
- to review the eligibility requirements for the various MRC awards with a view to ensuring better consistency; and
- to make recommendations for the membership of the various Award Committees and to establish terms of reference for these committees.

Standing Committee on Priorities and Planning:

- to advise Council on matters pertaining to the long-range planning, establishment of priorities and development of programs for the MRC;
- to examine trends and issues affecting the future development of health science research in Canada and to make recommendations to Council as to the future role of MRC with respect to these trends and issues; and

- to develop on an annual basis, for Council's consideration, a planning framework which will provide a general orientation or philosophical base for the operations of the other Standing Committees of the Council.

Standing Committee on Ethics in Experimentation:

- to survey the interface between research funded by the Medical Research Council and the concerns of the broader public in areas such as ethics, human and animal experimentation and safety;

- to maintain contact with university committees on research envolving human subjects and biohazards, with organizations such as the Canadian Council on Animal Care, and with other organizations emplementing Council policy in such areas; and

- to advise Council, as appropriate, on policies, on procedures in handling applications for funds and implementing policies on new issues of concern, and on means for addressing those issues.

The Council is also assisted by a number of Advisory Committees on specific areas of national concern such as: Working Group on Nursing Research, Working Group on Research in Tropical and Infectious Diseases, Working Group on Diabetic Research, and a Working Group on the development of a French terminology of scientific terms in the health sciences.

The secretariat, which has the general responsibility for the administration of the Program, is under the direction of the President and is divided into five responsibility areas:

- The President's Office including the Secretary to Council;

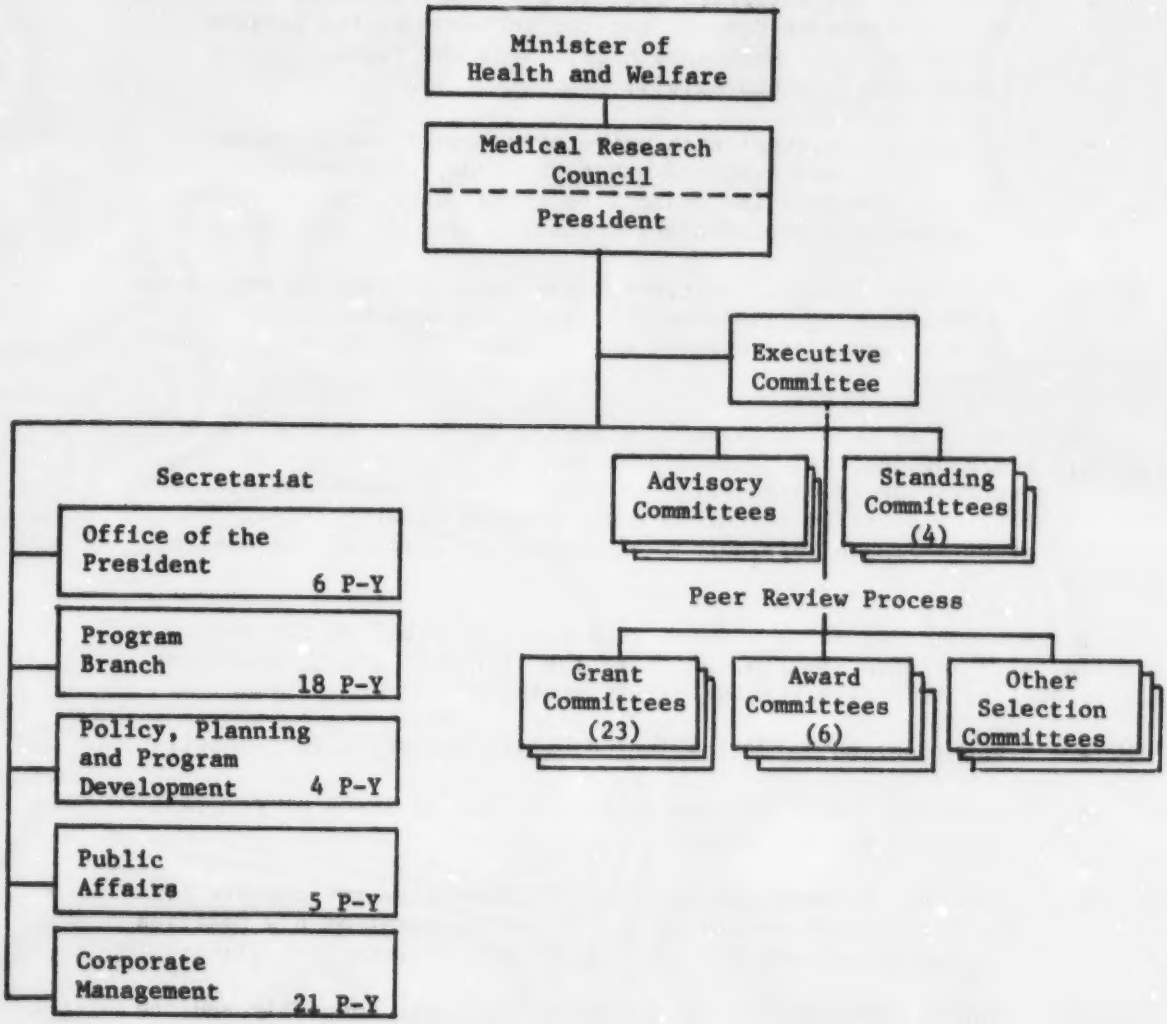
- Programs Branch is responsible for the delivery of programs approved by the Council;

- Policy, Planning and Program Development is responsible for initiating and co-ordinating the development of new policies and programs, and for the elaboration of long term plans;

- Public Affairs informs the medical science community and the general public on the programs of the MRC and its contribution to Health Research; and

- Corporate Management is responsible for the provision of central services such as financial, personnel, management information and administrative services.

Figure 3: Organizational Structure



D. Planning Perspective

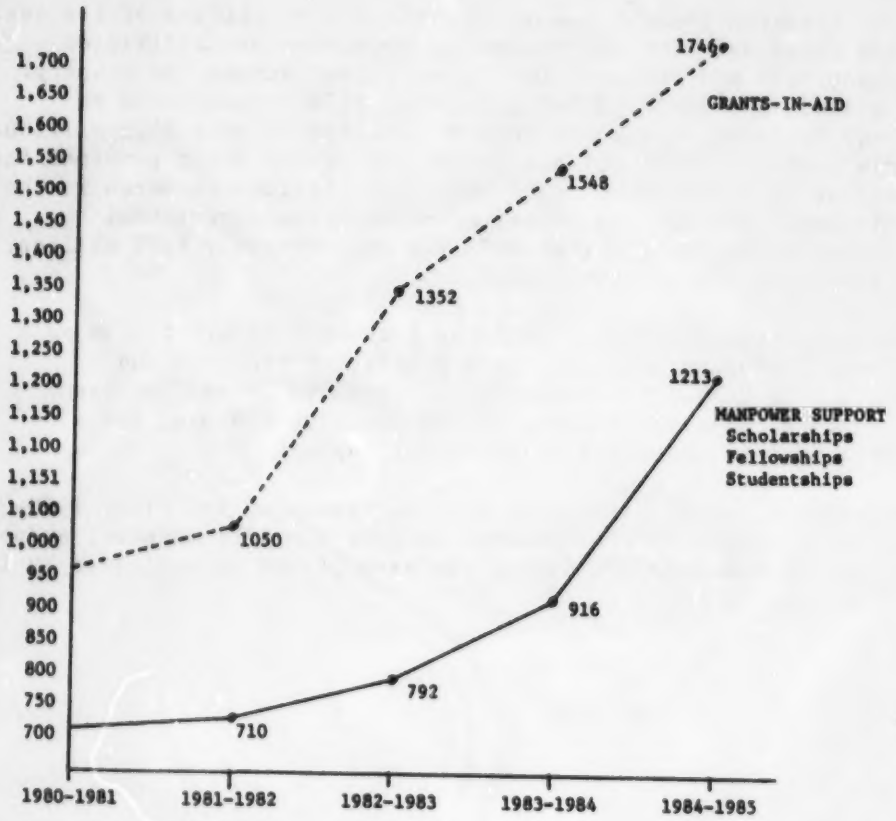
1. Environment

The Medical Research Council has no laboratories or clinics of its own. Rather, its funds are directed towards universities and affiliated teaching hospitals and research institutes spread across the country. Over the period 1969-70 to 1984-85, the Council's expenditures on research and training have grown from $31 million to over $153 million. During this period the Council has become the agency which provides the largest amount of direct support of basic and clinical research in the health sciences. For 1983-84 we estimated that the direct health research expenditures from all sources was approximately $275 million, with MRC providing 50% of that total.

The application pressure on MRC has increased on all fronts as a result of the increased emphasis, nation-wide, on research and development. The University financial constraints as well as the changing funding patterns of other health research agencies are also contributing to this increased pressure for support.

Applications for grants-in-aid have increased by 73% since 1980-81 while the total number of applications in four specific manpower support programs has increased by 82% during the same period as indicated by the following figure.

Figure 4: Application pressure in Grants-in-Aid and Manpower Support Programs



Scientific and Technical Advances: Several factors have contributed towards the provision of high quality health care for Canadians. One factor is the extensive improvement in sanitation and public health measures which have reduced considerably the incidence and spread of communicable diseases. In addition, major technological advances have occurred which greatly facilitate health care delivery. Research has also led to the control of infectious diseases through vaccines and antibiotics, improved diagnostic and treatment protocols for many diseases including cancer, diabetes and cardiovascular diseases as well as surgical techniques which provide the opportunity for such procedures as successful organ transplantation.

While considerable success has been achieved, a great deal remains to be done. Although the importance of prevention is well recognized and the dangers to health resulting from smoking, alcohol and other specific environmental, occupational and dietary factors have been

identified, detailed knowledge of the cause and effect of many diseases is fragmentary. In fact, we are still ignorant of the basic causation of most diseases, and this constitutes a major impediment to effective treatment and prevention.

Current Research Opportunities: Medical research opportunities are now expanding rapidly and offer exciting promises for new knowledge some of which will be directly applicable to the health care system. In the 1980's, for example, we can examine the brain by means of noninvasive computerized imaging methods such as positron emission tomography (PET) and nuclear magnetic resonance (NMR) and observe the chemical transformations that accompany perceptions and motor movements. Such imaging, in conjunction with new neuropharmacological discoveries could elucidate how the various parts of the brain and nervous system grow, develop and take on specific tasks. Answers to these developmental questions will help us to understand the mechanisms of aberrant cell behaviour and perhaps to discover the root cause of many neurological diseases. Research on microvascular grafts are also promising. These activities will contribute to our understanding and improve our capacity to treat disorders such as Tay-Sachs disease, Parkinson's disease, and the dementias, especially Alzheimer's disease, the incidence of which appears to be increasing dramatically as our population ages.

Fields such as immunology and genetics are also experiencing unparalleled growth. Monoclonal antibodies and genetic probes, for example, have become powerful tools for examining the molecular machinery that regulates cell functions and for exploring the cellular disorders and malfunctions associated with a multitude of health problems. In immunology, new immunosuppressor drugs are proving invaluable in transplantation surgery, especially of kidneys.

Work to identify the fundamental stimulus which transforms ordinary cells into tumours is also continuing. Viral agents are implicated in some cases, but the fundamental lesion appears to rest in the genetic control apparatus of the cell. With new molecular techniques, molecular biologists are investigating specific cancer creating genes called oncogenes in an attempt to explore the mechanism of control, the understanding of which could assist both cancer therapy and prevention.

Improved peptide synthesis and gene cloning are now being applied towards the production of safe, artificial vaccines with unparalleled specificity.

Further research is needed to develop a deeper understanding of the peptides in the nervous system, of the kinins in the intestines and of the recently identified peptides produced by the atrial tissue of the heart and implicated in blood pressure regulation and kidney function.

These are only a few examples of medical research opportunities in which Canada has the ability to make major contributions. Continued research support is essential if Canada expects to participate fully in

the benefits of such research through the maintenance of our high level of medical care and training. Stable and adequate research support is essential to attract and to maintain outstanding individuals in the Canadian health sciences research system.

Health Research System: The role of health research as part of the health system is not an isolated one, directed solely towards the acquisition of new knowledge. Rather, health research is part of a highly integrated system which also includes education (of health professionals as well as scientists), and the provision of health service.

In Canada the three elements, research, education and service, are virtually inseparable. This stems, in part, from the absence of large, national health research institutions and the subsequent development of university-based health research institutions in most regions of the country. The health science faculties of these universities are associated with teaching hospitals which are natural education and service outgrowths of this research milieu.

As the MRC develops its role into the late 1980s and the 1990s several factors affecting its milieu will bear close scrutiny. These are:

Federal-Provincial Aspects: At the present time the Council provides only the direct costs of research in Canadian universities and teaching hospitals. Changes to the Federal/Provincial arrangements which affect the viability of educational institutions could influence the future effectiveness of the Council's programs.

Health Research Funding Sources: The existence of a large number of non-Federal agencies with goals to support both research and training is a manifestation of society's overall desire to solve problems of disease. Over the period 1971-72 to 1983-84 MRC's share of total Canadian research expenditure fell from 61% to 56%. The fact that heavy emphasis is being placed by other agencies on training and personnel support rather than research support is of particular importance. The effect of this emphasis is greater demand for research support from MRC. Also of concern is the indication that the rapid growth of the other agencies during the seventies is ending and in some cases support is being reduced. This trend will also increase demand for MRC resources as researchers and trainees seek alternate sources of financing.

The Universities: The university milieu is changing rapidly, with major consequences for medical research and, ultimately, health care. Of particular note is:

- reduced recruitment and subsequent increased median age of faculty;

- increased teaching responsibilities which decrease research emphasis; clinical departments are experiencing difficulties balancing research activities with professional obligations to provide health services;

- financial constraints suggest that the research capability will have to be financed to a greater proportion externally; and

- less maneuverability is translating into rigidity in the recruitment and management of human resources.

2. Initiatives

Council has planned a number of new initiatives in 1985-86 and these are detailed below.

Senior Scientist Program: This program will afford the opportunity for institutions to recruit a limited number of independent investigators of outstanding ability in their respective research fields to complement and further develop existing research strength. The Council will provide salary support over a six year period and may approve up to five Senior Scientist Awards per year.

University Industry Liaison: The Council has undertaken a review of the health care industries in order to determine what measures should be taken to favour appropriate university-industry liaison and exchanges. The Council will consider various alternatives and develop an appropriate program to be implemented either in late 1985-86 or during the following fiscal year.

MRC Groups and Program Grants: These two programs provide funding for various collaborative arrangements between researchers to encourage multidisciplinary research or to ensure greater efficiency through the provision of common services. An on-going review of the MRC Groups and Program Grants will be completed in early 1985 leading to the elaboration of a more apropriate program framework and assessment procedures to achieve the objectives of these programs. The new program framework should be announced in 1985-86 and take effect in 1986-87.

Ethics in Research: MRC has, for many years, led public debate on the issues involved in the ethics of research involving human subjects, the use of animals in research, and the use of infectious agents in research. Indeed, Council's guidelines have become the Canadian standards in these areas. A committee is now at work to redraft the guidelines, first published in 1978, on the ethics in research involving human subjects. Council is also planning to interact more broadly with different levels of government in the highly sensitive issue of research involving animals, as well as in research involving biohazards which form a central part of the government's continuing priority in the area

of biotechnology. In all of these areas, Council is encouraging public discussion by holding the meetings of the Standing Committe on Ethics in Experimentation open to the press, and by encouraging correspondence from the public.

3. Update on Previously Reported Initiatives

Following the approval-in-principle of a Five-Year-Plan in June 1983, the MRC's funding level was increased by $50 million over a two-year period 1983-84 and 1984-85. The Council undertook a number of new initiatives during this period, and an update of these is outlined below. New funds were also used to remedy the insufficient funding and inflationary shortfall of previous years, to increase the manpower training programs and to support the purchase of major equipment, a priority identified in the plan.

Research Grants: The number of applications for new operating grants has increased from 916 in 1983-84 to 1206 in 1984-85, a growth of 32%. The grants approved by Council show a similar increase from 275 in 1983-84 to 400 in 1984-85 thereby maintaining the approval rate at approximately 30% with the same high standard of quality in the approved projects. The main reasons for such an increase are stated in other sections, i.e., the University financial constraints, the changing pattern of other health research agencies, the emphasis, nation-wide, on research and development and the passage from one to two competitions per year for new operating grants.

Collaborative and Interdisciplinary Research: Two programs, namely the MRC Groups and the Program Grants are designed to encourage team work in important and promising areas of research and to stimulate the development of centres of excellence. These two programs account for 10.3% of the total MRC budget for grants and scholarships in 1984-85. The Council is supporting ten MRC Groups distributed in seven schools of medicine and one faculty of dentistry and twenty three Program Grants distributed in eleven schools of medicine and one school of dentistry.

MRC Scientist Awards: This program was initiated in 1983-84 to ensure that proven and highly productive investigators are retained within the Canadian health research scene and to provide an attractive career path for outstanding young scientists. Each award provides salary support for a five year period. Eleven awards were made in 1983-84 and Council anticipated expanding this initiative in 1984-85. Because of the long term nature of the financial commitments involved and the uncertainty of future years' funding levels, Council decided to maintain the number of awards at the previous year's level.

Health Professional Scientists: The health professional scientist plays a unique role in providing the interface between basic research and specialized clinical care. A priority of the Five-year plan was the need to encourage a greater number of health professionals to pursue a

career in research. To meet this priority the Council awarded 90 Fellowships to health professionals in 1984-85, an increase of 45% over 1983-84.

Regional and Institutional Disparities: The Development Grants Program is designed to provide special support to schools in which the research capability requires further strengthening. Funds for this program have been increased from $3.1 million in 1982-83 to $4.6 million in 1984-85 an increase of 48%.

Biotechnology: In 1983-84 new training support was initiated to ensure that adequate skills will be available in the future to exploit the promising field of biotechnology. Thus far, four universities, Dalhousie, Sherbrooke, Toronto and Queen's have been approved as biotechnology training centres. Funding of these institutions will allow for the support of up to five trainees for each centre. In 1984-85 nearly $200,000 was expended for this purpose.

Clinical Trials: It remains an MRC priority to compare scientifically the risks and benefits of medical interventions with those of other interventions. Equally the introduction of new approaches to medical care and diagnosis must first be validated scientifically. The clinical trial on cyclosporin and its role in immunosuppression in kidney transplants is yielding an unexpected benefit in describing a new approach to the treatment of autoimmune diseases.

Major Equipment: A Major Equipment competition initiated in 1983-84 resulted in 683 applications amounting to $43.8 million. Assessment of these applications through the peer review system continued in 1984-85 with support provided to projects meeting the criteria established. In addition to this competition, applications for renewals of MRC Groups and applications for renewal and new Development and Program Grants also included requests for support of the purchase of equipment. A total of $13 million was provided for the purchase of equipment in 1983-84 and a further $14 million is estimated for 1984-85. This priority of the Five-Year-Plan was therefore fully addressed during this two-year period.

4. Program Effectiveness

The Medical Research Council monitors the effectiveness of its 24 various funding programs by means of peer review, detailed program evaluations and special program studies.

Peer Review: Council conducts an extensive review and assessment of all grant and award proprosals submitted for funding in order to ensure a high standard of scientific endeavour. For grant applications, this review focuses on the methodological approach to the science, the training and experience of the researchers, the originality and potential contribution to new knowledge as well as the availability of appropriate services and facilities.

All applications are assessed and evaluated by peer review. This peer review process primarily consists of 23 grant and 6 award committees with a total membership of some 250 scientists working chiefly in universities and selected for their knowledge, expertise, and experience. Some 5,000 external referees selected on the basis of their specific expertise are also requested to review grant applications. Their comments are made available to the peer review comittees to contribute to the assessment process. These referees are chosen from the Canadian scientific community as well as from other countries.

In addition, for special programs and in cases where the complexity of the science proposed or the level of funding requested dictates further assessment, Council requests that site visits be conducted by a group of expert scientists in the field concerned. The report of the site visitors is made available to the grant committee and/or the Executive Committee and Council where the final evaluation is conducted.

Program Evaluation: It is planned to systematically evaluate all of the Medical Research Council's programs over the next five to eight years.

The Council has already approved a policy on program evaluation and is in the process of preparing a long-term evaluation schedule. In addition the Council has authorized an assessment study on an evaluation of the programs that are used to support the research training of health professionals. This group of programs, which accounts for approximately $7.8 M of MRC expenditures, was selected as the subject of the first formal MRC program evaluation because there appears to be a chronic shortage in Canada of research-trained doctors, dentists, pharmacists, and veterinarians. Information arising from the evaluation study will guide the Council in improving the effectiveness of its training programs.

Special Studies: Program effectiveness is also assessed in the course of special studies conducted by the Council's Standing Committees.

In 1984-85, the Standing Committee on Research Funding devoted special attention to the Development Grants Program which is designed to assist those schools in which research activity is comparatively weak. This analysis gave some insight into the effects of the current program and led to the development of the Senior Scientist Program. The Standing Committee is now studying the MRC Groups and the Program Grants Programs with a view to improving the Council's promotion of collaborative research.

Section II
Analysis by Activity

A. Grants and Scholarships

Objective

To promote and assist applied and clinical research in the health sciences and to support the training and development of research manpower with the intention of helping to attain the quality and scale of research essential to the maintenance and improvement of health services.

Resource Summary

The Medical Research Council's program expenditures are virtually all contained in the Grants and Scholarships Activity. These expenditures, which constitute some 97.3% of the total, are in four areas: Grants, Manpower Support Programs, Travel and Exchange Programs, and Other Activities. Figure 5 below shows relative spending by area.

Figure 5: Activity Expenditures ($000)

	Estimates* 1985-86	Forecast 1984-85	Actual 1983-84
Grant Programs			
Grants-in-Aid	89,048	104,213	92,674
Other Grant Programs	19,341	23,346	21,754
Manpower Support Programs			
Salary Support	8,709	9,333	8,381
Research Training	9,649	14,872	13,631
Travel and Exchange	79	515	355
Other Activities	260	912	518
Total	127,086	153,191	137,313

* The breakdown of the 1985-86 Estimates by sub-activity is not definite at this time since Council will not approve final allocation until March 1985.

The increase of $15,878 from 1983-84 to 1984-85 reflects the $10 million in new funds following the approval-in-principal of the Five-Year-Plan and an adjustment for inflation of $5.8 million or 5% applied to the base budget of $117,563,000.

The $26,105 reduction in 1985-86 reflects the end of the five year period for which new funds were approved.

Past Financial Performance

There are no significant changes between 1983-84 planned and actual performance. Funds available in any specific program at year end are directed to support the purchase of major equipment. The Total Estimates column includes an amount of $19,750,000 approved in Supplementary Estimates "B" 1983-84.

Figure 6: 1983-84 Financial Performance ($000)

	Main Estimates 1983-84	Total Estimates 1983-84	Actual 1983-84	Change
Grant Programs				
Grants-in-Aid	76,040	92,273	92,674	(401)
Other Grant Programs	18,010	21,710	21,754	(44)
Manpower Support Programs				
Salary Support	8,262	8,447	8,380	67
Research Training	14,364	13,832	13,631	201
Travel and Exchange	406	346	356	(10)
Other Activities	481	705	518	187
Total	117,563	137,313	137,313	0

Description

Grant Programs: Through its Grant Programs the Medical Research Council provides support for basic, applied and clinical research projects in the health sciences as proposed and carried out by investigators on the staff of medical, dental, pharmacy and veterinary medicine schools in Canadian universities and affiliated institutions, and in a few other schools or departments such as psychology and nursing. Support is generally provided under three major categories:

Operating Grants support research projects directed towards a defined objective, conducted by an investigator working alone or in collaboration with others. The grants may be used to employ assistants or trainees, to purchase materials, supplies, and items of equipment costing less than $10,000, to buy and maintain laboratory animals, and to support limited travel costs.

Major Equipment Grants provide for the purchase of items of equipment costing more than $10,000 which are normally used in research projects supported by the Council.

Maintenance Grants are provided for the operating support and maintenance of facilities shared by several investigators within an institution or region.

The Grant Programs presently consist of the following:

- Grants-in-Aid
- Program Grants
- Development Grants
- Subject Research Development Grants
- Biotechnology Development Grants
- MRC Groups
- General Research Grants
- Special Projects

Grants-in-Aid meet the direct costs of research in the health sciences as proposed and carried out by investigators.

Program Grants are used to support a research program involving closely integrated research activities carried out by two or more investigators. The program may be multi-disciplinary or within one discipline, and may originate and be carried out in one or several departments, faculties or universities.

Development Grants are designed to provide special support to schools in which research is considered to be less than satisfactorily developed. In general these grants facilitate the recruitment and establishment in research of highly qualified investigators.

Subject Research Development Grants are provided for stimulation of research in specific areas. For example, they have been used to stimulate the development of heart research and are presently being used to expand research in perinatology.

Biotechnology Development Grants are designed to encourage further research in the application of recombinant DNA methods to problems directly applicable to the health sciences.

The MRC Group program provides support to teams of two or more accomplished investigators for collaborative work over a period of years in what appears to be especially productive areas. The underlying philosophy of MRC Groups is essentially to create centres of excellence.

General Research Grants are funds provided to Deans of Medicine, Dentistry, Pharmacy and Veterinary Schools for discretionary use in support of local research projects.

Special Projects are sometimes initiated to provide support for particular research projects in subjects or fields which may be expected to be specially productive and to foster research on topics of particular concern in Canada.

Refer to Figure 7 page 28 for the resources allocated to the Grant Programs.

Typical research areas covered by the Grant Programs include:

- Cellular biology
- Immunology
- Nutrition & metabolism
- Reproductive biology
- Cancer
- Behavioural Sciences
- Respirology
- Gastroenterology
- Nephrology
- Connective tissue disorders (non-visceral tissues, except skin; arthritis)
- Ophthalmology
- Otolaryngology
- Genetics
- Endocrinology
- Developmental biology (pediatrics)
- Neurosciences
- Cardiology
- Hematology
- Dentistry
- Dermatology
- Microbiology
- Drugs and their effects
- Environmental and occupational medicine (including accidents)

Manpower Support Programs: Through these programs, the Medical Research Council provides direct support for research personnel or research trainees. These programs are grouped under two main categories as follows:

Salary Support Programs: The Medical Research Council provides salary support for independent investigators through three basic programs: The Career Investigators program supports a number of highly qualified researchers who have made research a full-time career. The MRC Scientist program was initiated in 1983-84 and is aimed at providing salary support for five years to outstanding investigators who have recently established their reputation as independent researchers and who wish to devote their full time to health research. The Scholarship program affords those who have recently completed their formal research training an opportunity to demonstrate their ability to carry out independent research.

Research Training Programs: The Medical Research Council offers a number of programs for the support of highly qualified candidates seeking research training in the health sciences: the **Centennial Fellowships** and regular **Fellowships** for those who have an M.D., D.D.S., D.V.M., or Ph.D. degree, and **Studentships** for those undertaking full-time training at the predoctoral level. Assistance is also provided as **Dental Training Grants** to DDS graduates who wish to engage in a program of study leading to a Ph.D. degree and certification in a clinical

specialty. **Biotechnology Training Grants** are available as opportunities for training students and post-doctoral fellows in the application of biotechnology techniques. To encourage an interest in research among undergraduates in Canadian schools of medicine, dentistry and pharmacy, the Council offers **Undergraduate Research Scholarships** which are taken during the summer period or any other elective periods depending on the school's undergraduate curriculum.

Refer to Figure 7 page 28 for the resources allocated to the Manpower Support Programs.

Travel and Exchange Programs: The **Visiting Scientists, Visiting Professorships** and **Travel Grants** programs afford opportunities for collaboration and exchange of information between Canadian scientists and their colleagues in Canada and abroad. MRC also supports the cost of **workshops** and **symposia** designed to address specific questions or problems of importance to research in the health sciences in Canada and to reach a consensus on recommendations or conclusions.

Refer to Figure 7 page 28 for the resources allocated to Travel and Exchange Programs.

Other Activities: This section represents less than 1% of the total grants and scholarships activity and comprises miscellaneous elements which cannot be integrated in the Grant Programs and the Manpower Support Programs. It includes a grant to the Canadian Council on Animal Care which is an autonomous advisory and supervisory body operating under the aegis of the Association of Universities and Colleges of Canada and supported financially by the Natural Sciences and Engineering Research Council and the Medical Research Council.

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Performance Information/Resource Justification

Figure 7 shows the distribution of the number of grants and scholarships awarded by MRC by Program and dollar value.

Figure 7: Number of Grants and Awards and Total Dollar Value by Program Elements

	1984-85 (Forecast)		1983-84 Actual		1982-83 Actual	
	No.	$000	No.	$000	No.	$000
Grant Programs						
Grants-in-Aid						
Operating	1,720	91,883	1,690	81,190	1,596	73,902
Major Equipment	290	12,330	338	11,484	11	172
Program Grants	23	5,350	20	4,780	14	3,368
Development Grants	82	4,344	82	3,978	75	3,137
Sub Res Dev Grants	1	99	1	163	2	257
Biotech Dev Grants	-	-	-	-	-	-
MRC Groups	10	10,386	10	9,121	10	7,538
General Res Grants	37	1,100	34	1,890	34	1,070
Special Projects	13	2,067	9	1,822	5	1,173
Sub-Total	2,176	127,559	2,184	114,428	1,747	90,617
Manpower Support Programs						
Salary Support Programs						
Career Investigators	51	3,291	53	3,242	53	3,146
MRC Scientists	23	923	11	356	-	-
Scholarships	142	5,078	135	4,782	115	4,478
Research Professorships	1	41	-	-	3	47
	217	9,333	199	8,380	171	7,671
Research Training Programs						
Centennial Fellowships	23	700	21	652	17	570
Fellowships	474	9,271	414	9,054	319	7,724
Studentships	412	3,734	364	3,269	301	2,875
Dental Training Grants	5	92	2	58	3	68
Biotechnology Train Grts	12	190	3	45	-	-
Summer Scholarships	279	885	180	553	190	551
	1,205	14,872	984	13,631	830	11,788
Sub-Total	1,422	24,205	1,183	22,011	1,001	19,459
Travel and Exchange Programs						
Visiting Scientists	20	163	16	89	15	135
France/Canada Exchange	13	129	17	97	9	107
Visiting Professorships	25	45	31	49	29	33
Travel Grants	1	37	1	40	2	14
Symposia and Workshops	18	141	13	81	11	74
Sub-Total	77	515	78	356	66	363
Other Activities		912		518		469
Total	3,675	153,191	3,445	137,313	2,814	110,908

B. Administration

Objective

The objective of the Secretariat of the Council is to provide efficient and effective scientific, technical and administrative services in support of the Council's operation.

Resource Summary

The Administration Activity which includes all operating expenditures of the Council accounts for 2.7% of the MRC budget for 1985-86. It includes all the person-years of the Council.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Salaries and other personnel costs	2,000	54	2,098	54	1,697	50
Contributions to Employee Benefit Plans	275		269		283	
Operating Expenditures	1,222		1,412		1,146	
	3,497	54	3,779	54	3,126	50

Salaries, other personnel costs and contributions to Employee Benefit Plans represent 65.1% of the total activity budget in 1985-86. The reduction in operating expenditures is mainly attributed to a reduced budget for the project on the development of a French terminology of scientific terms.

Past Financial Performance

There is no significant change between the 1983-84 planned and actual financial performance except for a 13% lapse in salary funds.

Figure 9: 1983-84 Financial Performance ($000)

	Main Estimates 1983-84		Total Estimates 1983-84		Actual 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Administration								
Salaries and other personnel costs	1,950	51	1,950	51	1,697	50	253	1
Contributions to Employee Benefit Plans	254		283		283		0	
Operating Expenditures	1,005		1,255		1,146		109	
	3,209	51	3,488	51	3,126	50	362	1

Description

The Administration Activity includes all personnel costs and services required for the effective functioning and operation of the granting process, and for the administration of Council and its committees.

This activity consists of the following responsibility centres:

Office of the President: Executive management of all aspects of the Council's activities including the establishment of Standing and Advisory Committees to advise Council on specific matters relating to health research.

Programs Branch: Management and administration of the peer review and selection process and responsibility for the administration and delivery of programs approved by Council.

Policy, Planning and Program Development: Responsible for initiating and coordinating the development of new policies and programs, for the elaboration of long term plans, for preparation of evaluation plans and for the review and evaluation of programs.

Public Affairs: Responsible for the development and production of information material in order to provide the scientific community and the general public with full, accurate and timely information about the policies and programs of the Medical Research Council and its

contribution to Health Research. It also attempts to obtain the views and concerns of Canadians on questions relating to ethics, experimentation and biohazards.

Corporate Management: The provision of financial, personnel and administrative services and the development and maintenance of electronic data processing systems required for the administration and control of grants and scholarships and the development of other administrative systems and procedures.

Performance Information/Resource Justification

The increase of fifteen person years over a three year period from 1982-83 to 1984-85 has enabled Council to establish a policy, planning and program development directorate, to improve communications with the scientific community, to better inform the general public on health research activities, to initiate the development of an electronic data processing system for the administration and control of grants and scholarships, to improve management practices in areas of finance and personnel and to add to the support staff as a result of a considerable increase in workload.

As indicated previously, the number of applications in grants-in-aid and in manpower support programs has increased by 73% and 82% respectively since 1980-81. Such a volume increase has a direct impact on functions related to the processing of these applications and to the administration of the peer review system. The number of person years has not increased proportionately and it is expected that computer processing of these applications will enable Council to meet, at least partially, the increasing application pressure with improved productivity. There are, however, certain costs such as postage, travel of the peer review committee members and printing of required documentation for these committees which are directly related to workload increases.

Figure 10: Relationship of Administrative Expenditures to Total Council Expenditures

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Council Expenditures	130,583	156,970	140,439
Administration	3,497	3,779	3,126
Percentage of Total	2.7%	2.4%	2.2%

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,967	2,065	1,697
Contributions to employee benefit plans	275	269	283
Other Personnel Costs	33	33	-
	2,275	2,367	1,980
Goods and services			
Transportation and communications	642	622	458
Information	90	75	64
Professional and special services	258	395	192
Rentals	13	22	16
Purchased repair and upkeep	57	62	36
Utilities, materials and supplies	149	168	163
	1,209	1,344	929
Total operating expenditures	3,484	3,711	2,909
Capital	13	68	217
Transfer Payments	127,086	153,191	137,313
Total expenditures	130,583	156,970	140,439

2. Personnel Expenditures

Figure 12: Authorised Person-Years and Salary Provision

	Authorised Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive	6	8	8	50,530-96,300	74,612
Administrative and Foreign Service					
Admin Services	7	10	9	13,912-57,987	37,731
Program Administration	6	4	3	13,912-57,987	43,155
Information Services	2	3	3	13,579-57,980	41,329
Other	7	5	4		38,471
Administrative Support					
Clerical	15	16	16	12,932-31,743	21,731
Secretarial	8	8	8	12,636-31,946	24,662
Data Processing	3	-	-	13,325-37,130	16,441

Note: The person-year columns display the forecast distribution of the authorised person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 13: Details of Transfer Payments

	Estimates* 1985-86	Forecast 1984-85	Actual 1983-84
Grant Programs			
Grants-in-Aid -Operating	89,048	91,883	81,190
-Major Equipment	-	12,330	11,484
Program Grants	5,297	5,350	4,780
Development Grants	3,447	4,344	3,978
MRC Groups	9,179	10,386	9,121
Subject Research Development Grants	79	99	163
Biotechnology Development Grants	-	-	-
General Research Grants	-	1,100	1,890
Special Projects	1,339	2,067	1,822
Sub-Total	108,389	127,559	114,428
Manpower Support Programs			
Salary Support Programs			
Career Investigators	3,149	3,291	3,242
MRC Scientists	1,119	923	356
Scholarships	4,412	5,078	4,782
Research Professorships	29	41	-
Research Training Programs			
Centennial Fellowships	558	700	652
Fellowships	5,623	9,271	9,054
Studentships	3,171	3,734	3,269
Dental Training Grants	39	92	58
Biotechnology Training Grants	258	190	45
Summer Scholarships	-	885	553
Sub-Total	18,358	24,205	22,011
Travel and Exchange Programs			
Visiting Scientists		163	89
France/Canada Exchange		129	97
Visiting Professorships		45	49
Travel Grants		37	40
Symposia and Workshops		141	81
Sub-Total	79	515	356
Other Activities			
President's Fund		250	194
Canadian Council on Animal Care		235	225
Site Reviews and Promotions		427	99
Sub-Total	260	912	518
	127,086	153,191	137,313

* Final decision for distribution by Programs to be taken by Council in March 1985.

B. Cost Analysis

Figure 14: Total Program Cost for 1985-86 by Activities ($000)

	1985-86 Operation Expenditures	Add Other Costs	Total Cost	Forecast 1984-85
Administration	3,497	271	3,768	3,779
Grants and Scholarships	127,086	-	127,086	153,191
	130,583	271	130,854	156,970

Figure 14 shows total cost by activity of the Program. The administration activity contains all operating costs of the Council. Other costs shown include the following:

	($000)
• Accommodation provided without charge by DPW	232
• DSS services provided without charge	3
• Pensions and insurance paid by TB	36

C. Other Financial Information

Figure 15: Distribution of MRC Expenditures by Province ($000)

Province	Projected 1984-85	Actual 1983-84	Actual 1982-83
British Columbia	12,531	11,227	8,450
Alberta	11,168	10,015	8,514
Saskatchewan	4,182	3,751	2,821
Manitoba	7,859	7,046	6,116
Ontario	56,190	50,368	40,178
Quebec	48,301	43,299	35,132
New Brunswick	-	-	-
Nova Scotia	5,346	4,792	4,106
Prince Edward Island	-	-	-
Newfoundland	2,099	1,877	1,815
Other Activities - non-institutional	536	474	438
Outside Canada *	4,979	4,464	3,338
Total	153,191	137,313	110,908

* These funds are given to Canadians or permanent residents of Canada for advanced research training abroad.

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Figure 16: Distribution of MRC Expenditures by University ($)

University	Projected 1984-85	Actual 1983-84	Actual 1982-83
British Columbia	12,377,833	11,082,901	8,378,272
Simon Fraser	15,319	17,900	10,325
Victoria	137,872	126,204	61,746
Alberta	6,556,575	5,881,722	5,281,956
Calgary	4,611,049	4,132,867	3,232,051
Saskatchewan	4,182,114	3,751,450	2,821,029
Manitoba	7,858,698	7,045,831	6,116,507
Carleton	229,787	202,277	135,130
Guelph	674,040	602,325	483,538
McMaster	7,337,849	6,577,636	5,614,334
Ottawa	3,278,287	2,943,018	2,561,456
Queen's	6,051,045	5,430,607	3,656,183
Toronto	28,815,227	25,834,114	20,947,156
Trent	-	-	42,929
Waterloo	275,747	253,531	181,387
Western Ontario	9,451,885	8,465,893	6,525,060
Windsor	30,638	22,500	20,650
York	45,959	36,350	10,325
Concordia	229,790	208,590	174,836
Laval	4,948,069	4,430,468	4,398,710
McGill	23,438,223	21,015,737	17,199,760
Montreal	14,675,698	13,160,315	9,841,288
Quebec	275,744	242,272	241,099
Sherbrooke	4,733,602	4,241,669	3,275,867
Dalhousie	5,315,728	4,767,124	4,080,784
St. Mary's	30,628	25,200	25,200
Memorial	2,098,717	1,876,604	1,814,513
Sub-Total	147,676,123	132,375,105	107,132,091
Other Activities - non-institutional	536,169	474,028	438,016
Outside Canada *	4,978,708	4,463,851	3,337,869
	153,191,000	137,312,984	110,907,976

* These funds are given to Canadians or permanent residents of Canada for advanced research training abroad.

Ministry of State Science and Technology Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Ministry of State

Science and Technology
Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts, provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $8,432,000 in 1985-86 for the Ministry of State of Science and Technology Program. The remaining expenditures, estimated at $645,000 for pensions and other employee benefits and for the Minister's salary and motor car allowance, will be covered under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Science and Technology		
1	Program expenditures	8,432	7,738
(S)	Minister of State for Science and Technology - Salary and motor car allowance	42	-
(S)	Contributions to employee benefit plans	603	516
	Total Program	9,077	8,254

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Science and Technology Department	
1	Science and Technology - Program expenditures and contributions	8,432,000

Extracts from Part II of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
		Budgetary			Total	
	Authorized Person-years	Operating	Capital	Transfer Payments		
Policy Development	88	6,926	27	2,124	9,077	8,254

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 1 - Program expenditures, the grants listed in the Estimates and contributions	11,166	12,016	10,185
Statutory - Contributions to employee benefit plans	884	984	984
Total Program	12,050	13,000	11,169

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Making science and technology a more effective tool contributing to national economic goals requires action in a number of policy areas. In 1985-86, MOSST will focus on the policy aspects of:

- increasing Canada's level of research and development (page 12);
- promoting the development, diffusion and application of technology in industry (page 12);
- strengthening the management and relevance of government laboratories (page 12);
- supporting research and research-training capabilities in the universities (page 13);
- improving cooperation and coordination between the federal and provincial governments in S&T matters (page 13);
- strengthening the international linkages which will enhance Canada's technological strengths (page 13);
- increasing national efforts in technologies of strategic importance to Canada, with particular attention to:
  - the National Biotechnology Strategy (page 13);
  - the Canadian Space Program (page 15);
- fostering increased understanding by the general public of the impact of science and technology (page 13).

2. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Policy Formulation, Development, Assessment, Coordination and Provision of Advice	9,077	8,000	1,077
Person-years	88	73	15

* The 1984-85 forecast does not differ significantly from the 1984-85 Main Estimates of $8,254,000 (see Extracts from Part II of the Estimates (page 4).

Explanation of Change: The increase of $1.1 million and 15 person-years is primarily due to the following:

	$ (000)
• An increase in contributions to the European Space Agency	229
• Relocation of the ministers office from the Ministry of State for Economic and Regional Development (MSERD) to MOSST	675
• Other items, including salary and wage increases	

B. Recent Performance

1. Highlights

Early in the 1983-84 year, MOSST underwent a major reorganization and reduction in size. Subsequently, the plans presented in the 1983-84 expenditure plan were revised to reflect the responsibilities of the new MOSST. Under its new form of organization, MOSST did not undertake economic analyses into the determinants of R&D expenditures or develop new bilateral cooperation arrangements with other countries. The following portions of the 1983-84 plans were undertaken:

- the government had established a target to be reached by 1985 for Gross Expenditure on Research and Development (GERD) equal to 1.5% of Gross National Product. In the period 1979 to 1982 there was substantial progress towards this goal; however, subsequent progress has slowed (page 14);

- several studies on new technologies were begun (page 14);
- substantial work supporting a social science policy was undertaken (page 15);
- the space program was updated (page 15); and
- to improve public awareness of science and technology issues, MOSST successfully sponsored the Canada Tomorrow Conference and initiated the Public Awareness program (page 15).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change*
Policy Formulation, Development, Assessment, Coordination and Provision of Advice*	11,169	12,050	881

* After the reorganization, the new MOSST required fewer resources to fulfill its mandate, effecting a reduction in expenditures.

C. Background

1. Introduction

The Ministry of State for Science and Technology is responsible for formulating policies and providing advice on science and technology to the federal government. Its mandate covers the science and technology activities of government departments and those of industry and universities insofar as they interact with the federal government.

The Secretary of MOSST is also the Chief Science Advisor to the government, with responsibility for providing expert and objective advice to Cabinet Committees on priorities for, and the planning of, Canada's overall science and technology effort.

The other agencies which report to the Minister of State for Science and Technology are the National Research Council, the Natural Sciences and Engineering Research Council and the Science Council of Canada.

2. Legal Mandate

The Ministry of State for Science and Technology was established by Order in Council in 1971 with a mandate to develop policies with respect to:

- the establishment of priorities for science and technology;
- the support of science and technology and its application in furthering national objectives;
- the optimum investment in science and technology by governments, industry and universities;
- the coordination of federal science and technology programs with other government policies;
- cooperation with the provinces, other organizations and other nations;
- the organization of science and technology in the public service;
- the allocation of financial and personnel resources; and
- the extent and nature of Canada's participation in international scientific undertakings.

On July 31, 1980, the Prime Minister designated MOSST as the lead department for space research and development policy and the coordination of space activities among federal government departments and agencies.

On July 15, 1983, the Prime Minister assigned the additional new role of Chief Science Advisor to the federal government to the Secretary of the Ministry of State for Science and Technology. In addition to the issues outlined above, the Chief Science Advisor is to advise on: the integration of a long-range scientific perspective into the policy development process and into specific proposals; the identification of areas which are science and technology intensive and which will have a significant impact on Canada; and the quality and effectiveness of science and technology policies.

3. Program Objective

MOSST has, in effect, a single program objective, which is to encourage the development and use of science and technology in support of national goals.

4. Program Description

The Chief Science Advisor and his secretariat, the Ministry of State for Science and Technology, are responsible for providing expert advice to senior government officials, Ministers, Cabinet Committees and, on request, the Prime Minister on all areas of science and technology and their impact on the economic and social development of the nation as well as on foreign affairs and national defense.

In particular, MOSST is responsible for:

- assessing policies and programs in science and technology of the federal government as they relate to the provincial governments and the industrial and university sectors in Canada, as well as those of foreign countries which have an impact on the Canadian economy;

- identifying S&T areas of significant impact on the economy, society, international relations and national defence; and recommending priorities and strategies to achieve the national goals in these areas; and,

- integrating the long-range scientific and technological perspective into the policy development process of government and into specific proposals put forward by departments, agencies and ministries.

The Chief Science Advisor advises on funds allocated to science and technology related initiatives in departmental proposals. The Ministry does not have a program budget nor does it directly control the science and technology budgets of other departments. Its influence on the science and technology related priorities and expenditures in the federal and provincial governments, industry, and universities, is exerted through both formal and informal contacts in those organizations, and ultimately through advice to Cabinet Committees.

5. Program Organization for Delivery

Activity Structure: MOSST's program is encompassed in the activity; "Policy formulation, development, assessment and provision of advice".

Organization Structure: MOSST is located entirely in Ottawa and is organized into an Operations Branch, a Policy and Strategy Branch and a Communications Branch. Figure 3 on page 11 presents the organization and resources for 1985-86. The corporate services functions of finance, personnel, and administration are provided by the Department of Regional Industrial Expansion.

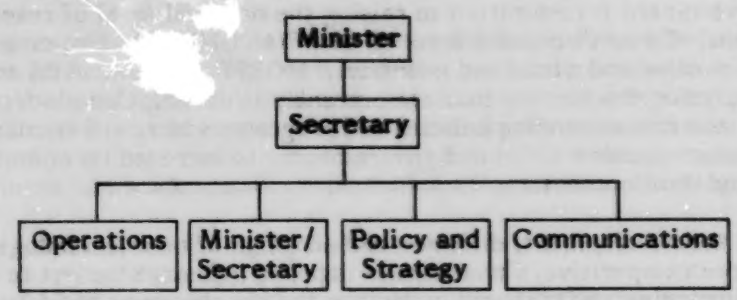
Operations: This branch is responsible for providing the Chief Science Advisor and the Cabinet committee system with advice on current issues involving science and technology considerations and for responding to requests for special studies.

Policy and Strategy: This branch is responsible for providing the Chief Science Advisor and the Cabinet committee system with advice on medium to long-range science and technology issues that are likely to have an impact on the economic and social development of the country. This Branch is also responsible for the development of space research and development policy and coordination of space activities among government departments and agencies.

Communications: This branch is responsible for providing a catalytic and coordinative role in encouraging effective federal communication of science and technology related issues. It also provides public affairs support for the Minister and the Ministry.

Corporate Services: Corporate Services is responsible for developing and maintaining all finance, personnel and, administrative support services for the efficient and effective operation of the Ministry, including development and maintenance of integrated office and information systems and comprehensive documentation on government science and technology policies and programs. Corporate services are provided to MOSST by the Department of Regional Industrial Expansion (DRIE).

Figure 3: Resources by Organization/Activity ($000)



	Operations	Minister/ Secretary	Policy and Strategy	Communications	Total
Program expenditures	1,410	2,230	4,862	575	9,077
Authorized person-years	23	22	34	9	88

D. Planning Perspective

1. Environment

Science and Technology are vital to the economic and social progress of Canada and there is an ever-increasing need for policies having an impact on the total environment of research and technological innovation, whether in industry, universities or federal and provincial governments. MOSST continues to develop broad policies, as well as providing more specific advice on sectoral aspects of science.

Federal science expenditures are not isolated as a separate budget by the federal government but are spread across several budgetary envelopes. A basic understanding of the linkages between the federal government's science and technology policies is essential to MOSST's task of recommending on resource allocation and policies relating to science.

Economic Conditions: Economic restraints in both public and private sectors call for judicious allocation of resources to science and technology endeavours. MOSST's advice on priorities and resource allocation seeks to ensure that science and technology expenditures provide an optimum contribution to economic development.

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Technology Development: The development and application of new technologies will be crucial to overcoming the chronic problem of slow productivity growth, which Canada has experienced over the past decade, and to improving Canada's competitive position in world markets. MOSST wil be giving high priority to identifying technological opportunities for Canada and to furthering the country's capacity to take advantage of these opportunities.

2. Initiatives

Increasing the Gross Expenditures on Research and Development (GERD): The federal government is committed to raising the national level of research and development. Canada's current level of GERD to GNP is 1.28%, or less than half that of most other industrialized countries. MOSST will contribute towards this goal by analyzing the factors that are currently inhibiting Canada from increasing its GERD, and recommending policies and programs which will encourage each sector - industry, universities and government - to increase its commitment to research and development.

Promoting the development, diffusion and adoption of new technologies: To become more competitive, Canada must improve industry's access to and utilization of key technologies. MOSST will undertake the development of S&T policies to:

- accelerate the diffusion of domestic and foreign technologies to industries; and
- identify and foster strategic technologies of critical importance to Canadian industrial development.

The first is important as Canada not only produces less than 2% of the world's technology, but has also been demonstrably slow in recognizing and utilizing known technologies that could effectively improve the productivity of our resource base and current industries. The second is equally vital because a national strength in certain strategic technologies, such as microelectronics and biotechnology, are essential to the development and diversification of our economy.

Strengthening the management and relevance of government intramural R&D: The federal government devotes over $1.0 billion to intramural research and development. It is important that the government ensure that this investment is effective in providing the S&T underpinnings essential to Canada's economic competitiveness -- underpinnings only the government can reasonably provide. In particular, MOSST will work towards ensuring that intramural R&D activities are fully appropriate to the government's role and requirements, are relevant to government objectives and of high priority and quality, are regionally well-distributed, are well-managed --especially where they cut across departments and envelopes -- and are well-linked to industry when they are industry-oriented in nature.

Supporting research and research training capabilities in the universities: Canada cannot improve its ability to compete through a more effective use of science and technology if it does not possess a firm foundation of basic research and highly qualified human resources. MOSST will formulate policy advice to ensure that universities are receiving adequate and stable research funding through the granting councils (the Natural Sciences and Engineering Research Council, the Medical Research Council and the Social Sciences and Humanities Research Council). This will include ensuring that there is a reasonable and clearly defined coverage of university research overhead costs through federal funding of education.

Improving cooperation and coordination between the federal and provincial governments in S&T matters: Improved federal-provincial coordination on science and technology policies, programs and activities in science and technology would improve the effectiveness of resource expenditures in this area and minimize the duplication of effort. To achieve this, MOSST will initiate federal consultations with the provinces and work towards establishing effective coordinating mechanisms.

Strengthening international linkages: To be able to develop and market its high technology products effectively, Canada requires better access to international technology and world markets. MOSST will develop policy advice which works towards the reduction of the various direct and indirect barriers to international high technology trade -- especially non-tariff barriers such as concessional financing, government procurement practices and discriminatory standards -- in a way that does not impede the development of Canada's high technology industries.

Biotechnology: In order to effectively implement the National Biotechnology Strategy, MOSST will be continuing to undertake studies and provide advice on: proprietary rights; safety and biohazard regulations relating to biotechnology; and, the continuing and proposed programs on biotechnology in Canada. MOSST also chairs the Interdepartmental Committee on Biotechnology which decides on annual allocations for departmental activities. MOSST also provides the secretariat to the National Biotechnology Advisory Committee.

Public Awareness: The ministry will assess the operations of the Public Awareness Program for Science and Technology and make recommendations for improvements to the program.

Assessment of science and technology related issues: A significant component of MOSST's shorter-term activities will be the assessment of science and technology policies and programs being brought forward to Ministers. This will entail the systematic analysis of departments' policy and program proposals and the provision of advice to the Chief Science Advisor and to Ministers concerning these proposals. This function will be primarily the responsibility of MOSST's Operations Branch.

Longer-term policy activities: The provision of policy advice on longer-term science and technology initiatives will constitute a major proportion of the Ministry's workload. This work, which is the responsibility of the Policy and Strategy Branch, will integrate the knowledge and efforts of specialists in internal government policies and programs, and senior experts on industrial, university, federal-provincial and international matters related to science and technology.

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Areas of particular emphasis will include the desired level of Canadian R&D investment, the adoption and adaptation of new technologies by Canadian industry, the encouragement of increased industrial R&D investments, and the adequacy of support for university R&D. The provision of advice concerning improved coordination and enhanced relevance of government R&D will also be a focus of Ministry activities, and particular attention will be devoted to research, development and innovation in Canada's resource-based industries and in small business.

3. Update on Previously Reported Initiatives

Early in the 1983-84 year, MOSST underwent a major reorganization and reduction in size. Consequently the plans presented in the 1983-84 expenditure plan were revised to reflect the responsibilities of the new MOSST. This section will report against the initiatives of the revised 1983-84 plans.

Gross National Expenditure on Research and Development (GERD): Initial progress towards the target was encouraging, with R&D expenditures rising at a rapid rate. Recent evidence shows that this progress has slowed down considerably, primarily due to the recession, and suggests that the 1985 target may not be met. MOSST has, during this period, offered advice to the government on particular policies respecting effective resource allocation for government intramural R&D programs, industrial R&D and technology support programs, and the funding of university research by federal granting councils.

New Technologies: Work is proceeding in a number of areas, some of which are under the direct control of MOSST:

- the government announced the establishment of a National Manufacturing Technology Information Centre which will accelerate the diffusion of technology; this Centre will be run by the private sector; other aspects of factory automation are under review by MOSST;
- advanced materials are currently the subject of interdepartmental study led by MOSST;
- artificial intelligence and fifth generation computer technology is the subject of policy consideration coordinated by MOSST;
- semiconductor technology has been identified as an area in need of urgent interdepartmental review to be led by DRIE;
- MOSST is assisting the Science Council of Canada launch a new program to identify emerging science and technologies of importance to Canada; and
- MOSST, with funding supplied by the Department of Energy, Mines and Resources, has begun studies of the economics of alternative liquid fuels for transportation.

Social Sciences: MOSST has been establishing measures to provide more stable funding for the federal granting councils, including the Social Sciences and Humanities Research Council, which funds much of the social sciences research in Canadian universities. As well, the Canada Tomorrow Conference, sponsored by the Minister of MOSST, examined many issues related to the social impact of new technologies.

Space Plan: The space program plan was updated in March 1984, and an additional $122.2M was allocated to space activities over the period 1984-85 to 1986-87. The Space Industry Information Bank has been established and industry is applying data on a regular basis. A new space program plan, involving a number of major initiatives, is being developed for implementation in 1985-86 to 1989-90.

Task Force on Federal Policies and Programs for Technology Development: The report of the Task Force was submitted to the Minister of State for Science and Technology in July 1984. The report has received strong support from both the public and private sectors. MOSST is currently developing a response including an implementation plan for subsequent presentation to Cabinet.

Public Awareness: To improve communications and understanding between all groups in Canadian society which effect or are affected by technological change, the Ministry of State for Science and Technology sponsored the Canada Tomorrow Conference, November 6-9, 1983. Approximately 750 individuals from industry, universities, labour, governments and the general public were invited to discuss the management of technological change in both plenary and workshop sessions. The conference was telecast live over the House of Commons system and a one hour video-tape summary was produced for post-conference viewing. Results of the Conference were also made available through three publications: the Summary; the Proceedings; and Commissioned Papers.

To foster increased understanding of science and technology in the general public, MOSST initiated a Public Awareness Program for Science and Technology. The $1.5 million program, which supports proposals from the public on a competitive basis, is administered by the Department of Supply and Services.

4. Program Effectiveness

The effectiveness of MOSST's program must be viewed in the context of the objective to formulate, develop, assess, and coordinate policies and advise the government on matters affecting the development and application of science and technology and their contribution to national economic and social goals. MOSST's program effectiveness will thus be measured by the quality and acceptability of its advice relative to the program objective. Measures of the degree to which the objective is attained are at best subjective.

5. Resource Justification

The justification of resources is best achieved for this program by presenting some of the operational tasks performed by the organization. Figure 4 presents this information.

Figure 4: Selected Operational Tasks of the Organizational Components

Component	Task
1. Operations	- Assessing departmental science and technology proposals for the Cabinet Committees on Economic and Regional Development, Social Development and Government Operations and for Treasury Board.
	- Providing expert and objective advice on science and technology related issues.
	- Co-ordinating the National Biotechnology Strategy and providing the Secretariat for the National Advisory Committee on Biotechnology.
	- Responding to the recommendations at the private sector Task Force reviewing Federal Policies and Programs for Technology Development.
2. Policy	- Developing strategies and related policies for the medium and long-term application of scientific and technological developments.
	- Identifying issues related to the support and effective utilization of science and technology.
	- Proposing strategic directions for the national science and technology effort.
	- Assigning relative priorities to the various fields of science and technology development.
	- Resolving conflicts between the various objectives of federal science and technology policies and programs.
	- Liaising with industry, university and international interests to provide non-government sector input into federal science and technology policy-making.
	- Coordinating federal/provincial efforts in science and technology matters.
	- Developing policies and strategies for the Canadian Space Program.

	Component		Task
3.	Communications	-	Planning communications strategies for special projects.
		-	Providing public relations and communications regarding government science and technology strategy.
		-	Coordinating the Public Awareness Program for Science and Technology.
4.	Corporate Services	-	Providing Finance, Administration, and Personnel, services. (These services are provided by the Department of Regional Industrial Expansion).

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

MOSST's expenditures by object are presented in Figure 5.

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	4,344	3,716	5,345
Other personnel	605	516	985
Goods and Services			
Transportation and communications	450	350	584
Information	158	168	463
Professional and special services	1,215	1,183	983
Rentals	35	45	173
Purchased repair and upkeep	37	40	49
Utilities, materials and supplies	82	60	99
	6,926	6,078	8,681
Capital			
Construction and acquisition of machinery and equipment	27	27	58
Transfer payments	2,124	1,895	2,430
Total expenditures	9,077	8,000	11,169

2. Personnel Expenditures

Figure 6: Authorized Person-Years and Salary Provision*

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive	31	30	23	50,350 - 96,300	64,500
Scientific and Professional	4	11	13	42,109 - 61,522	56,434
Administrative and Foreign Service	20	20	73	24,824 - 60,465	46,430
Administrative Support	21	15	54	20,281 - 26,563	23,525

* Excluding one Governor-in-Council appointee and the Minister's exempt staff.

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 7: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grant to the Canadian Science Writers Association	--	--	1
Contributions			
Contribution toward the support of the International Institute for Applied Systems Analysis	--	--	382
Contribution to cover the cost of participation by Canada in the program of the European Space Agency	2,124	1,895	2,047
	2,124	1,895	2,430

B. Cost Analysis

Net Program Cost

MOSST's 1985-86 Estimates includes only authorities to be voted and statutory authorities. Other items must be considered when describing the Ministry on a full cost basis. Also to be taken into consideration are services provided without charge by other departments such as, accommodation charges for Public Works and services provided by Supply and Services, Treasury Board and the Department of Labour. Figure 8 outlines the total cost of MOSST's program for 1985-86 and the previous year.

Figure 8: Program Costs ($000)

	1985-86 Expenditures	Other Costs	Total Cost	Total Cost 1984-85
Science and Technology Program	9,077	293	9,370	8,774

C. Change in Activity Structure

In July 1983, MOSST underwent a complete reorganization. Essentially, a new Ministry with a different reporting structure was created, and the old Ministry was terminated. Thus, during the 1983-84 fiscal year, two separate accounting records were kept, one for the old MOSST, and one for the new MOSST, in order to distinguish the costs of these two distinct organizations. For reporting and comparability purposes, these two sets of accounting records can only be consolidated meaningfully at the "object of expenditure level", since not only the reporting structure had changed, but also the activity structure as well, from two activities to one. Because two different reporting structures were used in the same fiscal year, it is not possible to provide an accounting crosswalk between the 1983-84 Actual expenditures and the 1983-84 Main Estimates.

National Defence

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Defence

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

The Plan is divided into three sections providing increasing levels of detail about the operations of the Defence Services Program. Section I presents an overview of the program and a summary of its current plans and performance. Due to the classified nature of performance indicators used within the Department of National Defence to measure program effectiveness, the disclosure requirements for Performance Information/Resource Justification in Section II of the Program Expenditure Plan cannot be met. However, more general information regarding planned activities, capital projects, etc, has been provided. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section 1 provides cross references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of special interest.

Users of this document should note the following:

a. The expenditures of the Department are incurred and controlled through a centralized structure of management accounts. The expenditures in these management accounts are allocated to the eight Activities of the Department through the mechanism of a costed program base as indicated at page 65 of Section III of the Plan. This allocation process provides the financial data displayed for the eight Activities in Section II of the Plan; and

b. The allocation of spending authority, and responsibility for expenditures, which reflect the Department's management structure, is contained in Section III.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $8,622,320,742 in support of the 1985-86 Defence Services Program. The remaining expenditures, estimated at $745,402,209 for pensions and other employee benefits of members of the Canadian Forces and civilian employees of the department, the Minister's salary and motor car allowance and payments to dependents of certain members will be made under existing statutory authority.

Financial Requirements by Authority

Vote No.	(thousands of dollars)	1985-1986 Main Estimates	1984-1985 Main Estimates
	Defence Services Program		
1	Operating expenditures	5,946,536	5,612,950
5	Capital expenditures	2,535,013	2,316,083
10	Grants and Contributions	140,772	142,168
(S)	Minister of National Defence - Salary and Motor Car Allowance	42	41
(S)	Pensions and Annuities paid to Civilians	21	19
(S)	Military Pensions	608,782	559,455
(S)	Contributions to Employee Benefit Plans	136,557	122,027
	Total Program	9,367,723	8,752,743

Votes - Wording and Amounts

Vote No.	Department of National Defence	1985-1986 Main Estimates
1	Defence Services - Operating expenditures and authority for total commitments, subject to allotment by the Treasury Board, of $34,995,986,742 for the purposes of Votes 1, 5 and 10 of the Department regardless of the year in which such commitments will come in course of payment (of which it is estimated that $26,092,713,000 will come due for payment in future years), authority to make payments from any of the said Votes to provinces or municipalities as contributions toward construction done by those bodies, authority, subject to the direction of the Treasury Board, to make recoverable expenditures or advances from any of the said Votes in respect of materiels supplied to or services performed on behalf of individuals, corporations, outside agencies, other government departments and agencies and other governments and authority to spend revenue, as authorized by Treasury Board, received during the year for the purposes of any of the said Votes.....	5,946,536,000
5	Defence Services - Capital expenditures.....	2,535,013,000
10	Defence Services - The grants listed in the Estimates, contributions for Emergency Preparedness purposes and contributions to the North Atlantic Treaty Organization military budgets, common infrastructure program and airborne early warning and control systems and, in accordance with Section 3 of the Defence Appropriation Act, 1950, the transfer of defence equipment and supplies and the provision of services and facilities for defence purposes.....	140,771,742

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized Person-Years Civilian	Budgetary Operating	Capital	Transfer Payments	Sub-Total	Less: Revenues credited to the vote	Total	
Maritime Forces	6,807	1,051,626	751,553	-------	1,803,179	17,491	1,785,688	1,474,791
Land Forces in Canada	4,812	1,140,454	318,421	-------	1,458,875	54,223	1,404,652	1,336,844
Air Forces in Canada	8,029	2,067,697	714,249	-------	2,781,946	81,167	2,700,779	2,701,216
Canadian Forces in Europe	4	465,260	432,903	-------	898,163	15,177	882,986	846,367
Communication Services	1,321	271,589	81,658	-------	353,247	36,192	317,055	257,615
Personnel Support	6,286	844,589	119,189	280,401	1,244,179	34,243	1,209,936	1,196,706
Materiel Support	5,898	533,589	72,107	-------	605,696	2,285	603,411	544,458
Policy Direction and Management Services	2,430	317,686	44,933	140,772	503,391	40,175	463,216	394,746
	35,587	6,692,490	2,535,013	421,173	9,648,676	280,953	9,367,723	8,752,743

Section I
Program Overview

A. Highlights

During 1985-86, the Defence Services Program expects to achieve the following:

- continue to meet the NATO goal of 3% real growth in defence spending;
- achieve and maintain a capital allocation of approximately 27% of the defence budget providing for acquisition of such major equipments as the CF18 Fighter Aircraft and the Canadian Patrol Frigates. Details of Capital projects are contained on pages 54 to 57 in Section III;
- increase military personnel strength by 693 person-years while decreasing the civilian personnel strength by 1121 person-years (see page 52);
- maintain current levels of operations and maintenance; and
- improve level of preparedness by providing an additional $43 million for the increased readiness of combat forces and the sustainability of these forces under combat conditions;

B. Financial Summary by Activity

Funding requirements for the Defence Services Program for both the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Maritime Forces	1,803,179	1,529,573	273,606	18
Land Forces in Canada	1,458,875	1,382,171	76,704	22
Air Forces in Canada	2,781,946	2,784,356	(2,410)	27
Canadian Forces in Europe	898,163	863,372	34,791	32
Communications Services	353,247	297,385	55,862	35
Personnel Support	1,244,179	1,145,807	98,372	38
Materiel Support	605,696	543,131	62,565	41
Policy Direction and Management Services	503,391	443,071	60,320	45
Total	9,648,676	8,988,866	659,810	
Less Revenue Credited to the Vote	280,953	270,468	10,485	
Net Requirement	9,367,723	8,718,398	649,325	
Authorized person-years	118,327	118,756	(429)	

Explanation of Change: The increase of $649.3 million in 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	$ millions
• general cost increase;	567.2
• addition of 693 military offset by a reduction of 1122 civilian person-years. The additional military person-years are explained on page 14; the reduction of the civilian person-years resulted primarily from the termination of the Youth Employment Program and from the decision to de-control certain term person-years (see page 52);	17.3
• additional funds for readiness and sustainability; and	43.0
• net increase in capital project funding.	21.8

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $34.3 million or .4% lower than the 1984-85 Main Estimates of $8,752.7 million (Extracts from Part II of the Estimates, page 4). The difference of $34.3 million reflects the following major items:

	$ millions
• a reduction in total budget for purposes of funding the Federal Employment Program initiative;	(50.0)
• funds to be lapsed to offset the overutilization of expenditures in FY 1983-84;	(18.1)
• an increase in the Federal Youth Training Employment Program;	18.5
• an increase in the Federal Summer Youth Employment Program; and	13.0
• other technical adjustments.	2.3

C. Background

1. Introduction

The Defence Services Program brings together the activities and the resources which enable the Department of National Defence and the Canadian Forces to carry out their defence roles. The 82,740 military and 35,587 civilian personnel of the Defence Services Program provide the operational and related support capabilities of the Canadian Forces needed to meet Canada's military commitments to the North Atlantic alliance, to provide for the defence of Canada, and to contribute to international stability. In addition to its military roles, the Department of National Defence provides, in co-operation with Transport Canada, maritime and land search and rescue services and assistance to other federal government departments such as Fisheries and Oceans through the provision of military vessels and medium-range patrol aircraft for fisheries patrols. The Department also provides assistance to provincial governments in event of emergency or disaster such as floods, forest fires or medical emergencies. A Crown Corporation, Defence Construction Canada Limited, serves as the contracting and construction supervisory agency for the Department's major construction and maintenance projects. Commencing in 1984-85, Defence Construction Limited was separated from the Defence Services Program. This separation resulted in the removal of 275 person-years and $14.5 million from the Defence Services Program.

2. Legal Mandate

The legal mandate of the Department of National Defence flows from the National Defence Act R.S., C. 184, S. 1. Under that Act, the Minister is responsible for the management and control of the Canadian Armed Forces and for all matters relating to national defence.

3. Program Objective

The objective of the Defence Services Program is to ensure the security of Canada and contribute to the maintenance of world peace. Within this objective, there are a number of specific sub-objectives.

Sub-Objectives:

- to supplement and support the civilian authorities in maintaining surveillance and preserving control over and security within the national territory of Canada and areas of Canadian jurisdiction, to assist civilian authorities in the event of emergency or disaster, to provide search and rescue services and to contribute to national development;

- to enhance the security of Canada against military threat by co-operating with United States of America in the defence of North America;

- to enhance the security of Canada by co-operating in other collective defence measures under the North Atlantic Treaty;

- to promote international stability, both by contributing to peacekeeping activities in co-operation with other members of the international community and by providing military training assistance to friendly nations;

- to provide effective control, management and administration of all activities of the Department and the Canadian Armed Forces;

- to provide the services necessary to ensure adequate supply and technical support of the Department and the Canadian Armed Forces;

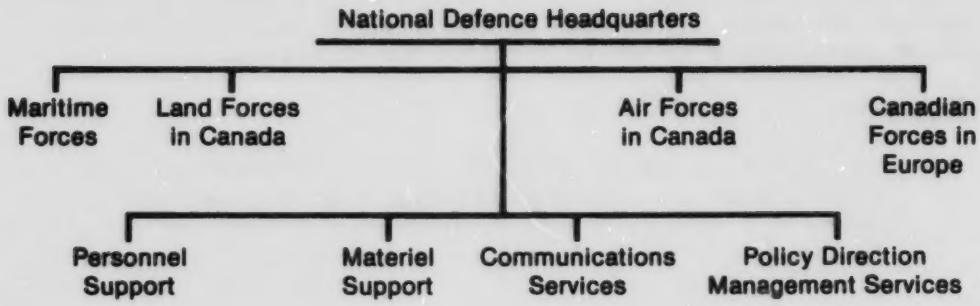
- to provide for all levels of training of the Canadian Armed Forces; and

- to maintain and advance Canadian scientific and technological knowledge and analytical capability for defence.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 2, the Defence Services Program is divided into eight Activities. Four Activities, namely, Maritime Forces, Canadian Forces in Europe, Land and Air Forces in Canada comprise the direct combat capabilities of National Defence. The other four Activities provide command and control as well as essential communications and logistics/personnel support functions. For a detailed explanation of the relationship between the Department's management structure and its Program Activity Structure, see Section III, page 65.

Figure 2: Activity Structure



Organization Structure: During the late 1960's, the Army, Navy and Air Force were merged into one unified force under the Chief of the Defence Staff. In the early 1970's, the civilian element of the Department headed by a Deputy Minister and the military headquarters under the Chief of the Defence Staff were integrated into a single entity as National Defence Headquarters, co-headed by the Deputy Minister and the Chief of the Defence Staff.

The National Defence Act charges the Minister of National Defence with the over-all control and management of the Canadian Forces and all matters relating to National Defence. The Minister is assisted by two senior advisers, the Deputy Minister and the Chief of the Defence Staff.

The Deputy Minister draws his authority principally from the Interpretation Act, the Financial Administration Act, and the Public Service Employment Act. Of these, the Interpretation Act is the most significant, in that it designates the Deputy Minister as the Minister's alter ego with respect to the latter's over-all departmental responsibilities. The other two Acts assign to the Deputy Minister specific responsibilities for financial administration in the Department as a whole and for the personnel administration of the civilian employees of the Department.

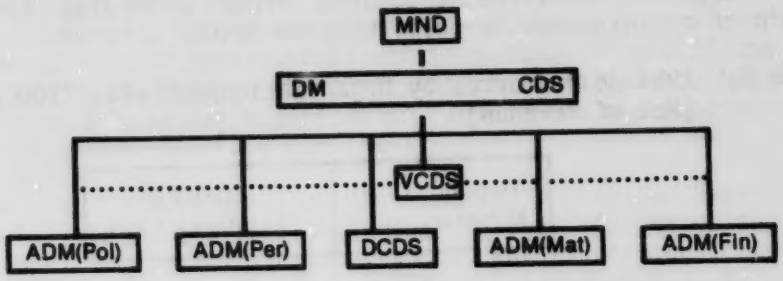
The Deputy Minister is the senior civilian adviser to the Minister on all departmental affairs of concern or interest to the Government and to the agencies of Government, principally the Privy Council Office, Treasury Board, and the Public Service Commission. He is responsible for ensuring that all policy direction emanating from the Government is reflected in the administration of the Department and in military plans and operations.

The Chief of the Defence Staff draws his authority from the National Defence Act which charges him with control and administration of the Canadian Forces. It specifically requires that all orders and instructions to the Forces be issued by or through him, and by inference, assigns to him responsibility for financial and personnel matters relating to the members of the Forces.

The Chief of the Defence Staff is the senior military adviser to the Minister and is responsible for the effective conduct of military operations and the readiness of the Canadian Forces to meet commitments assigned to the Department of National Defence by the Government.

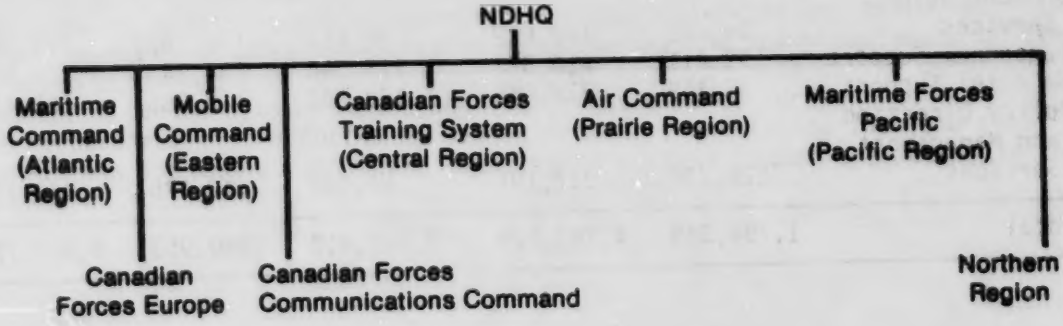
At National Defence Headquarters (see Figure 3), the Deputy Minister and the Chief of the Defence Staff are supported by the Vice Chief of the Defence Staff and the Deputy Chief of the Defence Staff plus four Assistant Deputy Ministers (Group Principals) responsible for Policy, Materiel, Finance, and Personnel.

Figure 3: Organization of National Defence Headquarters (NDHQ)



Outside National Defence Headquarters, the Canadian Forces are grouped into five Commands (Maritime Command; Mobile Command; Air Command; Canadian Forces Europe, and Canadian Forces Communications Command) and the Canadian Forces Training System. Commanders of Commands are responsible to the Chief of the Defence Staff for the efficient and effective operation of their Command; the Commander Canadian Forces Training System has a similar responsibility to the Assistant Deputy Minister (Personnel). The Canadian Forces in Canada are also organized into six geographical commands to provide liaison with and assistance to provincial and territorial authorities. Three of the functional Commands and Canadian Forces Training System are assigned a geographical/regional reponsibility in addition to their functional responsibility. In addition, Maritime Forces Pacific, a formation of Maritime Command, has a geographical/regional responsibility for Pacific Region.

Figure 4: Canadian Forces Command Structure



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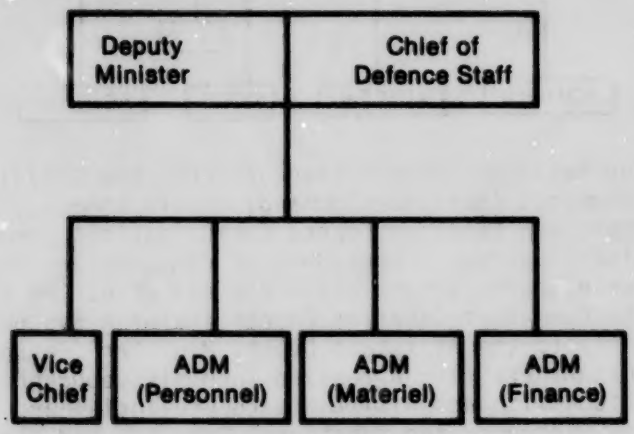
All authority for decisions on the allocation of resources in DND is vested in and is delegated by the Minister. The departmental structure through which decisions on resource allocation are made is based upon a hierarchy of four committees which exercise their authority either through consensus or as advisors to their respective chairpersons. Managerial accountability for the results under each Activity is not vested in any single Commander or Group Principal. Accountability is shared by National Defence Headquarters senior management and Commanders of commands and is exercised through the committee structure. Figure 5 displays the relationship of organization to activities in resource terms.

Figure 5: 1985-86 Resources by Organization/Activity ($000) (Net of Revenue)



Activity	Vice Chief	ADM (Personnel)	ADM (Materiel)	ADM (Finance)	Total
Maritime Forces	256,905	551,121	995,153	(17,491)	1,785,688
Land Forces in Canada	318,610	702,985	437,280	(54,223)	1,404,652
Air Forces in Canada	530,755	998,437	1,252,754	(81,167)	2,700,779
Canadian Forces in Europe	128,833	233,956	535,374	(15,177)	882,986
Communications Services	99,718	162,872	90,657	(36,192)	317,055
Personnel Support	199,411	916,372	128,396	(34,243)	1,209,936
Materiel Support	33,359	379,085	193,252	(2,285)	603,411
Policy Direction and Management Services	226,738	217,101	59,552	(40,175)	463,216
Total	1,794,329	4,161,929	3,692,418	(280,953)	9,367,723

D. Planning Perspective

1. Environment

The principal threat to security at home remains that of a nuclear attack on North America. As long as there remains no real defence against such an attack, Canada must seek security in preventing such an attack from occurring. Until this can be assured by means of mutual arms control and disarmament arrangements, there is no choice but to follow the route of deterrence. For that deterrence Canada participates in a significant way in the maintenance of the conventional military capabilities of the North Atlantic Alliance in Europe, where the threat of aggression has been successfully contained for a generation, and in the sea approaches and air space over the North American continent.

Canada must, however, in the final analysis rely for deterrence mainly upon the retaliatory capabilities of the strategic forces of the United States of America. For this reason, a substantial portion of Canada's defence effort has gone into assisting the United States of America in maintaining an adequate and credible retaliatory capability - the essence of deterrence. This is done by contributing to early warning of attack and by helping to reduce the vulnerability to attack of the least protected elements of the United States of America strategic retaliatory forces. A logical outgrowth of Canada's security situation is the part it plays in containing military confrontation in those parts of the world and in those sets of circumstances where hostilities may carry a risk of escalation to the point of precipitating a nuclear attack on North America.

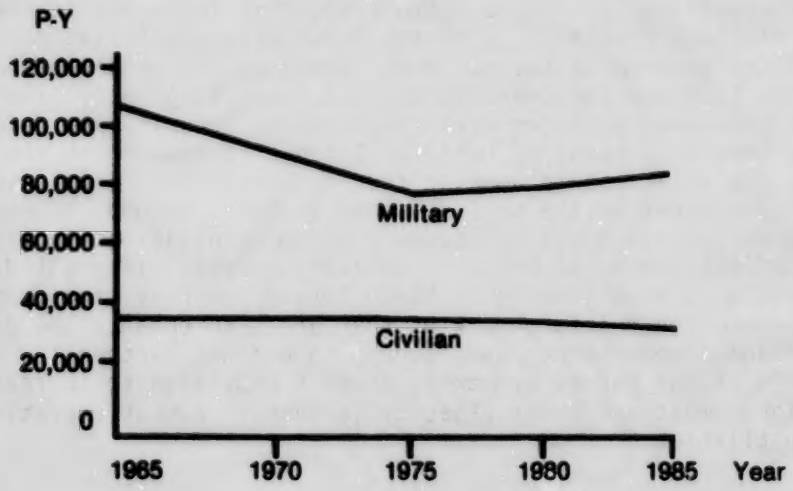
The international strategic outlook requires increases in the collective military capabilities of the North Atlantic Alliance. The emphasis of the government has not been to add to the number of commitments, but rather to increase the capacity to fulfil existing ones. The current fiscal plan provides increased real resources to security and defence. Accordingly, the Department of National Defence is looking at the proper and most productive relationship amongst four requirements: first, to fill out in manpower and material the present force posture; second, by means of timely programs of equipment replacement and modernization, to assure the continuing effectiveness of existing military capabilities; third, through such measures as prepositioning in North Norway the heavy equipment of land forces earmarked for reinforcement of that area, to enhance the deterrent value of Canada's commitment; and fourth, to enhance further the deterrent effectiveness of the Forces by making prudent provision to increase their readiness for combat and their capacity to sustain combat operations in the event of hostilities.

2. Initiatives

Based upon the areas of concentration identified in the Environment section the Department intends undertaking the following initiatives in 1985-86:

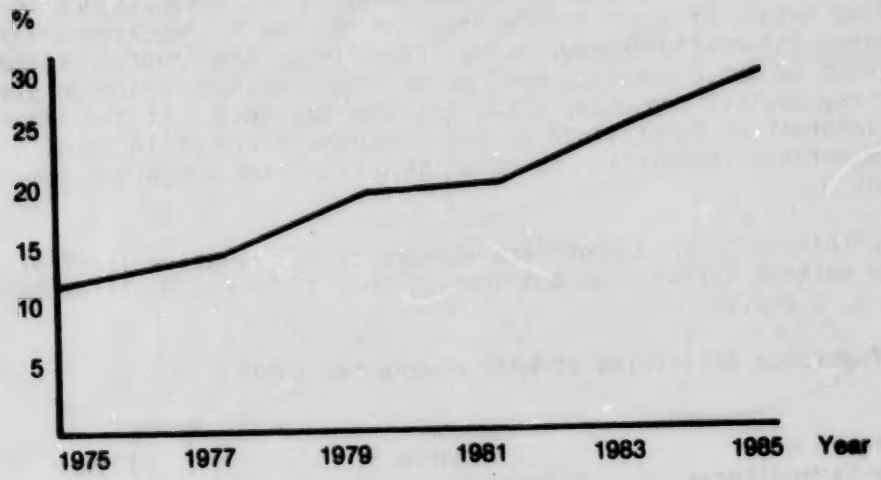
Personnel: In 1977, when it became evident that the Canadian Forces' mission could not be accomplished with a person-year authorization of 78,033 military person-years, the government approved a gradual increase of 4,707 person-years (at 400 person-years per year) to a total of 82,740 person-years. The increased spending on Capital has generated a steadily increasing demand for personnel associated with the planning and management of capital projects. While incremental person-years were provided for some of the major projects, these were insufficient to meet the overall departmental needs. The balance of the personnel resources required had to be accommodated at the expense of other activities within the Department. The point now has been reached where demands of the capital program can no longer be met without additional personnel resources. Consequently, the Department will increase military person-years by 693 in 1985-86 against the 4,707 authorized by Cabinet rather than the usual 400 person-years. The 400 person-year increase plus incremental increases since 1977 for project management, language training, etc., have raised the 1985-86 ceiling to 82,740 military person-years. Over the time-frame, authorized civilian person-years have shown a slow but steady downward trend, from 37,872 in 1975-76, to 35,587 in 1985-86. Figure 6 displays the changes in authorized military and civilian person-years over the period 1965 to 1985.

Figure 6: Person-Years 1965-1985



Capital: In 1974, it was decided to substantially re-equip the Forces and to this end provision has been made for significant real growth in equipment spending. As shown in Figure 7, the share of the budget devoted to Capital has risen from 12.2% in 1975-76 to an estimated 27.1% for 1985-86. Details on major capital projects planned are included in Section III, pages 54 to 57.

Figure 7: Capital Program (as a % of total Program)



Readiness and Sustainability: To redress specific Readiness and Sustainability shortfalls an amount equal to .25% of the defence budget was identified, beginning in 1984-85, for increasing Canadian Forces' capability to meet and fully sustain commitments in emergencies. (See additional detail page 78)

3. Program Effectiveness

The development and implementation of performance measurement in the Department has been undertaken as a two-stage process. This process is intended to be evolutionary with the initial stress being placed on effectiveness measures to be followed by complementary measures of efficiency. These measures of effectiveness are applicable at the activity level and for the five Commands are expressed in terms of Preparedness and Combat Effectiveness. The remaining activities have developed measures in terms of Preparedness and National Emergency Effectiveness. Due to the classified nature of these indicators, the disclosure requirements for Performance Information/Resource Justification in the Program Expenditure Plan cannot be met. However, more general information regarding planned activities, capital projects, etc., has been provided. At the program level, information is provided on the measurement effort in terms of Canada's defence in relation to other NATO countries and other government functions.

NATO: Within NATO, an approximate measure of the relative level of Canada's defence activity as compared to that of her NATO allies is shown in Figures 8, 9 and 10.

Ratio of Defence Activities of NATO Powers for 1984

Figure 8: Defence Expenditures as a % of GDP

Greece	7.1
USA	6.9
UK	5.6
Turkey	4.9
France	4.2
Portugal	3.4
Germany	3.4
Belgium	3.4
Nether.	3.3
Norway	3.1
Italy	2.8
Canada	2.1
Luxemb.	1.3
Denmark	Not Available

Figures 9: Defence Expenditures as a % of National Budget

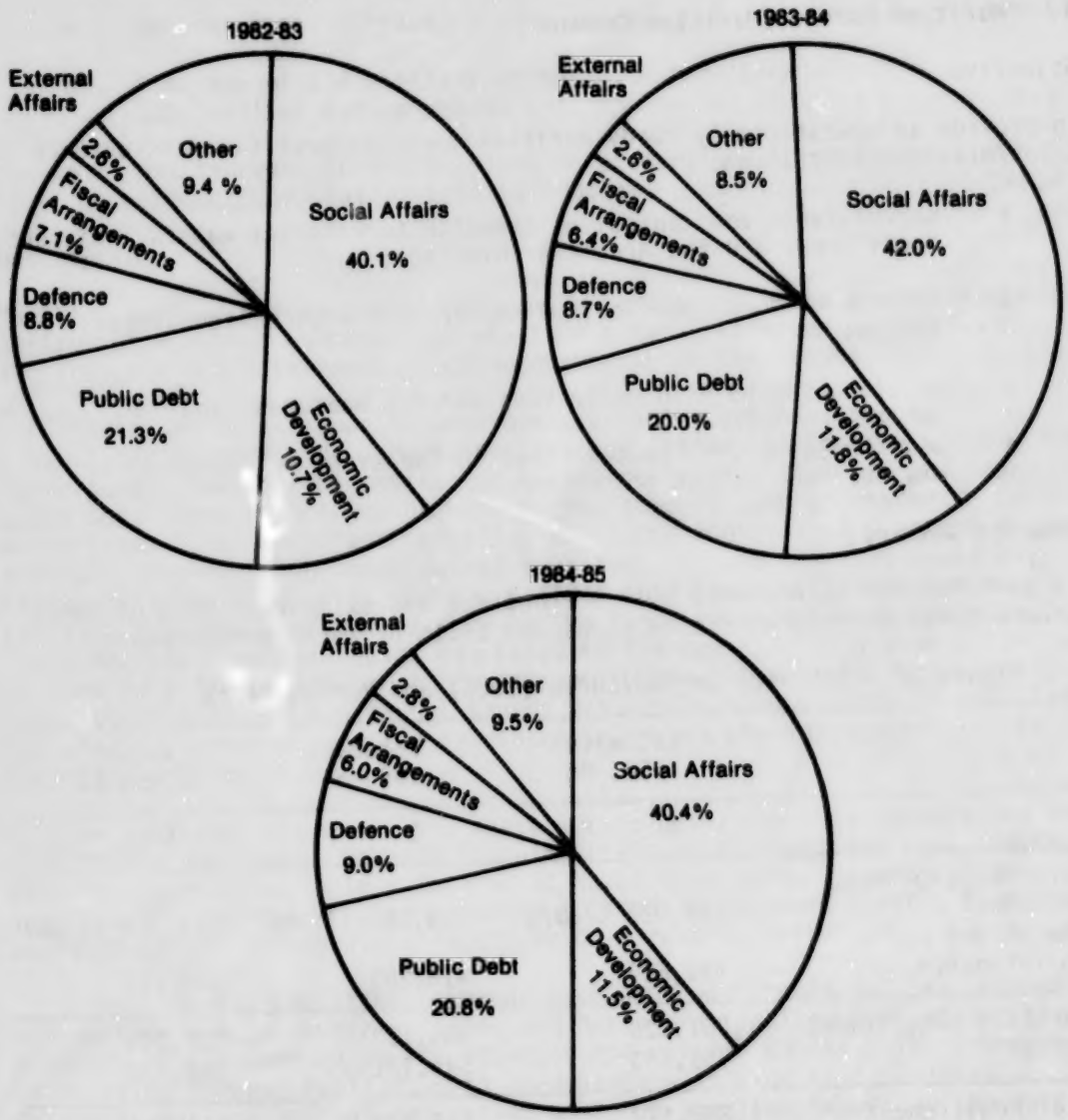
USA	29.4
Germany	22.6
Turkey	21.4
Greece	19.3
France	18.6
UK	Not Available
Norway	11.0
Portugal	10.2
Canada	10.2
Nether.	9.3
Belgium	8.1
Denmark	Not Available
Italy	5.1
Luxemb.	3.5

Figure 10: Armed Forces as a % of Labour Force

Greece	5.0
Turkey	4.3
Belgium	2.6
France	2.4
Italy	2.1
Norway	2.0
Portugal	2.0
USA	2.0
Nether.	1.9
Germany	1.8
UK	1.2
Denmark	1.2
Luxemb.	0.8
Canada	0.7

Canada: Within Canada, the relative position of the defence activity within the spending envelopes of government is shown in Figure 11.

Figure 11: Major Government Expenditures by Envelope



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Section II
Analysis by Activity

A. Maritime Forces (Maritime Command)

Objective

To provide an operationally ready maritime force to meet Canada's defence roles/missions as follows:

- surveillance and control of Canadian territorial waters, adjacent ocean areas and the Arctic Archipelago;
- defence of North America, in cooperation with United States forces;
- contribution to NATO collective defence measures; and
- assistance to civil authorities in the event of emergency or disasters.

Resource Summary

The Maritime Forces Activity will account for approximately 19.1% of total Defence Services Program expenditures and 15.1% of total person-years.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	596,022	17,871	569,899	17,905	549,062	18,067
Operations and Maintenance	455,604		415,253		363,197	
Operating Requirement	1,051,626		985,152		912,259	
Capital	751,553		544,421		346,822	
Total Requirement	1,803,179		1,529,573		1,259,081	
Less Revenue Credited to the Vote	17,491		17,712		16,312	
Net Requirement	1,785,688	17,871	1,511,861	17,905	1,242,769	18,067

The increase of $273.8 million in 1985-86 requirements over the 1984-85 forecast results from the following:

	$ millions
• general cost increase;	108.1
• increase of 134 military offset by a reduction of 168 civilian person-years; and	3.8
• net increase in capital funding primarily related to the Canadian Patrol Frigate Program.	161.9

Description

Maritime Command Forces and Air Command aircraft under the operational control of Maritime Command, operate from a total of seven bases, five stations and one detachment, located primarily on the coasts.

Bases and units comprise dockyards, training schools, supply installations, airfields, communications facilities and Reserve units. The operational naval force consists of twenty destroyers divided into four squadrons, three support ships, one diving support ship and three submarines. The operational maritime air force consists of eighteen Aurora aircraft in three long range patrol squadrons and one training squadron, thirty-five Sea King helicopters organized into two operational and one training squadron, and one Tracker medium range reconnaissance squadron. There are six ex-minesweepers dedicated to the training of junior officers. An auxiliary fleet made up of oceanographic research vessels, ocean going tugs, coastal oilers and target towing vessels provide support to the fleet. Two utility squadrons and two transport squadrons provide support to the air squadrons and the fleet.

In addition, there are six vessels, including the gate vessels and the Fort Steele located at Reserve Training Units on the East and West coasts, plus eighteen minor vessels located at Naval Reserve Units across Canada. There is one reserve Tracker squadron located on the East coast. Finally, there are three unmanned destroyers held in reserve status.

The Commander Maritime Command, with headquarters in Halifax, commands all surface and sub-surface forces and has operational control of maritime aircraft of Air Command on the Atlantic and Pacific coasts. The Commander of Maritime Forces, Pacific, with headquarters in Esquimalt, British Columbia, has operational control of assigned maritime forces on the Pacific coast.

Overview of Operations

The 1985-86 fleet activities of Maritime Command are structured to meet the operational and maintenance requirements and provide a Maritime Force operationally ready to meet its commitments. In addition, improvements in capability will be realized through new capital acquisitions.

Training and Exercises: Surveillance and sovereignty patrols in areas of Canadian Maritime interest will be conducted by East and West Coast units throughout the year. Canada's commitment to maintain a Destroyer in the NATO Standing Naval Force Atlantic will be met with HMC Ships participating at various times throughout the period. Support to other federal departments will include provision of 65 ship days on the East Coast and 30 ship days on the West Coast for the Department of Fisheries and Oceans. Maintenance of Canada's image abroad will be contributed through foreign port visits scheduled in consultation with the Department of External Affairs. In support of recruiting, cadet organizations and community programs, ship visits will be conducted to Canadian ports on the East and West Coasts in accordance with a Five Year Port Visit Plan. As 1985 is the 75th anniversary year of the formation of the Canadian Navy, an increase in visits to Canadian ports is planned in order to share the celebration of this event with as many Canadians as possible. In addition, Atlantic and Pacific Naval Assemblies are scheduled to allow Naval vessels from other nations to recognize the Canadian anniversary.

To maintain an adequate level of operational readiness, unit formation and fleet level training will be conducted throughout the year. Major activities will include:

Unit Level Training: Throughout the year individual ships will conduct exercises to maintain their readiness capability. Additionally, three destroyers on the East Coast and two destroyers on the West Coast will undergo trials on completion of scheduled refits.

Formation Level Training: Training of ships to operate as a cohesive unit will be accomplished through a series of exercises termed SQUADEX and where possible during transits and through participation in major exercises.

Fleet Level Training: On the East Coast, all available units will participate in a major North Atlantic Treaty Organization exercise, OCEAN SAFARI 85 and a national exercise termed MARCOT 1/85. On the West Coast the Second Squadron will participate in the bilateral exercise READIEX with forces of the United States Navy and a national exercise of the MARCOT variety. The Fourth Squadron will conduct a deployment to continental United States of America, Mexico and Hawaii.

Training support will also be provided to Maritime Air Group and Canadian Forces Fleet School as follows:

Maritime Air Group: Both fixed wing and rotary wing aircraft will be provided with submarines assets on a quarterly basis for anti-submarine warfare training. (See also page 30)

Canadian Forces Fleet Schools: East Coast units will provide support to specialist courses for Combat Control Officers, Above-Water Weapons Directors, Navigation Officers and Anti-Submarine Warfare Air Controllers as required. West Coast units will provide Fleet School support for the Navigation Officers Course. Additionally, the Fourth Squadron will maintain its traditional level of training activity for the production of trained junior officers.

Capital Projects: The navy and associated maritime airforces are structured mainly to defend, along with the United States of America and other NATO allies, the ocean approaches to North America and the reinforcement and resupply routes across the Atlantic Ocean to Europe. They also have responsibility in ocean areas assigned to Canada to detect submarines threatening North America with ballistic or cruise missiles. Major improvements in maritime forces capability to meet these primary responsibilities are being achieved by a number of new or continuing capital acquisitions. Projects with planned expenditures in 1985-86 include:

	1985-86 $ millions
• Canadian Patrol Frigate project (see pages 55, 62);	468.4
• Destroyer Life Extension program (see pages 55, 63);	17.0
• Towed Array Sonar System (see pages 55, 63);	4.7
• Automated Data Link Plotting System (see page 56);	1.7
• Maritime Command and Control System (see page 56); and	1.2
• Submarine Operational Update (see page 55).	1.7

B. Land Forces in Canada (Mobile Command)

Objective

To provide combat-ready land forces to meet Canada's defence roles/missions as follows:

- surveillance and control over, and security within the national Territory of Canada;
- defence of North America, in cooperation with United States of America forces;
- contribution to NATO collective defence measures;
- provision of resources for United Nations Peacekeeping operations; and
- assistance to civil authorities in the event of emergency or disaster.

Resource Summary

The Land Forces Activity will account for approximately 15.0% of total Defence Services Program expenditures and 20.2% of total person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	783,661	23,926	758,089	23,996	724,260	23,563
Operations and Maintenance	356,793		341,291		319,164	
Operating Requirement	1,140,454		1,099,380		1,043,424	
Capital	318,421		282,791		242,928	
Total Requirement	1,458,875		1,382,171		1,286,352	
Less Revenue Credited to the Vote	54,223		53,062		60,129	
Net Requirement	1,404,652	23,926	1,329,109	23,996	1,226,223	23,563

The increase of $75.5 million in 1985-86 requirements over the 1984-85 forecast results from the following:

	$ millions
• general cost increase;	85.1
• increase of 267 military offset by a reduction of 337 civilian person-years; and	5.8
• net decrease in capital funding primarily related to reduced spending on the Medium Logistics Vehicle project.	(15.4)

Description

Mobile Command has Brigade Groups with headquarters at Valcartier, Quebec, and Calgary, Alberta, and a Special Service Force with headquarters at Petawawa, Ontario. Each of these formations has a balance of artillery, armour, infantry, engineers, signals and service support units.

In addition to these bases, Mobile Command is responsible for the Canadian Forces bases at: Suffield, Alberta; Shilo, Manitoba; London, Ontario; Montreal, Quebec; and Gagetown, New Brunswick. The Combat Training Centre in Gagetown continues to provide the major individual training facilities for the Command.

The Commander Mobile Command, with headquarters in St. Hubert, Quebec, commands all land forces in Canada and exercises operational control over Air Command's "10 Tactical Air Group" which provides Mobile Command with light and medium air transport and four squadrons of tactical helicopters.

A component of Land Forces in Canada is the Militia whose role is to enhance the deterrent capability of the regular force and to provide support in ongoing tasks and activities. The Militia is organized into five areas and 22 districts across Canada. Containing some 16,000 personnel, militia units are being tasked to provide formed, operationally ready sub-units for the defence of Canada.

Overview of Operations

To provide combat ready land forces to meet Canada's defence commitments as detailed at page 22, Land Forces in Canada will conduct various appropriate training programs and exercises, and provide personnel for United Nations Peacekeeping tasks. The capabilities of Land Forces in Canada will be further enhanced by a number of capital projects.

Training and Exercises: Mobile Command will conduct division and brigade level training during Fiscal Year 1985-86. A major exercise, Rendez-vous 85 and various brigade directed exercises will concentrate on general warfare training in both summer and winter conditions. A separate series of exercises will provide similar training up to combat team level for reserve force elements.

Training to be conducted in support of defence of Canada commitments will include an airborne battle group exercise in northern Canada, a battalion group participation in the United States Readiness Command Exercise BRIMFROST in Alaska, company level sealift and Arctic exercises, a reconnaissance of northern areas and northern communications exercises.

Training will be conducted in support of NATO commitments and will include participation in "4 Canadian Mechanized Brigade Group" Exercises FALLEX 85 and REFORGER 86. All training will include both regular and reserve force personnel. Units of Mobile Command will exercise in support of the ACE Mobile Force (Land) commitment in training exercises to be conducted in Norway. Elements of the "Canadian Air and Sea Transportable Brigade Group" designated to the defence of North Norway, will also participate in an exercise in Norway. Mobile Command will support British and German army training at bases in Alberta and Manitoba.

Various Mobile Command units will participate in a number of small unit exchanges with the United States, France, Norway and Australia. The purpose of these exchanges is to enhance general military skills and to develop an understanding of procedures and techniques used by our allies.

Individual training will be conducted throughout the year at the Combat Training Centre at Gagetown, New Brunswick, at Mobile Command Battle Schools and all regular and reserve force units.

Two Mobile Command units will serve on peacekeeping duties in Cyprus and the Command will provide individual replacements to the United Nations Disengagement Observer Force on the Golan Heights.

Mobile Command will provide extensive individual support to other commands of the Canadian Forces, as well as unit participation or support to ceremonial, national interest and sporting events across the country.

In addition, Land Forces in Canada provide the major part of Canada's contribution to United Nations peacekeeping operations. Specifically, these involve the following:

- United Nations Truce Supervision Organization based in Jerusalem where 20 Canadian military personnel are deployed with other nationals in Israel and surrounding countries;

- United Nations Disengagement Forces based on the Golan Heights where approximately 220 logistics, signals and observer personnel serve in a multi-national contingent. This contingent is supported by regular Canadian Forces transport aircraft flights;

- United Nations Force in Cyprus where a combat arms unit of approximately 550 personnel serves as part of a multi-national contingent which maintains the security of the buffer zone between Greek and Turkish Cypriots. The Canadian contingent is rotated every six months and resupplied weekly by Canadian Forces aircraft flights; and

- the Canadian Forces will continue to maintain one infantry battalion and supporting elements on standby for these and other peacekeeping operations as may be required.

Capital Projects: As a part of the continuing efforts to increase the capability of Land Forces in Canada in the performance of their assigned roles, the following capital projects are either underway or planned for 1985-86:

	1985-86 $ millions
• 2½ ton truck replacement (see page 55);	10.4
• acquisition of improved chemical warfare clothing (see page 57);	4.0
• acquisition of military operational and support trucks (see pages 55, 62);	43.9
• acquisition of 1¼ ton cargo truck (see page 55); and	2.8
• acquisition of general purpose armoured vehicles (see page 55).	9.0

C. Air Forces in Canada (Air Command)

Objective

To provide combat ready air forces to meet Canada's defence roles/missions as follows:

- surveillance and control over Canadian airspace;
- defence of North America, in cooperation with United States forces;
- air support for Maritime and Land Forces in Canada;
- airlift requirements of the Canadian Armed Forces;
- coordination and conduct of search and rescue operations; and
- assistance to civil authorities in the event of emergency or disaster.

Resources Summary

The Air Forces Activity will account for approximately 28.8% of total Defence Services Program expenditures and 27.2% of total person-years.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	1,020,564	32,160	976,723	32,328	927,096	31,005
Operations and Maintenance	1,047,133		963,326		910,554	
Operating Requirement	2,067,697		1,940,049		1,837,650	
Capital	714,249		844,307		797,181	
Total Requirement	2,781,946		2,784,356		2,634,831	
Less Revenue Credited to the Vote	81,167		79,893		121,769	
Net Requirement	2,700,779	32,160	2,704,463	32,328	2,513,062	31,005

The decrease of $3.7 million in 1985-86 requirements over the 1984-85 forecast, results from the following:

	$ millions
• general cost increase;	163.5
• decrease of 18 military and 150 civilian person-years;	(1.6)
• net increase in capital funding primarily related to the Dash 8 aircraft; and	49.3
• reduced spending on the CF18 fighter aircraft project.	(214.9)

Description

Air Command is divided into six functional air groups reporting to a headquarters in Winnipeg, Manitoba. While the groups exercise operational command over their assigned resources, the Commander Air Command is responsible for flight safety, as well as air doctrine and standards relating to flying operations throughout the Canadian Forces, including units located outside Canada.

Fighter Group: The variety of tasks assigned to Canada's newly acquired CF18 dictated the establishment of an organization for the centralized control and coordination of all Canadian-based fighter aircraft operations. Fighter Group was formed in 1982. With headquarters at North Bay, Ontario, Fighter Group incorporates the two CF5 squadrons previously under 10 Tactical Air Group, all elements of the former Air Defence Group involving the ground environment systems and the fighter activities at Cold Lake, Alberta.

Air Transport Group: Headquartered at Trenton, Ontario, the Air Transport Group provides the Canadian Forces' air transport mobility, navigation training and search and rescue capability. To perform these functions, Air Transport Group has five transport squadrons, four transport and rescue squadrons and 1 Rescue Unit, a transport/training squadron, plus two squadrons and two Regular support units associated with the Air Reserves.

Maritime Air Group: Headquartered at Halifax, Nova Scotia, the Maritime Air Group provides combat ready maritime air forces for operational deployment in the defence of Canada. To perform these functions, Maritime Air Group has three operational and one training patrol squadrons, two helicopter anti-submarine squadrons, two utility squadrons, plus associated training and evaluation units.

10 Tactical Air Group: This Air Group with headquarters at St. Hubert, Quebec, provides combat ready tactical helicopter forces to support the operations and training of Mobile Command. "10 Tactical Air Group" posesses four squadrons of CH-136 Kiowa light observation and CH-135 Twin Huey utility tactical transport helicopters. In addition, it has two squadrons of medium-lift CH-147 Chinook helicopters, and operational control of four Air Reserve Squadrons in Montreal and Toronto which are receiving operational training on the Kiowa helicopter. To support the Air Reserves Squadrons, "10 Tactical Air Group" has Reserves Support Units in Montreal and Toronto.

14 Training Group: Headquartered in Winnipeg, Manitoba, 14 Training Group is responsible for training specified personnel to initial trade/classification standards and to provide other training as directed by the Commander Air Command. 14 Training Group maintains eight different schools covering such areas as pilot and navigator training, survival and meteorology. This Air Group also has responsibility for aircrew selection and the Snowbirds air demonstration squadron.

Air Reserve Group: The role of this Air Group is to support the regular force both operationally and through the augmentation of bases and units. Under the operational command of the respective group commanders, Air Reserve squadrons fly special airlift, coastal surveillance, fisheries patrols, sovereignty and search and rescue in direct support of Air Transport Group, 10 Tactical Air Group, and Maritime Air Group.

Overview of Operations

The variety of tasks assigned to Air Forces in Canada requires skills and capabilities in a number of specialized areas of air operations. These skills and capabilities are generated and maintained through a comprehensive program of training and operational activities planned around the six functional air groups of Air Command.

Training and Exercises: Operations and operational training for 1985-86 will continue at current levels and will include the following:

Fighter Group: Tactical Fighter operations and training will cater to the defence of Canada and the reinforcement of North Norway and will include support to operations and training by Mobile Command and Maritime Command to meet Canada's commitments to NORAD and NATO. These include participation in ongoing NORAD and national exercises to maintain a high level of combat capability, and participation in joint exercises in NATO Northern Region. Some of the major exercises are indicated below:

- ten air-to-air refuelling exercises in the Bagotville, Quebec or Cold Lake, Alberta areas to maintain air refuelling proficiency for both fighter and tanker crews. The air-to-air refuelling capability is necessary to meet the NATO North Flank commitments. When the Cold Lake area is used, Air Combat Training will be conducted using the Air Combat Manoeuvring Range facilities;

- Canadian Forces assigned to NORAD participate annually on a minimum of three Region "BRAVE" exercises, three Multi Region "CHIEF" exercises and a variety of Region simulation exercises for Battle Staff training;

- two Maple Flag and one Red Flag exercises, which are held in co-operation with the United States Air Force to enhance tactical fighter skills. Maple Flag exercises are hosted by Canada, while Red Flag exercises are hosted by the United States; and

- deployment of eight aircraft and support to Norway.

Air Transport Group: Air Transport operations and training will continue operating to capacity with regular scheduled flights, Arctic re-supply and support to Mobile, Maritime and other Air Command units. Some of the major exercises are:

- two semi-annual exercises involving tactical CC-130 Hercules crews and aircraft. The Canadian Forces and the Royal Air Force exchange information on equipment, procedures, training and tactics. A similar annual exercise will involve Canadian Forces, Royal Australia Air Force and Royal New Zealand Air Force crews and aircraft;

- an annual tactical competition hosted by United States Air Force Military Airlift Command;

- six Tactical Airlift Exercises which are co-ordinated with, whenever possible, Special Service Force Continuation Paratroop Training and exercises;

- support to and participation in two MAPLE FLAG and one RED FLAG exercises; and

- an annual Search and Rescue competition alternately hosted by United States Air Force Air Rescue and Recovery Service and Air Transport Group.

Maritime Air Group: Maritime Air Operations and training will be conducted to provide combat ready maritime air forces for operational employment by the Commander Maritime Command/Commander Maritime Forces Pacific. Particular emphasis will be placed on surveillance operations to monitor Soviet submarine activity in both the Atlantic and Pacific Oceans. Other major support operations will include surveillance missions in support of the Department of Fisheries and Oceans within the off-shore Exclusive Economic Zone and the provision of Sea King helicopters to HMC ships. Major exercises are:

- two NATO exercises to demonstrate and improve the readiness of NATO to conduct maritime operations and maintain control of the sea lines of communication;

- two national exercises to test participating maritime forces in all aspects of coordinated operations concerned with multi-threat warfare;

- one international exercise involving the navies of Pacific Rim nations; and

- three joint maritime warfare exercises in the United Kingdom operations areas designed to provide training in a multi-threat environment.

10 Tactical Air Group: 10 Tactical Air Group operations and training will be conducted to provide combat-ready tactical aviation for Mobile Command. Tactical helicopter forces will be participating in varied exercises and operations in support of land forces and national tasking. Some major exercises are:

- RENDEZVOUS 85. A major army exercise at division level that will involve all 10 Tactical Air Group units;
- three winter exercises to practice the conduct of airmobile operations;
- participation in an internal security exercise;
- annual Air Reserve Training Camp; and
- participation in MAPLE FLAG.

Capital Projects: Efforts to enhance the capability of Air Forces in Canada to carry out the roles assigned to it include a number of capital projects. Major capital projects continuing or planned for 1985-86 include:

	1985-86 $ millions
• CF18 fighter aircraft (see pages 55, 62);	741.2
• Dash 8 aircraft (see pages 55, 64);	59.2
• CC130 Hercules aircraft replacement (see page 55); and	19.1
• update of three more Voyageur helicopters for search and rescue activity (see page 55).	5.2

D. Canadian Forces in Europe

Objective

To provide combat-ready land and air forces for the defence of Central Europe.

Resource Summary

The Canadian Forces in Europe Activity will account for approximately 9.4% of total Defence Services Program expenditures and 5.0% of total person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	233,956	5,885	221,533	5,885	208,989	5,639
Operations and Maintenance	231,304		218,689		207,738	
Operating Requirement	465,260		440,222		416,727	
Capital	432,903		423,150		439,639	
Total Requirement	898,163		863,372		856,366	
Less Revenue Credited to the Vote	15,177		14,851		13,515	
Net Requirement	882,986	5,885	848,521	5,885	842,851	5,639

The increase of $34.5 million in 1985-86 requirements over the 1984-85 forecast, results from the following:

	$ millions
• general cost increase; and	53.5
• net decrease in spending for a number of capital projects.	(19.0)

Description

Canadian Forces Europe comprises all Canadian formations, units, elements and personnel assigned to Supreme Allied Commander Europe. The Commander Canadian Forces Europe exercises command and control over these forces in theatre and has, in addition, administrative control of Canadian forces stationed in the Middle East and Cyprus. During war, operational command of Canadian Forces Europe's fighting formations would be transferred to NATO; however, the Commander Canadian Forces Europe would maintain national command at all times.

Canadian Forces Europe is unique in the Canadian Forces since it is neither a single environmental command like Maritime Command nor is it strictly a functional command such as Communications Command; rather it is an integrated geographic command comprising major land and air combat forces. These forces are, in part, stationed in theatre and, in part, earmarked for deployment to Canadian Forces Europe from Canada in time of crisis.

The European-based formations, 4 Canadian Mechanized Brigade Group and 1 Canadian Air Group, are garrisoned at Canadian Forces Europe's two bases, Lahr and Baden-Soellingen, located in the southwest corner of the Federal Republic of Germany. The national command headquarters and the two in-theatre formation headquarters are located in the Lahr Caserne.

Overview of Operations

Training and Exercises: Operations and operational training for the two European-based formations, 1 Canadian Air Group and 4 Canadian Mechanized Brigade Group, will continue at current levels. Normal training planned for 1 Canadian Air Group will continue to provide a high level of operational realism as the majority of training takes place "in theatre". Further benefits are available from mutual training with other Allied forces, including the full spectrum of NATO interoperability exercises and Tactical Evaluation. A major improvement to 1 Canadian Air Group's operational capability will be achieved through the introduction of the first combat-ready CF18 squadron, and the commencement of training for a second squadron.

4 Canadian Mechanized Brigade Group will continue its annual training program in all phases of war from the individual to sub-unit, unit and combined arms training. As in previous years, widespread use will be made of Northern and Central Army Group training areas and Bundeswehr training facilities.

In addition to the European-based formations, various combat forces have been designated for deployment to Canadian Forces Europe in time of crisis. These forces, which would be drawn from Canadian based land and air force units, consist of:

- Canadian Air Sea Transportable Brigade Group;
- Allied Command Europe Mobile Force (Land);
- Allied Command Europe Mobile Force (Air);
- two Rapid Reactor Squadrons; and
- augmentation and reinforcement forces.

Capital Projects: Major equipment programs affecting Canadian Forces Europe have already been dealt with under Air Command and Mobile Command requirements.

E. Communications Services (Communications Command)

Objective

To provide the strategic communications necessary for operational, administrative and logistical support of the Canadian Forces and emergency government.

Resource Summary

The Communications Services Activity will account for approximately 3.4% of total Defence Services Program expenditures and 4.0% of total person-years.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	171,142	4,757	163,217	4,754	156,913	4,597
Operations and Maintenance	100,447		90,297		66,258	
Operating Requirement	271,589		253,514		223,171	
Capital	81,658		43,871		47,308	
Total Requirement	353,247		297,385		270,479	
Less Revenue Credited to the Vote	36,192		30,600		26,645	
Net Requirement	317,055	4,757	266,785	4,754	243,834	4,597

The increase of $50.3 million in 1985-86 requirements over 1984-85 forecast, results from the following:

	$ millions
• general cost increase;	19.2
• increase of 3 civilian person-years; and	.2
• net increase in funding for capital projects such as the Restricted Access System project, Search and Rescue Satellite and the Aeronautical Communications System project.	30.9

Description

While Communications Command Headquarters is centered in Ottawa, operational responsibility is decentralized to six regional communication groups located at: Vancouver, British Columbia; Winnipeg, Manitoba; Trenton, Ontario; Ottawa, Ontario; St Hubert, Quebec; and Halifax, Nova Scotia. These groups are, in turn, responsible for 17 regular force communications squadrons and 21 units of the Communications Reserve.

Embodied as a formation within Communications Command is the Canadian Forces Supplementary Radio System. Consisting of five stations and a research squadron, this system collects data in support of long distance arctic communication research and provides high frequency radio direction-finding assistance to search and rescue operations.

In support of both regular and reserve forces of the military, the Communications Reserve consists of more than 1,500 personnel in 21 units located in every major community.

Overview of Operational Activities

Training and Exercises: Operations and operational training for all elements of Communications Command will continue at present levels. Equipment capability and adequacy of resources will be tested and evaluated through continuing participation in and support to exercises and operations sponsored by other operational Commands. In addition, the Command plans to conduct the following exercises: maintenance of communications capability, via mobile radio, in the Eastern and Western Arctic and north of the 60th parallel; exercise of mobile radio detachments in support of emergency government and civil emergency operations and requirements; and to evaluate procedures and enhance capability to maintain effective communications facilities through failure simulation. Communications Command is committed to operate, maintain and support a wide variety of communications equipment and systems which can be classified under the broad headings of message handling and telephone communications.

Message handling for the Canadian Forces is provided primarily through the operation and maintenance of the Automated Defence Data Network, a computer-based message-switching network. The system consists of three major computer-controlled nodes located at Debert, Nova Scotia, Borden, Ontario, and Penhold, Alberta. The nodes switch information over high speed data circuits through 15 concentrator sites that provide access to more than 130 Canadian Forces installations in Canada and abroad. By international agreement, Communications Command systems interface with similar networks operated by Canada's NORAD, NATO and Commonwealth partners.

Communications Command manages the Defence Telephone System which provides a wide range of telephone services to the Department. The basic components of this system are the Canadian Switched Network which is a military telephone network; the Defence Telephone Network, which offers those services generally available to most business firms such as commercial direct distance dialing; Wide-Area Telephone Services, and access to the Government Telecommunication Agency intercity services.

Communications Command operates the Military Aeronautical Communication System providing Canadian Forces aircraft with worldwide voice communications. In addition, the command is responsible for the Canadian Forces Warning and Reporting System, a nation-wide system of message centres established to operate in support of emergency government operations.

Major capital projects planned or underway for 1985-86 include:

	1985-86 $ millions
• restricted access system project (see page 56);	15.5
• replacement of communications receivers (see page 56);	3.5
• search and rescue satellite (see page 56); and	13.4
• aeronautical communications system (see page 56).	15.7

F. Personnel Support

Objective

To provide personnel support services for the Canadian Forces in the areas of:

- personnel development - recruitment, individual training and education;
- personnel management - administration, career assignment, morale, physical fitness and amenities; and
- health services - medical and dental.

Resource Summary

The Personnel Support Activity will account for approximately 12.9% of total Defence Services Program expenditures and 16.2% of total person-years.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	**649,536**	**19,115**	597,249	19,230	589,666	21,145
Operations and Maintenance	**195,053**		182,575		172,694	
Operating Requirement	**844,589**		779,824		762,360	
Capital	**119,189**		114,727		83,142	
Contributions	**280,401**		251,256		214,281	
Total Requirement	**1,244,179**		1,145,807		1,059,783	
Less Revenue Credited to the Vote	**34,243**		33,133		32,126	
Net Requirement	**1,209,936**	**19,115**	1,112,674	19,230	1,027,657	21,145

The increase of $97.3 million in 1985-86 requirements over the 1984-85 forecast results from the following:

	$ millions
• general cost increase;	73.3
• increase of 33 military offset by a reduction of 148 civilian person-years;	.8
• increased entitlements under the Supplementary Retirement Benefits Act; and	29.1
• net decrease in overall capital project spending.	(5.9)

Description

The Personnel Support Activity is organized around the delivery of three main services: training; medical and dental services; and personnel administration.

The Canadian Forces Training System is tasked with training people to meet the needs of operational commanders. Located at Trenton, Ontario, the Commander Canadian Forces Training System exercises control over five training bases: Borden and Kingston, Ontario; Chilliwack, British Columbia; Cornwallis, Nova Scotia; and St Jean, Quebec. These bases accommodate 15 basic training and trades schools. As well, the Canadian Forces Training System encompasses three language schools and lodges and supports two of the three military colleges.

Medical and dental facilities are provided at all bases and most stations for military personnel and where appropriate their dependents in proportion to the Armed Forces population and accessibility to civilian health facilities. Over the period 1981-82 through 1983-84 the daily non-effective rate ie., the number of persons per thousand population who are off-duty because of hospitalization, fell from 4.2 to 3.7. Similarly, the number of dentally fit Canadian Forces personnel has increased substantially from 82% to 89%.

Personnel administration functions encompass all Canadian Forces recruiting units, the three military colleges, the four officer professional development institutions in Kingston and Toronto, and the Personnel Group at National Defence Headquarters. The Personnel Group at National Defence Headquarters encompasses two separate personnel systems; military and civilian as appropriate. The Group is responsible for personnel policy and administration, manpower distribution, career planning and development, health services, military and civilian training including academic upgrading, post graduate training, compensation and benefits, dependents' education, chaplain services and conditions of service.

Overview of Capability

A number of capital expenditures are planned for the 1985-86 estimates year in order to improve upon the delivery of personnel support services. These include:

	$ millions
• a new 100 bed Canadian Forces hospital and dental clinic at Halifax, Nova Scotia (see page 54);	.5
• update of data-processing facility at Royal Roads Military College (see page 56);	.8
• providing a new training building for the School of Administration and Logistics at Borden, Ontario (see page 54); and	2.3
• a new 25 bed Canadian Forces hospital and dental clinic at Esquimalt, British Columbia (see page 55).	3.2

G. Materiel Support

Objective

To provide materiel support services to the Canadian Forces in the areas of:

- research and development;
- engineering and maintenance;
- construction engineering and real property management; and
- supply, procurement, storage, transportation and quality assurance.

Resource Summary

The Materiel Support Activity will account for approximately 6.4% of total Defence Services Program expenditures and 8.4% of total person-years.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	381,069	9,939	355,489	10,235	346,636	10,323
Operations and Maintenance	152,520		131,882		127,680	
Operating Requirement	533,589		487,371		474,316	
Capital	72,107		55,760		11,172	
Total Requirement	605,696		543,131		485,488	
Less Revenue Credited to the Vote	2,285		2,705		2,024	
Net Requirement	603,411	9,939	540,426	10,235	483,464	10,323

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The increase of $63.0 million in 1985-86 requirements over the 1984-85 forecast results from the following:

	$ millions
• general cost increase;	36.5
• increase of 209 military offset by a reduction of 505 civilian person-years; and	6.1
• net increase in funding for capital projects such as the Land Engineering Test Establishment Development program.	20.4

Description

The Materiel Support Activity encompasses the ADM(Materiel) Group at National Defence Headquarters, the Defence Research Establishments and specific Canadian Forces field units associated with the delivery of support services in the areas of defence research; engineering and maintenance; construction and properties management; and supply.

The task of defence research is to provide scientific and technological support to the Canadian Forces in respect of defence techniques, procedures, and equipment. There are six Defence Research Establishments located across Canada.

Engineering and Maintenance is concerned with the administration of the Life Cycle Materiel Management activities for all equipment in the Canadian Forces and their operational and maintenance support systems. Engineering starts at the Project Development Stage, and continues through Project Definition and Project Implementation. Maintenance activities are concerned with the full In-Service Life of the equipment, including its ultimate disposal after it has ceased to fulfil a useful function in the Canadian Forces inventory. The equipment inventory ranges from ships, tanks and aircraft to communications, computer and electronic equipments as well as numerous test equipments. Eight field units are located in British Columbia, Alberta, Ontario and Quebec, and are responsible for evaluation and testing.

Construction engineering services provide for the administration of all major construction projects, real property management and life-cycle management activities for the Canadian Forces infrastructure.

Supply services consist of five components: Procurement and Supply which is responsible for the procurement of capital equipment and systems, including management of the national defence inventory; Supply Systems which is responsible for the management of the Canadian Forces computerized supply system, including the operation of four major supply depots and other related field units and functions; Transportation which provides for the movement of materiel, personnel, furniture and effects, management and operation of an airlift capability, and postal services for Canadian Forces at home and abroad; Quality Assurance which provides inspection services for all defence production/repair facilities in Canada. There are six quality assurance units located in Nova Scotia, Quebec, Ontario and Alberta; and Ammunition services which are responsible for the maintenance, life cycle management, storage, and related policies for ammunition.

Overview of Capability

The level of military capability provided by the Materiel Support Activity is to a large extent dependant upon the availability of trained specialist personnel to maintain an appropriate level of defence research and development, to initiate and manage the capital acquisition projects required to effect the capital re-equipment program, to provide engineering and maintenance services for in-service equipment and to operate the Canadian Forces Supply System.

The role of Research and Development is to harness science and technology so as to improve the capabilities and increase the effectiveness of the Canadian Forces. The Research and Development Branch utilizes its internal resources, industry, other government departments, universities, and our allies to accomplish that role. Aside from the contribution to the Canadian Forces, this effort contributes to the development of Canadian industry through the transfer of new technologies.

The resource requirements identified for this Activity in fiscal year 1985-86 are required to:

- provide requisite life cycle materiel management of major operational equipment including the engineering support, supply management, quality assurance as well as the warehousing and distribution for 1,300,000 line items of materiel in the Department of National Defence inventory encompassing clothing, micro circuits, engines and transmissions, and common hardware;

- initiate procurement and provide attendant legal, contractual and financial administration for approximately 11,000 capital and 28,000 operations and maintenance contracts to acquire new and replacement capital equipment and facilities and replenish inventory consumed in support of ongoing operations, maintenance, and research and development activities;

- provide project management for over 300 capital projects including 16 major crown projects related to the acquisition of new equipment, construction of new facilities and the conduct of research and development;

- provide engineering services associated with the life-cycle management for the infrastructure of 33 bases and 24 stations;

- provide engineering, maintenance and supply services associated with 41 major repair and overhaul programs for existing fleets of ships, aircraft, military pattern vehicles and other operational equipment;

- operate 34 ADM(Materiel) field units which provide engineering, construction, maintenance, test, research, development, warehousing, and quality assurance services. These facilities include workshops, ranges, test establishments, laboratories and agencies; and

- provide the scientific and technological capability to support the acquisition of new equipment and the achievement of Departmental objectives through the conduct of a research and development program including 35 major development projects, about 300 minor development projects and 17 on-going research programs covering all areas of defence technology.

H. Policy Direction and Management Services

Objective

To provide overall direction and control to the Department of National Defence in the areas of:

- defence policy;
- financial, management, and legal services;
- direction to operational commands;
- emergency planning; and
- Canadian contributions to NATO.

Resource Summary

The Policy Direction and Management Services Activity will account for approximately 4.9% of total Defence Services Program expenditures and 4.0% of total person-years.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel	219,690	4,674	207,893	4,423	200,412	3,964
Operations and Maintenance	97,996		88,074		72,101	
Operating Requirement	317,686		295,967		272,513	
Capital	44,933		21,281		5,038	
Grants and Contributions	140,772		125,823		140,272	
Total Requirement	503,391		443,071		417,823	
Less Revenue Credited to the Vote	40,175		38,512		38,327	
Net Requirement	463,216	4,674	404,559	4,423	379,496	3,964

The increase of $58.7 million in 1985-86 requirements over 1984-85 forecasts, results from the following:

	$ millions
• general cost increase;	28.0
• increase of 68 military and 183 civilian person-years;	2.2
• net increase in funding for capital projects primarily related to automated data processing; and	13.6
• increase in grants and contribution expenditures primarily related to the NATO infrastructure program and military budgets.	14.9

Description

The Policy Direction and Management Services Activity encompasses the formulation and recommendation of defence objectives and policy options and the elaboration of government approved defence policy to provide overall direction for developmental planning in the Department and the management of the Defence Services Program. Equally important, is the command and control function, within which the detailed operational, materiel, personnel, and financial preparations are made for times of crisis or war. This function also embodies the command and control of the "day-to-day" operations of the Canadian Forces by the Chief of Defence Staff and delegated subordinate commanders. The Activity also includes the development, and general direction of management information systems, consulting, audit, evaluation, financial and accounting services within the Department.

NATO Contributions represent direct payments toward common NATO activities which consist of:

- NATO Military Budgets and Agencies. Canada's share of the cost of operating the various NATO International Military Headquarters as well as those of certain NATO Agencies of which Canada is a member;

- NATO Common Funded Infrastructure. Canada's share of the cost of constructing NATO military installations that are jointly used by various NATO nations; and

- NATO Airborne Early Warning and Control System. Canada's contribution towards the cost of acquiring a fleet of 18 Boeing 707 aircraft and associated ground sites.

The Canadian share of the funding for NATO common activities is calculated on a percentage basis for each of the various types of activities. These percentages are determined through negotiations between representatives of the various NATO nations. Confirmations of Canada's percentage shares of NATO common funding arrangements are subject to Cabinet approval for new undertakings or changes to existing arrangements. The terms and conditions for each type of contribution are detailed by the Department of National Defence and are subject to the approval of the Treasury Board of Canada.

The costs associated with these contributions are detailed at page 59.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Defence Services Program expenditures by object are presented in Figure 20.

Figure 20: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Civil Salaries and Wages	**968,786**	937,633	927,770
Contributions to employee benefit plans	**136,557**	122,027	127,387
Other civilian personnel costs	**17,144**	17,158	15,265
Pay of the forces	**2,392,314**	2,286,780	2,163,956
Military terminal leave and severance pay	**78,132**	53,090	53,361
Other military personnel costs	**134,305**	125,186	119,267
Contributions to military pension funds	**328,402**	308,218	296,028
	4,055,640	3,850,092	3,703,034
Goods and Services			
Travel	**222,044**	211,914	200,412
Other transportation and communications	**128,132**	111,184	102,992
Information	**20,389**	18,875	17,268
Education of dependents	**63,430**	62,104	57,493
Janitorial and base support	**71,581**	65,529	60,892
Other professional and special services	**169,059**	138,226	128,273
Rentals	**58,527**	54,198	47,362
Equipment repair	**447,210**	389,784	317,690
Buildings and works repair	**134,262**	152,422	130,702
Spares and accessories	**462,862**	413,589	390,816
Fuel and electricity	**427,062**	402,741	410,252
Food and Clothing	**150,806**	138,968	133,402
Other utilities, materials and supplies	**256,078**	252,753	226,982
All other expenditures	**25,408**	19,100	14,850
	2,636,850	2,431,387	2,239,386
Total operating	**6,692,490**	6,281,479	5,942,420

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital			
Civil Salaries and Wages	**6,740**	6,701	3,877
Pay of the forces	**9,139**	7,978	3,618
Travel	**2,435**	3,330	6,896
Consultant services	**8,017**	8,543	8,650
Contract administration	**18,914**	19,009	16,149
Other professional and special services	**41,553**	36,875	31,028
Utilities, materials and supplies	**5,299**	5,496	9,469
Construction and acquisition of land, buildings and works	**151,055**	177,795	100,480
Construction and acquisition of machinery and equipment	**2,291,861**	2,064,581	1,793,840
Total capital	**2,535,013**	2,330,308	1,974,007
Transfer payments	**421,173**	377,079	354,553
Total program	**9,648,676**	8,988,866	8,270,980
Less: receipts and revenues credited to the vote	**280,953**	270,468	311,624
Net program expenditures	**9,367,723**	8,718,398	7,959,356

2. Civilian Personnel Expenditures

Figure 21: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	184	142	161	50,350-96,300	63,724
Scientific and Professional					
Education	387	366	399	13,609-68,070	37,442
Engineering	413	380	356	23,306-76,130	47,886
Medical	2	2	1	40,054-85,140	89,162
Scientific Services	577	574	562	28,176-67,720	48,417
Other	453	417	403		42,260
Administrative and Foreign Service					
Administrative Services	745	760	723	13,912-57,987	35,759
Computer Systems	350	348	293	18,766-61,433	38,125
Financial Administration	102	104	101	13,853-57,980	40,819
Information Services	52	53	51	13,579-57,980	34,433
Organization and Methods	113	110	107	13,520-57,980	40,109
Personnel Administration	247	259	228	13,330-63,870	37,842
Purchasing and Supply	238	244	231	12,766-57,980	37,136
Other	401	361	389		39,100
Technical					
Drafting and Illustration	545	551	525	15,557-40,310	29,687
Electronics	512	488	498	16,619-51,950	36,761
Engineering and Scientific	914	910	887	14,041-50,866	32,827
Technical Inspection	524	499	487	12,635-57,691	33,359
Ships Officers	178	177	193	20,486-51,531	29,717
General Technical	128	122	119	12,635-55,682	33,267
Other	136	130	144		33,489
Administrative Support	8,553	8,589	8,577		20,613
Operational					
Firefighters	666	665	673	21,533-41,386	29,337
General Labour and Trades	6,874	6,881	6,865	14,776-40,676	23,681
General Service	6,785	6,751	6,799	13,253-39,988	20,261
Heating, Power and Stationary Plant Ops	1,291	1,304	1,338	18,242-35,598	24,840
Hospital Services	300	335	342	12,307-29,701	18,754
Ship Repair	2,054	2,025	2,106	22,436-45,385	30,390
Ships Crews	263	218	263	18,840-29,988	25,700
Other	21	119	114		25,627
Term Employees (Casual Labour)	1,579	2,824	2,764		22,990

NOTE: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Military Personnel Expenditures

Figure 22: Person-Years and Salary Provision

	Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
General/Lieutenant General	9	9	8	75,100-105,050	80,471
Major-General	27	27	24	65,940- 77,510	74,967
Brigadier-General	78	77	76	58,050- 68,300	61,320
Colonel	335	331	331	57,024- 59,220	61,090
Lieutenant-Colonel	1,013	1,004	982	49,524- 52,740	53,897
Major	3,305	3,216	3,167	42,732- 47,940	47,810
Captain	7,005	6,908	6,849	31,620- 41,760	39,600
Lieutenant	2,722	2,291	2,300	21,720- 28,512	23,772
Officer Cadet	2,500	2,500	2,000		11,057
Chief Warrant Officer	855	827	832	37,092- 38,676	39,370
Master Warrant Officer	2,347	2,289	2,277	33,432- 36,396	35,803
Warrant Officer	4,705	4,596	4,574	30,300- 34,080	32,543
Sergeant	10,387	10,290	10,254	27,192- 32,220	29,733
Corporal	29,049	26,574	26,273	23,640- 30,192	26,708
Private	18,403	21,108	21,657	10,512- 18,732	16,730
Total	82,740	82,047	81,604		

NOTE: The current salary range column shows the salary ranges by rank at October 31, 1984. The salary ranges do not include rates of pay for the specialist navigator, pilot, medical, dental and legal categories. The average salary column reflects the estimated base salary costs including allowance for annual increments, promotions and merit pay divided by the person-years for the rank. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

Civilian salaries and wages shown in the 1985-86 Main Estimates provide for a total of 35,587 civilian personnel, a decrease of 1121 person-years over the provision shown in the 1984-85 Main Estimates. This reduction is due in part to the termination of the Youth Employment Program, but primarily to a Treasury Board decision that certain person-years utilized exclusively for short-term casual employment need be subject to budgetary control only. This arrangement will increase management flexibility and efficiency over the use of these labour resources.

Military pay provides for a total of 82,740 military personnel, an increase of 693 person-years over the provision shown in the 1984-85 Main Estimates. The personnel increase is required to manage the expanding capital acquisition program plus ongoing operational requirements of the Canadian Forces. The distribution of military person years by activity for 1985-86 is as follows:

Maritime Forces	11,064
Land Forces in Canada	19,114
Air Forces in Canada	24,131
Canadian Forces in Europe	5,881
Communication Services	3,436
Personnel Support	12,829
Material Support	4,041
Policy Direction and Management Services	2,244
	82,740

3. Capital Expenditures

Defence Services Program capital expenditures by major category are presented in Figure 23.

Figure 23: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Construction or acquisition of land, buildings and works	**157,028**	161,425	120,901
Ships	**541,982**	354,851	249,425
Ground Mobile Equipment	**46,092**	35,855	37,440
Military Pattern Vehicles	**76,207**	107,593	124,033
Aircraft and Engines	**840,847**	989,966	981,955
Armament	**136,035**	54,023	17,879
Ammunition and Bombs	**245,668**	219,779	170,507
Electronic/Communications Equipment	**241,561**	170,232	100,334
Special Training Equipment	**17,202**	15,097	4,172
Miscellaneous Technical Equipment	**105,956**	107,486	90,456
Development	**126,435**	114,001	76,905
Gross Total	**2,535,013**	2,330,308	1,974,007
Revenue	**-**	-	777
Net Total	**2,535,013**	2,330,308	1,973,230

Defence Services Program capital projects having total estimated costs in excess of $1 million and which have received funding approval are listed in Figure 24.

Figure 24: Details of Major Capital Projects ($000)

	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Construction				
Canadian Forces Bases				
Halifax, Nova Scotia				
Ship Repair Unit - Jetty Development	90,216	87,770	2,446	------
Hospital	22,951	22,451	500	------
Maritime Command Headquarters Building	19,592	5,136	8,000	6,456
Single Officers' Quarters	1,635	------	50	1,585
Syncrolift Extension	13,676	2,219	8,790	2,667
Jetty 3 Improvement	26,348	500	932	24,916
Gagetown, New Brunswick				
Combat Training Centre	3,552	818	1,500	1,234
St-Jean, Quebec				
Base Development	106,160	105,945	98	117
Ottawa, Ontario				
LETE - Project Development	26,000	5,537	19,488	975
Petawawa, Ontario				
Range and Training Area Improvement	5,238	4,445	793	------
Base Maintenance Land Building	12,947	4,855	7,464	628
Toronto, Ontario				
Renovate Building 54-DCIEM	3,045	237	2,808	------
Borden, Ontario				
Extension to Food Services Building	2,234	249	461	1,524
School of Administration and Logistics Building	5,286	2,975	2,311	------
Addition to Men's Mess	2,588	1,705	883	------
Winnipeg, Manitoba				
Thunder Bay Armoury	2,375	2,320	55	------
Air Command Headquarters Building	27,356	8,390	14,157	4,809

	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Construction				
Esquimalt, British Columbia				
Construction Building.....	8,290	1,946	6,344	------
Ship Repair Unit Building.....	2,208	864	1,100	244
Lecture Training Building.....	1,847	------	199	1,648
Hospital and Dental Clinic.....	7,825	4,666	3,159	------
Upgrade Jetty Utilities.....	6,037	1,804	2,915	1,318
Richmond Armoury.....	2,462	373	2,089	------
Europe				
Personnel Shelters - Lahr.....	5,211	4,850	361	------
Group Operations Centre Baden.....	1,232	715	517	------
Equipment				
Ships				
Tribal Class DDH 280 Update and Modernization.....	17,410	14,433	2,977	------
Destroyer Life Extension.....	133,900	71,871	17,028	45,001
Canadian Patrol Frigate.....	5,204,765	660,128	468,400	4,076,237
Ship Replacement Program Phase II (Projet Definition).....	8,632	186	5,759	2,687
Submarine Operational Update.....	42,421	38,398	1,707	2,316
Towed Array Sonar System.....	11,100	3,715	4,665	2,720
Military Pattern Vehicles				
Armoured Vehicle General Purpose....	301,776	291,670	9,000	1,106
Medium Logistics Vehicle.....	296,888	265,752	10,447	20,699
Truck Cargo 1 ¼ Ton 4X4.....	67,339	64,571	2,768	------
Military Operational Support Trucks.....	115,278	39,258	43,879	35,141
Aircraft and Engines				
New Fighter Aircraft.....	4,803,112	3,108,652	741,231	953,229
Long Range Patrol Aircraft.....	1,168,774	1,158,392	4,855	5,527
Follow-on Search and Rescue Helicopters Update.....	20,824	9,089	5,166	6,569
CC130 Hercules Replacement.....	64,200	45,072	19,122	6
Dash 8 Aircraft.....	98,129	4,000	59,222	34,907
Ground Mobile Equipment				
All-Terrain Carriers.....	18,601	6,350	12,251	------

	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Equipment				
Armament				
Close Support Artillery Weapon.....	73,408	26,311	23,940	23,157
Artillery Improvement Program.....	42,966	1,016	6,035	35,915
Small Arms Replacement Program.....	352,845	19,752	34,833	298,260
Medium Support Weapon.....	13,054	8,375	2,881	1,798
Torpedo Defence System.....	17,200	4,265	7,660	5,275
Electronic and Communication Equipment				
Terminal Radar Control System.....	83,616	81,940	1,477	199
Regional Operation Control Centres..	86,484	81,327	527	4,630
Automated Data Link Plotting System.....	49,741	46,989	1,707	1,045
Maritime Command and Control System.....	13,992	9,032	1,157	3,803
Digitization of Map Production Equipment.....	13,592	10,203	623	2,766
Microwave System Replacement.....	3,940	2,499	1,432	9
Replacement Sonobuoys Recurring.....	56,017	------	17,800	38,217
Military Portable Artillery Computer.....	17,352	12,555	603	4,192
Communications Receiver Replacement.....	10,000	1,700	3,528	4,772
Automatic Data Processing Update - Canadian Military Colleges.....	10,844	9,401	778	665
Fleet Satellite Communications Terminal.....	10,552	7,453	2,231	868
Aeronautical Communications System..	35,257	14,353	15,685	5,219
Communications Engineering Maintenance Centre.....	7,623	6,564	400	659
Borden - Data Centre.....	11,101	7,360	850	2,891
Joint Director Documentation and Drawing Services/Operational Research and Analysis Establishment Computer.....	18,410	11,843	2,164	4,403
Maritime Message Handling Equipment.....	9,267	6,723	1,819	725
Search and Rescue Satellite.....	26,149	10,075	13,396	2,678
Restricted Access System.....	23,505	2,413	15,466	5,626
Optical Character Reader.....	3,132	368	2,497	267
Ottawa Data Center.....	16,330	10,862	1,687	3,781
Meteorological Equipment Replacement.....	5,000	1,000	1,500	2,500
Radios General Purpose.....	4,784	2,843	1,941	------
Thermal Imaging Sights Anti-Tank Weapon.....	21,332	3,254	7,166	10,912

	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Equipment				
Training Equipment				
Angle Error Indicator.....	3,519	2,379	655	285
Miscellaneous Equipment				
General Service Chemical Warfare Clothing.....	15,000	11,000	4,000	------
Improved Personal Webbing Equipment.....	17,569	11,109	6,460	------
Ammunition and Bombs				
Air/Ground Weapon Update.....	14,666	12,395	1,609	662
Replacement Ammunition Sea Recurring.....	56,999	------	18,112	38,887
Replacement Ammunition Land Recurring.....	471,285	------	149,757	321,528
Replacement Ammunition Air Recurring.....	64,545	------	20,510	44,035
Torpedo Replacement.....	84,200	25,085	27,281	32,143
CF18 Air to Air Missiles.....	245,500	------	1,279	244,221
Development				
Navigation Equipment - Global Positioning System.....	6,279	4,199	397	1,683
Infrared Search and Target Designation System.....	18,000	4,283	4,882	8,835
Automated Pilot Aptitude Measuring System.....	1,379	703	676	------
Directional Command Active Sonobuoy.....	2,941	2,525	416	------
Improved Sonar Data Processing System.....	13,483	11,899	1,329	255
Signal Processor.....	10,622	2,190	5,000	3,432
Computer Assisted Learning.....	1,336	891	445	------
Development of Digital Machinery Control.....	4,665	3,368	1,297	------
Towed Array Sonar System.....	30,629	2,621	7,000	21,008
Synthetic Aperture Radar.....	11,475	4,927	2,795	3,753
NATO Frigate Replacement Study.....	3,416	1,636	1,411	369
Helicopter Towed Submarine Detection System.....	2,359	1,200	1,159	------
Flechette Anti-Tank Warhead.....	4,553	1,391	3,162	------

4. Transfer Payments

The funding levels for the Grants and Contributions shown in Figure 25 are in accordance with Federal Government policy. NATO contributions are based upon estimated cash flow requirements determined by Canadian and International NATO staffs.

Figure 25: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Personnel Support			
(S) - Payments to dependants of certain members of the Royal Air Force killed while serving as instructors under the British Commonwealth Air Training Plan	**20,809**	19,371	17,213
Policy Direction, Operational Command and Management Services			
Civil Pensions and Annuities:			
Mrs. Mary Whittington	**200**	200	200
Mrs. Eleanor F. Nixon	**1,048**	1,048	1,048
Mr. R.P. Thompson	**10,504**	10,100	9,141
Conference of Defence Associations	**161,780**	155,560	148,150
Army Cadet League of Canada	**126,720**	121,850	116,050
Air Cadet League of Canada	**126,720**	121,850	116,050
Navy League of Canada	**126,720**	121,850	116,050
Royal Canadian Naval Association	**9,490**	9,125	8,690
Naval Officers Association	**25,690**	24,700	23,530
Royal Canadian Air Force Association	**34,255**	32,940	31,370
Royal Canadian Navy Benevolent Fund	**10,285**	9,890	9,420
Royal Canadian Air Force Benevolent Fund	**12,090**	11,625	11,070
Canadian Forces Personnel Assistance Fund	**11,305**	10,870	10,350
Rifle Associations	**170,065**	163,525	151,075
Military and United Services Institutes	**30,370**	29,200	27,810
Canadian Universities - Military Studies	**663,500**	615,700	582,704
Canadian Institute of Strategic Studies	**50,000**	50,000	50,000
Research Fellowships - Emergency Planning	**60,000**	60,000	27,368
International Institute of Strategic Studies	-------	-------	50,000
University of Guelph - Conference	-------	-------	10,000
Total Grants	**1,651,551**	1,569,404	1,517,289

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Policy Direction, Operational Command and Management Services			
NATO military budgets and Agencies	**54,354,000**	44,427,000	30,631,721
NATO infrastructure (capital expenditures)	**65,640,000**	59,388,000	50,685,734
NATO airborne early warning and control system (capital expenditures)	**879,000**	6,068,000	45,732,802
Mutual Aid	**10,335,000**	6,923,000	7,337,136
Contributions to provinces and territories for Emergency Preparedness purposes	**6,338,000**	6,237,000	3,071,023
Contributions to provinces and municipalities for Capital Assistance projects	**1,595,000**	1,230,000	1,313,255
Military Pensions, Pension Contributions and Other Benefits			
(S) - Payments under Parts I-IV of the Defence Services Pension Continuation Act (R.S.c.D-3)	**6,325,000**	7,237,000	7,022,655
(S) - Payments under the Supplementary Retirement Benefits Act (R.S.c.43-2nd Supp.)	**274,055,000**	244,000,000	207,241,225
Total Contributions	**419,521,000**	375,510,000	353,035,551
Total Grants and Contributions	**421,172,551**	377,079,404	354,552,840

B. Cost Analysis

The Defence Services Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments, less the receipts and revenues credited to the vote. Other cost items as well as receipts credited to the Consolidated Revenue Fund must also be taken into consideration when determining the full cost to operate the program.

Figure 26: Net Cost of Program by Activity ($000)

	1985-86 Total Expenditures	Add Other Costs	Deduct Revenue	**Net Cost**	1984-85 Net Forecast
Maritime Forces	1,803,179	136,881	(17,491)	**1,922,569**	1,646,304
Land Forces in Canada	1,458,875	144,092	(54,223)	**1,548,744**	1,474,479
Air Forces in Canada	2,781,946	263,351	(81,167)	**2,964,130**	2,963,574
Canadian Forces in Europe	898,163	5,205	(15,177)	**888,191**	854,720
Communications Services	353,247	2,751	(36,192)	**319,806**	270,016
Personnel Support	1,244,179	107,511	(34,243)	**1,317,447**	1,216,814
Materiel Support	605,696	6,172	(2,285)	**609,583**	547,499
Policy Direction and Management Services	503,391	3,198	(40,175)	**466,414**	408,314
	9,648,676	669,161	(280,953)	**10,036,884**	9,381,720

Other costs of $669.2 million consist of:	$ millions
• receipts credited to revenue;	(26.5)
• accommodation provided without charge by Department of National Defence;	594.8
• accommodation provided without charge by Department of Public Works;	41.2
• cheque issue services provided without charge by Department of Supply and Services;	4.8
• employee surgical - medical insurance provided without charge by Treasury Board; and	46.8
• other.	8.1

C. Revenue Analysis

The ADM(Finance) is responsible for collection, control and management of all recoverable funds in respect of supplies and services provided to service members, other federal government departments and agencies, and foreign governments. The 1985-86 revenue estimates are based upon forecast price increases, adjustments in recoverables from other government agencies and reductions in revenues from NATO and North American Air Defence operations.

Figure 27: Summary of Vote Netted Revenue ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Deductions from Members for Rations, Quarters and Clothing	**124,894**	114,920	115,031
Material and Services provided to other Government Departments	**81,748**	78,123	126,778
Medical and Dental Services	**16,864**	16,897	14,702
Seconded Personnel	**2,665**	2,464	2,526
Provincial School Grants and Tuition Fees	**13,770**	12,184	12,781
Other Recoveries	**41,012**	45,880	39,029
NATO Common-Funded Projects	**-**	-	777
Program Total	**280,953**	270,468	311,624

In addition to recoverable funds collected for credit against departmental expenditures, the Department also collects revenues on behalf of the Government, for such items as recoveries from provinces for humanitarian assistance and from the United Nations for peacekeeping activities, which are credited to the Consolidated Revenue Fund.

Figure 28: Credits to Consolidated Revenue Fund ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	**26,500**	28,000	24,717
Program Total	**26,500**	28,000	24,717

D. Details on Major Projects

1. Canadian Patrol Frigate

In July 1983, following an extensive and competitive contract definition phase, and an evaluation of contractor proposals, the contract for the construction of warships was awarded to Saint John Shipbuilding and Drydock Ltd. Three of these warships will be built on the east coast and three in the province of Quebec. Delivery of the first ship is expected in early 1989 and the last ship by early 1992.

The total estimated cost of the project is $5.205 billion of which $660 million is forecast to be spent by the end of 1984-85. It is expected that a further $468 million will be spent in 1985-86 leaving a balance to be spent in future years of $4.076 billion.

2. Military Operational and Support Trucks

The Military Operational and Support Trucks project is designed to provide the land forces with adequate ground transportation for tasks related to command, communications, liaison, reconnaissance, weapons deployment, logistics and personnel services. The overall project includes the acquisition of 1900 new ¼ ton trucks and the project definition phase of a second project which will lead to the production in Canada of a replacement for the 5 ton military pattern truck. In September 1983, Treasury Board approved the acquisition of 1900 ¼ ton trucks at a cost not to exceed $112.1 million and gave preliminary approval for the purchase of up to 700 5 ton trucks at an estimated cost of $136.6 million. Expenditures approved for the 5 ton truck portion are limited to $6.178 million for the project definition phase. It is expected that Treasury Board approval for implementation of the 5 ton truck phase will be sought by December 1986. Spending for 1985-86 is estimated to be $43.9 million.

3. New Fighter Aircraft

In April 1980 the government chose the F18A as the new fighter aircraft for Canada. A contract was signed with McDonnell Douglas Corporation to supply 138 new fighters over a period of about nine years.

The total estimated cost of the project is $4.803 billion of which $3.109 billion is forecast to be spent to the end of 1984-85. During the estimates year 1985-86 it is expected that $741 million will be spent with the balance of $953 billion to come in future years. As of 31 July 1984 a total of 39 aircraft had been delivered. It is expected that to the end of 1985-86, 80 aircraft will have been received.

4. Tribal Class Update and Modernization Project

The four DDH 280 or Tribal Class ships entered operational service in 1972 and 1973 and will reach their mid-life point in 1987-88. The objective of this project is to ensure that these destroyers maintain a capability into the next century to effectively perform operational missions which may be assigned to them. This requires the reconfiguration of the Tribal Class vessels and the addition of new, more modern equipment.

The government approval of the Canadian Patrol Frigate in July 1983 also gave approval-in-principle to proceed with the Tribal Class update project. In January 1984, Treasury Board gave preliminary approval to the project and approved the allocation of $17.4 million for project definition by contracts with industry. A submission to Treasury Board will be put forward on completion of project definition for further approval.

5. Destroyer Life Extension

The Destroyer Life Extension Project is designed to extend the operational life of selected warships pending their replacement by newly constructed combat capable ships. The project consists of the purchase and selective replacement of obsolete navigation, communication and combat systems in sixteen of nineteen steam destroyers. Ten of the sixteen ships will receive the total Destroyer Life Extension improvement package and the remaining six will receive improvements designed to maintain them in "safe to go to sea" condition. The program is being accomplished by extended refits in Canadian shipyards and dockyards which will generate about three million manhours of work in the ship repair industry.

The project was initially approved in January 1980 for the refit of the first two ships. In August 1980, the Treasury Board approved a total of $213.8 million in Capital and Operations and Maintenance funds to complete the project. The last ship should be upgraded by 1987. The estimated 1985-86 expenditures will total $19.2 million in Capital and Operations and Maintenance funds.

6. Canadian Tactical Towed Array Sonar System

This project to evaluate, procure and install towed array sonar equipment in the six new frigates and the two destroyers of the 265 class, and to acquire an additional system for training, was given preliminary approval by Treasury Board in April 1984 at an estimated cost of $112 million. The Treasury Board also authorized up to $11.1 million of the above for the procurement of sonar equipment for installation in HMCS Annapolis for trials at sea.

Significant benefits to Canadian industry will be provided in that most of the development and production of shipboard processing and display equipment will be carried out in Canada, as will all system installation and integration work. Further, the successful and timely conclusion of the integration of the Canadian developed electronic package with the proven array will assist Canadian industry in persuing potential offshore military markets.

7. Air Command Headquarters, Winnipeg

The project is to construct an office building to accommodate Air Command Headquarters at Canadian Forces Base Winnipeg. The existing accommodation is sub-standard, deteriorated and the utilities systems are extremely inefficient and costly. In March 1984, Treasury Board approved an expenditure level of $28.4 million for the new building.

The currently estimated total cost is $27.4 million, of which $8.4 million will have been spent by the end of 1984-85, with an additional $14.2 million planned for 1985-86. The project should be completed by August 1986.

8. Maritime Command Headquarters, Halifax

In April 1984, Treasury Board approved an expenditure level of $24 million to construct a building to accommodate Maritime Command Headquarters. The building will replace eight different buildings in three separate congested areas in Halifax. None of the existing buildings are suitable for renovation or expansion to accommodate a consolidated Command Headquarters.

The currently estimated cost is $19.6 million, of which $5.1 million will have been spent by the end of 1984-85 with $8.0 million planned for 1985-86. The project should be completed by September 1986.

9. Dash 8 Aircraft

This project will acquire six De Havilland of Canada Dash 8 aircraft. Four of the new aircraft will replace four CC130 Hercules transport aircraft which are currently employed as navigation trainers and which will now be returned to the strategic and tactical transport role. The assignment of the other two Dash 8 aircraft to Canadian Forces Europe will provide a longer range, faster and more fuel efficient aircraft to carry out the European air transport role.

The project was approved by the Treasury Board on 31 Aug 84 at a total cost of $98.1 million in Capital funds. It will extend over a period of four years starting in 1984-85 and expenditures of $59.2 million are anticipated during 1985-86.

E. Relationship of Management Structure to the Program Activity Structure

As indicated in the Preface, the financial data displayed in Section II of the Plan is based on a distribution of expenditures made through a centralized management structure using a costed program base. This distribution assigns actual costs over the various activities regardless of the expenditures incurred by individual budget managers. Resources are not managed through the functional activity structure detailed in this Expenditure Plan.

Financial control of the Defence budget is achieved through a system of modified management accounts derived from the Program Activity structure but more directly related to the operational command structure which has been adopted to provide the Department with the ability to quickly respond to emergency situations. The Armed Forces operational command and control structure reflects capabilities established to respond to current tasks that include being prepared for a variety of emergency situations which could arise within the Department's Objectives/Sub-Objectives (see page 9). These unique and sometimes conflicting requirements can best be met by a compromise management arrangement of centralized and decentralized financial control budget elements which recognize factors such as:

- to achieve the most efficient and effective employment of specialized personnel, in training or an emergency situation, establishments and manning activities are controlled centrally which requires the maintenance of central pay accounts for both military and civilian personnel;

- as large quantities of the material required for military operations are available from very limited commercial or foreign sources, controlled central procurement has been found the most economical and effective; and

- centralized supply and repair functions have been adopted to reduce the logistic support base and relieve operational commanders of unnecessary administrative loads.

Figure 29 provides a display of the management structure that has evolved to meet these special defence requirements and its relationship to the functional activity structure derived from the Department's objectives.

Figure 29: 1985-86 Resources by Organization/Activity ($000)

Management Structure/ Activities	Commander or Group Principal	ADM(Materiel) Materiel Support	ADM(Personnel) Pay Allowances & Pensions	ADM(Finance) Revenue	Total
Expenditures by Spending Authority					
Military Pay/Allowances	115,465	---------	2,489,286	-------	2,604,751
Civilian Pay/Allowances	58,647	---------	927,283	-------	985,930
Operating Budgets	1,479,445	---------	---------	-------	1,479,445
National Procurement	---------	1,157,405	---------	-------	1,157,405
Revenue	---------	---------	---------	(280,953)	(280,953)
Capital	---------	2,535,013	---------	-------	2,535,013
Grants & Contributions	140,772	---------	280,401	-------	421,173
Statutory Costs	---------	---------	464,959	-------	464,959
TOTAL	1,794,329	3,692,418	4,161,929	(280,953)	9,367,723
Expenditures by Activity					
Maritime Forces	256,905	995,153	551,121	(17,491)	1,785,688
Land Forces in Canada	318,610	437,280	702,985	(54,223)	1,404,652
Air Forces in Canada	530,755	1,252,754	998,437	(81,167)	2,700,779
Canadian Forces in Europe	128,833	535,374	233,956	(15,177)	882,986
Communication Services	99,718	90,657	162,872	(36,192)	317,055
Personnel Support	199,411	128,396	916,372	(34,243)	1,209,936
Materiel Support	33,359	193,252	379,085	(2,285)	603,411
Policy Direction & Management Services	226,738	59,552	217,101	(40,175)	463,216
TOTAL	1,794,329	3,692,418	4,161,929	(280,953)	9,367,723

F. Reserve Forces

1. Role

To enhance the deterrence capability of the Regular Force and to support it in ongoing peace-time tasks and activities.

2. Description

The Reserve Forces are a component of the Canadian Armed Forces and consist of officers and men who are enrolled for other than continuing full-time military service. The sub-components of the Reserve Forces are:

- the Primary Reserve;
- the Supplementary Reserve;
- the Cadet Instructors List; and
- the Canadian Rangers.

The Primary Reserve consists of those officers and men who have undertaken to perform such duty and training as may be required of them. All formed units of the Reserve Forces are composed of members of the Primary Reserve. The elements of the Primary Reserve are the Naval Reserve, Militia, Air Reserve, and Communication Reserve. In addition to the foregoing, certain officers and men of the Primary Reserve do not serve in formed units. They are individuals who are assigned specialized tasks that are not readily identifiable with a formed unit. These personnel are accounted for on the Primary Reserve List.

The Supplementary Reserve consists of officers and men who, except when on active service, are not required to perform duty or training. The Supplementary Reserve provides a pool of personnel who are unpaid but have had previous military training and could be re-called to service in an emergency. Plans are now being formulated to make service in this sub-component more attractive.

The Cadet Instructors List consists of commissioned officers who may be required to undergo annual training and whose primary duty is the supervision, administration and training of cadets.

The Canadian Rangers consists of officers and men who volunteer to hold themselves in readiness for service but are not required to undergo annual training. Their role is to provide a military force in sparsely settled, northern, coastal and isolated areas of Canada which cannot conveniently or economically be covered by other elements of the Canadian Forces.

3. Elements of the Primary Reserve

The Primary Reserve consists of the following elements which are located across Canada:

- the Naval Reserve has a funded level of 3,250 personnel and is under the command of the Commander, Maritime Command in Quebec City. There are 18 Divisions across Canada;

- the Militia is organized in five areas which are subdivided into 22 districts. The Militia funded level is 15,500 all ranks serving in 117 major and 14 minor units. It is commanded by the Commander, Mobile Command;

- the Air Reserve Group, with a strength of 950 with its headquarters in Winnipeg, has two reserve wings located at Montreal and Toronto. These wings are comprised of two squadrons each. A further three independent squadrons are located at Winnipeg, Edmonton and Summerside and there are nine Air Reserve Augmentation Flights located on Air Command bases throughout the country. The Air Reserve is commanded by the Commander Air Command;

- the Communication Reserve consists of 1,560 communications Reservists serving in 21 units in communities from Victoria, British Columbia to St John's, Newfoundland, and is commanded by the Commander, Communications Command; and

- approximately 100 Reservists are employed at National Defence Headquarters for various administrative functions.

4. Training Program

Training for the Primary Reserve role and missions takes many forms. Reservists attend local unit-conducted classes and Regular Forces courses, participate in practical on-the-job training with Regular Force and Reserve Force units and collective training which includes summer training concentrations for the Militia, on-the-job training in war vessels, operational flying missions and exercises involving field and strategic communications;

The Department's current emphasis remains to upgrade the military effectiveness of the Reserve Forces through such measures as provision of adequate funding for training person-days, revision of training standards, provision of training aids, equipment and clothing. Modest amounts of new equipment has been procured in recent years and approximately 40% of the Readiness and Substainability Funds will be devoted to the Primary Reserve in the future.

In addition to the move of the Naval Reserve Headquarters to Quebec City, a further three Naval Reserve Divisions are being planned for Quebec in the 1984-1987 time frame. Locations are yet to be decided.

A Reserve Force Development Plan is now being prepared so that the true contribution to the required total Force can be defined and costed. It is anticipated that this document will advocate greater reliance on the Reserve Forces than has been the case since the beginning of the Second World War.

5. Resource Summary

The Reserve Forces will account for some 4% of the total Defence Services Program, with 40% for operating costs, 16% for support costs, 29% for assigned costs, and 15% for capital. The major categories of Reserve Forces total expenditures are displayed in Figure 30. The expenditures identified here are included in the appropriate activities covered in Section 11 of the Plan.

Figure 30: Total Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	**144,605**	138,009	130,752
Support Costs	**56,776**	53,909	53,119
Assigned Costs	**102,716**	97,172	91,001
Capital	**54,621**	71,766	50,096
Total	**358,718**	360,856	324,968

Operating Costs are the funds allocated to the Reserve Forces organizations for military and civilian pay and miscellaneous operating costs which are within their direct control, plus equipment operating costs borne by various Regular Forces support units.

Support Costs include Regular Forces Support Staff costs, aircraft flights dedicated to Reserve Forces activities and the salaries of Regular Forces instructors.

Assigned Costs cover maintenance of facilities and other centralized logistic expenditures which are essential to Reserve Forces activities but also benefit Regular Forces functions.

Figures 31 to 35 provide the details of expenditures for each of the various elements of the Reserve Forces.

Figure 31: Naval Reserves Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	**22,197**	21,193	21,785
Support Costs	**6,235**	5,625	5,708
Assigned Costs	**15,013**	14,204	13,355
Capital	**983**	5,422	2,026
Total	**44,428**	46,444	42,874

Figure 32: Militia Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	**101,701**	97,077	90,616
Support Costs	**39,396**	37,647	37,181
Assigned Costs	**74,890**	70,848	66,634
Capital	**53,003**	65,731	47,460
Total	**268,990**	271,303	241,891

Figure 33: Air Reserve Group Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	**8,700**	8,234	8,365
Support Costs	**10,007**	9,549	9,189
Assigned Costs	**6,006**	5,682	5,349
Capital	**408**	403	420
Total	**25,121**	23,868	23,323

Figure 34: Communications Reserves Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	10,062	9,638	8,700
Support Costs	1,138	1,088	1,041
Assigned Costs	5,995	5,670	5,327
Capital	227	210	190
Total	17,422	16,606	15,258

Figure 35: National Defence Headquarters Reserves ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Costs	1,945	1,867	1,286
Assigned Costs	812	768	336
Total	2,757	2,635	1,622

6. National Search and Rescue Program

1. The Concept

The federal government takes the lead in Search and Rescue in Canada, chiefly through the Department of National Defence and the Department of Transport. The various departmental Search and Rescue activities of National Defence, Transport, Fisheries and other departments, are structured into a rational and well coordinated program, national in character, centered around a unified federal operation. The Minister of National Defence is identified as the Lead Minister for Search and Rescue and spokesman for the government on Search and Rescue matters.

2. The Program

Definition: Search and Rescue comprises the search for and the provision of aid to persons, ships or other craft which are, or are feared to be, in distress or imminent danger.

The Federal Role: The federal role is to provide - with the assistance of other levels of government - the private sector and volunteer agencies, search and rescue services in response to marine or air incidents within the area for which Canada has accepted responsibility.

Program Scope: The government's responsibilities for Search and Rescue will be discharged through the development of a National Search and Rescue Program with roles for federal, provincial and local authorities within their defined areas of jurisdiction, and participation by the private sector and members of the public in program development, coordination and execution in accordance with Search and Rescue system response time and survival standards made known to the public.

Program Objectives: The objective of the National Search and Rescue Program is to prevent loss of life and injury, first through search and rescue alerting, responding and aiding activities which use public and private resources, including where possible and directly related thereto, reasonable efforts to minimize damage to or loss of property, and second by ensuring appropriate priority to aviation and marine safety and prevention measures focussed on owners and operators most commonly involved in Search and Rescue incidents.

3. Program Structure

Management: The focus of Search and Rescue management is the Interdepartmental Committee for Search and Rescue chaired by a General officer from National Defence and having a Vice-Chairman from the Department of Transport. The structure establishes a line of responsibility for policy-making, planning, programming, monitoring and review of Search and Rescue from the Lead Minister through the Chairman Interdepartmental Committee for Search and Rescue to the line departments. The management process provides for the line departments to propose what should be done,

and for the Lead Minister, on the advice of the Chairman Interdepartmental Committee for Search and Rescue, to make program recommendations to the Cabinet. The Chairman Interdepartmental Committee for Search and Rescue is supported by a permanent full-time Secretariat. The line departments which constitute the Interdepartmental Committee for Search and Resuce retain full control of Search and Rescue operations and execute the Search and Rescue program.

Prevention: Department of Transport Air Transportation Administration has primary responsibility for the provision of air Search and Rescue prevention programs through education, regulation and enforcement under authority of the Aeronautics Act. This responsibility is executed in close consultation with the Department of National Defence Search and Rescue operational authorities, to optimize program priorities and effectiveness. Coordination is effected through the Interdepartmental Committee for Search and Rescue and the Interdepartmental Committee for Search and Rescue Secretariat.

Department of Transport Canadian Coast Guard has primary responsibility for the provision of marine Search and Rescue prevention programs through education, regulation, and enforcement under authority of the Canada Shipping Act and other legislation which reflects the international responsibilities established under conventions such as Safety of Life at Sea.

Operations: The Canadian Forces have the responsibility of coordinating all air and Federal marine search and rescue operations in Canada and the surrounding ocean areas. There are four Rescue Coordination Centres established to coordinate the response to distress situations. These centres are located in Halifax, Nova Scotia; Trenton, Ontario; Edmonton, Alberta; and Victoria, British Columbia. The Rescue Coordination Centres come under the control of the respective Search and Rescue Region Commanders, and are manned by Canadian Forces personnel with Coast Guard officers in all centres except Edmonton. The Canadian Coast Guard has also established Marine Rescue Sub-Centres at St. John's, Newfoundland and Quebec City to work with the Rescue Coordination Centres in the resolution of marine distress incidents in their respective areas. The Rescue Coordination Centres have at their disposal dedicated Search and Rescue resources, which includes specially equipped Canadian Forces fixed wing aircraft and helicopters, Canadian Coast Guard surface vessels and hovercraft. As well, there are non-dedicated resources that can be tasked by the Centres. These include aircraft and ships of the Canadian Forces, Coast Guard vessels, vessels of the Department of Fisheries and Oceans, civil volunteers and ships of opportunity. The Royal Canadian Mounted Police, the Department of Indian and Northern Affairs and the Department of Energy, Mines and Resources also assist in Search and Rescue Operations when it is feasible for them to do so.

Search and Rescue Resources: Primary responsibility for the provision of air resources to respond to Search and Rescue incidents rests with the Department of National Defence. Primary responsibility for the provision of marine resources for Search and Rescue response rests with the Department of Transport/Canadian Coast Guard.

4. Search and Rescue Incidents

During 1983, there was a total of 11,587 incidents coordinated by the four Rescue Coordination Centres. These included 2,735 air, 8,103 marine, 535 humanitarian and 214 civil aid cases. A total of 9,461 flying hours were accumulated in response to all incidents. Primary and secondary aircraft flew 7,229 hours (76% of the total), while other government agencies and civilian aircraft flew 2,232 hours (24% of the total).

There were a total of 2,005 Emergency Locator Transmitter/Emergency Position Indicating Radio Beacon alarms, only 27 of which proved to be real cases. Primary search and rescue aircraft flew 774 hours tracing false Emergency Locator Transmitter/Emergency Position Indicating Radio Beacon alarms. It must be noted that any one of the 27 actual cases, were there no Emergency Locator Transmitter on board, could have resulted in a search far exceeding the 774 hours spent on false alarms.

In the first six months of 1984 the Rescue Coordination Centres handled a total of 2,412 incidents. There were 508 air, 1,655 marine, 191 humanitarian and 58 civil aid cases. Primary and secondary search and rescue aircraft flew 387 hours with other government aircraft flying an additional 920 hours. There have been 277 Emergency Locator Transmitter/ Emergency Position Indicating Radio Beacon alerts, 25 of which were actual cases.

5. Equipment Update Programs

As a result of a 1976 government directive to improve search and rescue capabilities in the two coastal search and rescue regions, 11 of the 14 Labrador/Voyageur helicopters were modified through the Search and Rescue Helicopter Capability Update Program. A Search and Rescue Helicopter Posture Study, undertaken in 1980, concluded that search and rescue capabilities in the Trenton region should be similar to those of the two coastal regions; consequently the three remaining Voyageurs slated for Trenton will now also receive the full Search and Rescue Helicopter Capability Update modifications. A small portion of the $20.8M program is funded from the Government Special Recovery Capital Projects program.

6. Search and Rescue Satellite-Aided Tracking Program

On 22 September 1977, government agreed that Canada should seek a significant improvement in its search and rescue capability by participating in an experimental international Search and Rescue Satellite Program using meteorological satellites. Other participants in the Program are the United States of America, France, and the Union of Soviet Socialist Republics. In May 1980, the Search and Rescue Satellite Program parties accepted in principle the participation of Norway as an Investigator and negotiations were opened in November 1981 with United Kingdom representatives with a view to their government's eventual participation as an Investigator. Because of the high international visibility, Treasury Board has designated the Search and Rescue Satellite program a major crown project.

The first Union of Soviet Socialist Republics satellite (COSPAS 1) was launched in June 1982 and the second on 25 March 1983. The first United States satellite (NOAA-E) was launched on 28 March 1983. The 15-month international Demonstration and Evaluation commenced 1 February 1983. Since that time, other nations including Bulgaria, Finland, Sweden, and Norway have joined the program as Investigators.

In order to insure continuity of service the program has now progressed to the interim operational phase and until such time as a fully operational international system is available, the participating nations have agreed to sponsor additional Search and Rescue Satellite equipped satellites which are predicted to remain in service until at least 1990. Canada's contribution is being sponsored under the Government's Special Recovery Capital Projects Program. Under the same program, Canada is expanding its ground segment to provide full territorial coverage.

7. Civil Air Search and Rescue Association

Canadian Forces' dedicated search and rescue aircraft cannot by themselves cover the country's immense area. For this reason, secondary resources from both the federal government and the civil sector are used in the resolution of distress incidents. On a regional basis, and with significant variation in capabilities, availability, training, resources and coordination, civilian volunteer groups have added significantly to the efficiency of the Federal Search and Rescue program and have helped reduce costs to the taxpayers. With a view to expanding and optimizing this civil assistance to search and rescue, the Department of National Defence and Transport Canada are developing the concept of a nation-wide civil air search and rescue association. A joint Department of National Defence/Transport Canada/ Canadian Air Transport Administration study has determined the mechanics of forming the organization. Departmental approval for the formation of the organization has been granted and Treasury Board approval is now being sought for funding to implement the program.

H. Emergency Planning Canada

1. Role

Emergency Planning Canada is responsible for co-ordinating the planning of the federal response to emergencies, whether in peacetime or wartime, and for encouraging emergency planning in Canada.

2. Description

Emergency Planning Canada consists of a headquarters in Ottawa which is comprised of two groups, Plans and Operations.

The Planning Group consists of a number of planning coordinators who cooperate with federal departments, agencies and crown corporations in the conduct of their responsibilities for emergency planning and the testing of those plans. The Planning Group provides training and education on emergency planning matters through formal courses at Arnprior, Ontario.

Under the Operations Group there are 11 Regional Directors who ensure liaison with federal agencies in their regions. These Regional Directors play an important role in coordinating federal emergency planning with that of the provinces, and through the provinces, that of municipalities. In addition, the Operations Group has a Public Information Division and an Administration Division.

In addition to coordinating federal emergency planning, Emergency Planning Canada encourages Canadians to plan for emergencies through such activities as providing funds to the provinces for certain approved emergency planning projects; sponsoring and giving courses and conferences on emergency planning for representatives of the public and private sectors; sponsoring research into various aspects of emergencies and providing public information and advertising on emergency planning matters. A further function of Emergency Planning Canada is its responsibility for planning for continuity of government in time of national emergency, coordination of emergency planning activities with agencies of the United States of America and the North Atlantic Treaty Organization, and administering post-disaster financial assistance to provinces on behalf of the Canadian Government.

3. Resource Summary

Resources provided for employment by Emergency Planning Canada consist of operating costs as well as grants for emergency planning research, and contributions to provinces for approved emergency planning projects. Figure 36 displays these costs which are included in the Policy Direction and Management Services activity.

Figure 36: Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operating Expenditures						
Personnel (including statutory costs)	3,822	83	3,542	80	3,204	79
Operations and Maintenance	3,687		3,572		2,225	
Net Operating Requirement	7,509		7,114		5,429	
Capital	232		946		252	
Grants	60		60		27	
Contributions	6,338		6,237		3,071	
Total Requirements	14,139	83	14,357	80	8,779	79

I. Readiness and Sustainability

1. Purpose

In 1982, the Cabinet Committee on Foreign and Defence Policy agreed that the Department required the capability to:

- meet and fully sustain commitments in emergencies; and
- expand capabilities if directed.

The Department has established, within the defence envelope, a Readiness and Sustainability program to redress specific readiness and sustainability shortfalls. To fund the Readiness and Sustainability program, annual increments of .25% of the defence budget are being added to the defence envelope. The first .25% increment was added to the defence envelope in 1984-85 and the government also has made provision for further increases of .25% of the defence budget for 1985-86 and 1986-87. The value of the Readiness and Sustainability program for the period 1984-85 to 1986-87 based on the .25% funding increments provided at the time of program approval are as follows:

- 1984-85 $ 20M
- 1985-86 $ 63M
- 1986-87 $133M

2. Description

Policy Directives and long range plans are now in place to provide the framework for determining Readiness and Sustainability projects and priorities.

3. Resource Summary

There are a number of projects currently under consideration. However, these had not received final approval at the time the 1985-86 Estimates were prepared and so are not identified individually in these Estimates. It is planned to expend funds during 1985-86 on the following types of projects: acquisition of submarine torpedoes; purchase of water purification equipment and miscellaneous tools for Militia Engineer units, purchase of portable military computers for militia artillery units and first spending on the forming of a Reserve Electronic Warfare Squadron; additions to personal protective equipment and night vision devices; and, improvements to communication capabilities.

J. Military and Strategic Studies

1. Objective

The primary objective of the Military and Strategic Studies Program is to develop a domestic competence and national interest in military and strategic issues of current and future relevance to our national security by:

- encouraging research and teaching programs at Canadian Universities;
- providing fellowships and scholarships to a number of Canadian graduate students; and
- promoting an informed discussion of related matters among interested Canadians.

2. Description

The Military and Strategic Studies Program was instituted by government decision in September 1967. Since then, approval has been granted on request for five-year renewals of the program. The current five-year period, running to 1985-86 was approved by the Treasury Board in September 1980.

There are eight universities, geographically located in all regions of Canada, which receive one of two types of grants under the Military and Strategic Studies Program:

- research centre grants go to five universities (University of British Columbia, University of Calgary, Dalhousie University, Université Laval, Queen's University). In addition to the operation of a Research Centre, many of these universities also offer courses related to military and strategic studies; and
- undergraduate teaching grants go to three universities (Acadia University, University of New Brunswick, York University) to offer courses in fields related to military and strategic studies.

Fellowships and scholarships are awarded to Canadian students with outstanding academic potential who want to pursue further studies in a field of military or strategic relevance. The Association of Universities and Colleges of Canada generally administers the application process on behalf of the Department of National Defence.

3. Resource Summary

Funds for the program in 1985-86 amount to $663,500 which represents a 7.8 percent increase over the 1984-85 funding of $615,700.

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National Energy Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Energy Board

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates and Extracts from Volume II of Public Accounts in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $24,364,000 in support of the National Energy Board. The remaining expenditures, estimated at $2,685,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements By Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	National Energy Board		
65	Program Expenditures	24,364	22,881
(S)	Contribution to employee benefit plans	2,685	2,380
	Total Program	27,049	25,261

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Energy Board	
65	National Energy Board - Program Expenditures	24,364,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Total	1984-85 Main Estimates
Energy Regulation and Advice	466	26,539	510	27,049	25,261

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriation	Actual Use
Budgetary	$	$	$
Vote 70 Operating Expenditures	22,846,000	22,846,000	20,061,315
Statutory Contributions to Employee Benefit Plans	2,388,000	2,658,000	2,658,000
Total Program - Budgetary	25,234,000	25,504,000	22,719,315

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Board anticipates that in 1985-86:

- There will continue to be uncertainty with respect to energy export markets, especially in the U.S.A. for natural gas and electricity. The Board policy will be to continue to process and decide all applications expeditiously, fairly, and without undue burden on industry, consumers, and interested parties such as provincial governments.

- There will be greater complexity of analyses required to deal with projects relating to new sources of supply from Canadian frontier areas including Sable Island, Hibernia, High Arctic Islands, Mackenzie Delta, and Beaufort Sea. There are no Canadian precedents for guidance to the Board relating to these developments. New production and transportation techniques must be devised by industry and analysed in the approval process. Environmental implications will require careful consideration. The Board must keep abreast of frontier developments and have the expertise ready to deal with applications in an expeditious and fair manner.

- Electricity export applications from the Maritimes, Quebec, Manitoba, Alberta, and British Columbia will receive consideration. They will involve both nuclear and fossil fuel sources and some will require new transmission facilities which will require detailed technical, economic and environmental analyses to ensure that they are in the best interests of Canada.

- In general terms, the Board anticipates its regulatory workload to continue at a level comparable to or slightly in excess of 1984-85 and 1983-84. Figure 4 on page 20 provides a forecast of regulatory workload by major type.

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Energy Regulation and Advice	27,049	24,390	2,659
Person-Years	466	449	17

Explanation of Change: The increase of 17 person-years and $2,659,000 is due to a number of contributing factors including underutilization of 1984-85 authorized budget, largely due to various government restraint measures imposed during the year; additional requirement for person-years to meet responsibilities related to the regulation of the Northern Canada Power Commission; increased workload associated with the extention of the Oil Export Charge to oil products from Eastern Canada; improved capacity to evaluate the performance of enhanced recovery projects and upgrading the Boards telecommunications, EDP and word processing facilities.

Explanation of Forecast: It is estimated that the Board will lapse approximately $871,000 of its 1984-85 Main Estimates. The major reason for this lapse relates to government restraint measures imposed during the fiscal year on staffing and discretionary spending.

B. Recent Performance

1. Highlights

Highlights of the Major Developments during 1984-85 are:

- In September 1984, the Board issued an updated forecast of Canadian energy supply and demand to the year 2005. This was the result of consultations with provincial governments, industry, major energy consumers and public interest groups representing a broad cross-section of the energy community. The updating process commenced in the fall of 1983 and involved the review and analysis of some 65 written submissions.

- The Board at the request of the Ministers of Indian and Northern Affairs Canada and Energy, Mines and Resources will hold a public inquiry on the rates charged by the Northern Canada Power Commission for electricity sold in the Yukon and Northwest Territories. Public hearings are to be held in Whitehorse and Yellowknife commencing in January 1985. As a result, the Board will provide advice on the rates which may be charged by this crown corporation for the twelve-month period starting April 1, 1985.

- A recent change in government policy on the export price for natural gas has caused a flurry of activity. Exporters have the option of negotiating prices that will be subject to approval of the Board and the Government. There has been and will continue to be increased workload due to licence-holders applying to amend pricing conditions in existing licences and orders, and to request new licences or orders.

Highlights of the Program Performance during 1983-84 are:

- The Board held 15 hearings lasting 146 days at 18 different locations across Canada. Five of the hearings related to electric power exports and one concerned potential export of liquefied natural gas (LNG) to Japan.

- In addition to its normal responsibilities, the Board, at the request of the Minister of Indian and Northern Affairs Canada, was asked by the Minister of Energy, Mines and Resources to inquire into and provide advice on Northern Canada Power Commission rates. Following public hearings in the summer of 1983, a report was released in October of that year containing major recommendations on the method of rate regulation of the utility.

- The Board undertook a major revision of its Rules of Practice and Procedure with a view to standardizing and simplifying basic procedural requirements. Other regulatory reform initiatives were also started. These will continue in the foreseeable future.

- In September 1983, the Board commenced the issue of a series of information bulletins in order that the public and other interested parties would be better informed on its activities and procedures.

2. Review of 1983-84 Financial Performance

Figure 2: Financial Requirements by Activity ($000)

	1983-84		
	Actual	Main Estimates	Change
Energy Regulation and Advice	22,719	25,234	(2,515)
Person-Years	460	462	(2)

Explanation of Change: The difference between actual expenditures and Estimates results mainly from the following major items:

- The number of public hearings held outside of the headquarters area was substantially less than originally estimated.
- A salary lapse of $1.5 million was attributed to under-utilization of person-years, reduced overtime expenditures and severance pay benefits.

C. Background

1. Introduction

The National Energy Board was established in June 1959 under the National Energy Board Act. The Board is designated as a department within the meaning and purpose of the Financial Administration Act and reports to Parliament through the Minister of Energy, Mines and Resources.

The Board has two principal responsibilities: to regulate specific areas of the oil, gas and electrical utility industries in the public interest, and to advise the government on the development and use of energy resources.

The Board, on its own initiative, may hold inquiries into a particular aspect of the energy situation and prepare reports for the information of the government, of Parliament and of the general public.

The Board also carries out studies and prepares reports at the request of the Minister of Energy, Mines and Resources.

2. Legal Mandate

The main functions of the Board are set forth in the National Energy Board (NEB) Act as amended, the Energy Administration Act (EAA) (formerly the Petroleum Administration Act), and the Northern Pipeline Act (NPA).

3. Program Objective

To ensure that the best interests of Canada are served in the construction and operation of oil and gas pipelines and power lines subject to federal jurisdiction, in the exportation and importation of gas, in the exportation of electrical power, and in the exportation and importation of oil. To ensure the safe and environmentally sound construction and operation of power lines and of oil and gas pipelines subject to federal jurisdiction.

To advise on the control, supervision, conservation, use, marketing, and development of energy and sources of energy.

4. Program Description

Functions: The National Energy Board functions as a quasi-judicial tribunal. It serves as a regulatory enforcement body responsible for the oversight of construction and operation of approved energy projects, and it acts as an administrator of certain programs on behalf of the federal government. The Board regulates the tolls and tariffs of pipeline companies under federal jurisdiction to ensure that the tolls are just and reasonable and not discriminatory. It also serves as a source of advice to the government on specific policy questions and periodically undertakes studies of various energy issues both on its own initiative and at the request of the responsible Minister.

Advisory: The advisory function of the Board enables it to hold inquiries on its own initiative into particular aspects of the energy situation and prepare reports for the information of government, Parliament and the general public. The Board also carries out studies and prepares reports at the request of the Minister (Part II NEB Act).

Regulatory: The major regulatory responsibilities of the Board, in summary form, are:

- Granting certificates to construct and operate interprovincial and international oil and gas and petroleum products pipelines and international power lines and designated interprovincial power lines. Before permission is granted for construction through a certificate of public convenience and necessity, the Board considers the application at a public hearing. The Board may, however, by order (without a public hearing) authorize new pipelines, additions or modifications to existing pipeline systems where such additions are not more than 40 kilometres in length. It may also authorize, by order, international power lines with operating voltages not exceeding 50 kv (Part III NEB Act).

- Monitoring the construction and operation of all pipelines and power lines under its jurisdiction to ensure a high level of public safety is maintained and adequate measures are taken to protect the environment. In this respect, the Board carries out inspection programs, investigates and reviews pipeline system performance, and issues orders authorizing pipeline utility crossings (e.g., where a pipeline crosses or is crossed by another utility) only after all relevant information has been considered (Part III NEB Act).

- Licensing the export of natural gas and gas products, oil and oil products, and electricity. Prior to issuing export licences, the Board must satisfy itself, among other things, that the quantities of energy involved do not exceed the surplus remaining after allowance has been made for reasonably foreseeable Canadian requirements (Part VI NEB Act and Part III EAA).

- Regulating the rates, tolls and tariffs of pipeline companies under federal jurisdiction to ensure they are just and reasonable and to ensure that there is no unjust discrimination against any person or locality. The rates, tolls or tariffs allowed reflect, among other things, the capital and operating costs of the pipeline company and the necessity for it to earn an adequate return on its investment. Applications for major changes to rates, tolls or tariffs are examined at public hearings (Part IV NEB Act and Part II NPA).

- Regulating the price of natural gas in interprovincial and export trade on behalf of the Minister (Part III EAA).

Administration of Other Programs: The Board administers, enforces and collects petroleum export charges from exporters on behalf of the Minister (Part I EAA).

Procedures: The National Energy Board is a court of record, and with regard to attendance, the swearing and examination of witnesses, the production and inspection of documents, and the enforcement of its orders, it has all the powers vested in a superior court of record.

The Board consists of eleven members. The NEB Act also provides authority for the Governor in Council to appoint up to six temporary members. Most hearings are conducted by three members, with one acting as presiding member. At times, one member may conduct a hearing and either make the decision on his or her own or prepare a report for adoption by the Board.

All applications for certificates of public convenience and necessity, except where exempted (e.g., pipelines of 40 kilometres or less), for long-term licences for export of crude oil, oil products, electricity and natural gas, and applications for major changes in rates, tolls and tariffs are subject to public hearing. Proceedings before the Board are initiated by filing, with the Secretary of the Board, an application in writing. Following public notice, any person intending to oppose or intervene in any application must file a written statement together with supporting documentation.

Hearings before the Board are normally held in Ottawa, but are held in such other places in Canada as the Board deems necessary or desirable in the public interest.

The Board assigns much of its ongoing regulatory workload to five standing Panels each composed of a quorum of three Board Members. In exercising their powers and duties as described below, the Panels refer to the whole Board any matters which, in the Panel's view, raise questions of general policy, involve substantial expenditures on the part of regulated companies, require consideration as to the desirability of a public hearing or otherwise raise issues considered by the Panel to be of importance to the Board as a whole. The Panels are:

- Electrical Panel, which deals with all matters relating to electricity, excluding the issuance of certificates of public convenience and necessity and those matters requiring a public hearing;

- Financial Regulatory Panel, which exercises the power of the Board with respect to tolls and tariffs under Part IV of the NEB Act and Part II of the NPA on matters relating to gas and oil pipeline companies under the Board's jurisdiction;

- Gas Panel, which exercises the power of the Board under Part VI of the NEB Act and Part III of the EAA in respect of all matters dealing with natural gas, propane, butanes, liquefied natural gas, synthetic natural gas, ethane and other related matters;

- Oil Panel, which exercises the power of the Board under Part I of the EAA pertaining to the export charge on crude oil and oil products. The Panel issues licences for the export of oil and oil products for a period of up to one year, oversees the interprovincial movement and allocation of western Canadian crude oil and advises the Minister respecting oil-related energy matters; and

- Pipeline Panel, which exercises the power of the Board in matters relating to construction, operation and maintenance of oil and gas pipelines, such as safety and environmental factors, monitoring and enforcing of terms and conditions of certificates and granting of leave to open.

When the Board is prepared to grant a certificate for a pipeline or power line, or to issue a licence for the export of gas or, with certain exceptions, the exportation or importation of oil for periods exceeding one year, it makes a submission to the Governor in Council through the Minister of Energy, Mines and Resources. When the Board denies an application, the decision is not subject to referral to the Governor in Council. Licences require the approval of the Governor in Council before they take effect.

The Board's reports on its decisions are issued as public documents.

Decisions regarding rates, tolls and tariffs of pipeline companies, orders authorizing the export of propane and butane for periods up to one year and the export of natural gas for periods up to two years, and oil export licences granted for less that one year, are issued by the Board without reference to the Governor in Council.

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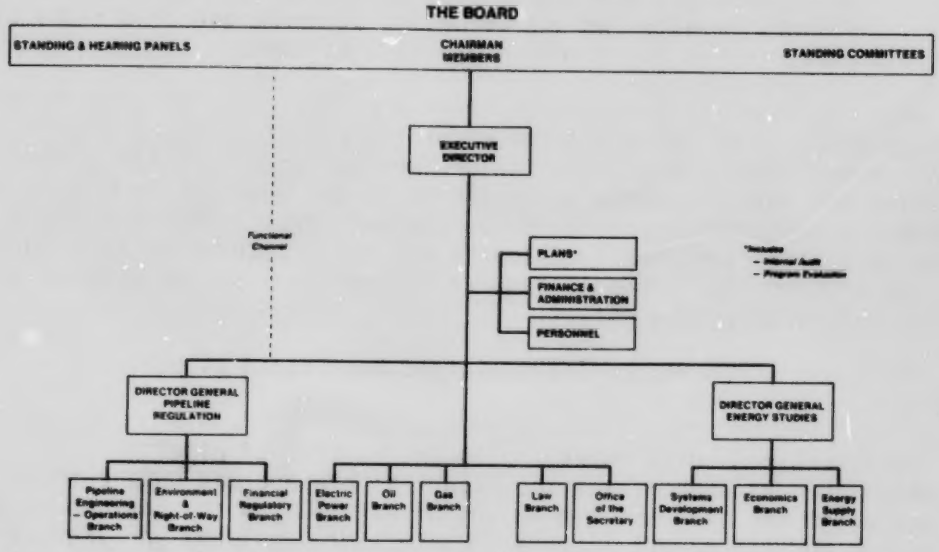
5. Program Organization for Delivery

Activity Structure: The National Energy Board program consists of one activity, Energy Regulation and Advice.

Organization Structure: The organization structure and resources of the National Energy Board are shown in Figure 3. The Board is primarily located in Ottawa with a staff of 19 in Calgary. The functional relationships shown in Figure 3 reflect the direct interaction between the Board and its Panels and the staff for regulatory matters and energy studies. In 1984-85 a new position, Director General, Pipeline Regulation, was created to provide a single senior level focus to and for industry on all pipeline matters.

Figure 3: Organization and Resources ($000)



														Total
Person Years	42	41	53	27	28	20	31	52	13	46	22	48	43	486
Operating Costs	2184	2113	3053	1394	1426	1031	1817	3800	633	2899	1506	2149	2784	27 049

The Board consists of eleven permanent members and a complement of up to six temporary members, all of whom are appointed by the Governor in Council. Permanent Board Members are appointed for a period of seven years; mandatory retirement is at age seventy. There are a chairman, a vice-chairman and three associate vice-chairmen. Board Members function primarily as judges, deciding cases as a result of the public hearing process or making decisions in standing panels, or at formal Board meetings.

The Executive Director is responsible for the day-to-day management of the Board, including the acquisition and allocation of human and financial resources and the ensurance of efficiency and effectiveness in Board activities and operations. The Director of Plans is responsible for efficiency and effectiveness of staff support, for program evaluation and for internal audit matters.

The Director General, Energy Studies, is responsible for ensuring effective coordination and synthesis of all matters relating to energy demand/supply and surplus, conducting major energy studies which are broad in scope and involve a wide range of disciplines (Part II NEB Act), inquiries respecting energy supply, demand and surplus, and integration of information and processing systems and services for the Board.

The Economics Branch is responsible for energy statistics including supply/demand balances for all sources of energy, short-and long-term energy forecasts, analysis of market requirements in respect of applications, and economic analysis of major energy projects and of the energy industries.

The Energy Supply Branch is responsible for advising the Board on matters of oil and gas exploration, drilling production, forecasting trends in oil and gas supply from conventional, oil sands, and synthetic sources, and independently calculating the reserves and deliverability of gas and the reserves and producibility of oil. The office in Calgary, which is part of the Energy Supply Branch, is engaged in the determination of oil and gas reserves and the analysis of reservoir performance on an individual pool basis.

The Systems Development Branch is responsible for computer systems services and data processing support to the Board including consultative services on computer operation, data management, and program design and development. It also provides an advisory service to ensure the availability and introduction of the latest data processing techniques and applications, and the provision of computer hardware and software sufficient for and corresponding to the Board's operational environment.

The Director General Pipeline Regulation serves as the senior contact for all matters relating to pipelines and is responsible for the general management of the Financial Regulatory Branch, the Pipelines Engineering and Operations Branch, and the Environment and Right-of-Way Branch.

The Financial Regulatory Branch has the prime responsibility of advising the Board on rates, tolls and tariffs under Part IV of the NEB Act and Part II of the Northern Pipeline Act, financial advice in relation to Parts II, III, and VI of the NEB Act, and the administration of the collection and audit of petroleum export charges and costs of transportation related to Parts I and III of the EAA. It is also responsible for auditing the accounts of pipeline companies under the Board's jurisdiction and for monitoring the performance of pipelines within the framework of regulatory division.

The Pipelines Engineering and Operations Branch is principally responsible for matters relating to pipeline certificates issued under Part III of the NEB Act and is the principal source of advice to the Board on capital and operating costs, engineering and safety matters pursuant to the Board's responsibilities under Parts II, IV, V, and VI of the NEB Act and under the Northern Pipeline Act in respect of pipelines.

The Environment and Right-of-Way Branch is responsible for the protection of the environment, the local public hearings of detailed routings, and all right-of-way matters relating to the approval, construction and operation of pipelines and international power lines under Part III of the NEB Act.

The Electric Power Branch is responsible for advice to the Board on electric export licensing, international power line certification, and regulatory surveillance. The Branch also prepares supply and demand forecasts for electricity for use in dealing with electrical or other applications, keeps under review the United States market for electricity, and provides advice to the Board on matters relating to the production, transportation, sale and exchange of electricity over which the federal government has jurisdiction.

The Gas Branch is the focal point for all gas and gas product related regulatory activity pursuant to Part VI of the NEB Act and for the monitoring and control of all matters associated with the Board's obligations for the administration of domestic gas pricing under Part III of the EAA. The Branch also plays a supportive role in all regulatory activity with respect to gas and gas products pursuant to Parts II, III, and IV of the NEB Act.

The Oil Branch is responsible for providing advice in the general area of oil-related energy matters including export charges, crude oil and petroleum product export licensing, control of international oil exchanges, allocation of domestic crude oil, the question of oil markets, processing and distribution, the short-term balance of supply and demand for feedstocks and oil products. These are matters within the ambits of Parts I and II of the EAA and Parts II, IV, and VI of the NEB Act.

The Law Branch is responsible for advising the Board on its powers and their legal application to the Canadian energy industries under the Board's jurisdiction, including the possible effect of the application of such powers.

The Office of the Secretary provides administrative control and coordination of all matters brought formally before the Board or Panels of the Board, prepares and maintains custody of agenda, minutes, statutory documents, and other official Board records, receives and issues all communications of the Board, and provides the Board with a public relations service, a library information centre, printing and graphic arts facilities.

Administrative Services are responsible for the coordination and administration of policies and the provision of advice and services in areas of finance, personnel, general administration, official languages, and security.

D. Planning Perspective and Performance Review

1. Environment

Domestic retail and export sales of energy including petroleum and petroleum products, natural gas and electricity totalled $60 billion in 1983, representing approximately 15% of total final sales in the economy.

Several key factors will affect the direction and nature of the National Energy Board in 1985-86.

Economic Climate: The energy sector is undergoing substantial change. Demand patterns are shifting significantly in response to dramatic changes in energy prices and policy initiatives. Supply patterns are also changing as traditional sources of oil and gas are depleted and exploration development activity is increasingly concentrated in frontier areas. The technology is more complex and the costs of developing and transporting the resources are much higher.

Social Climate: As a result of growing experience with major energy projects, particularly those in remote frontier areas, governments, regulatory agencies and the public generally have become increasingly concerned about such matters as socio-economic and environmental impacts, safety considerations and escalating costs.

2. Initiatives

The National Energy Board does not foresee major changes in either the nature or direction of the Program in 1985-86. However, major changes in the national energy policy or in the Board's advisory role could alter the workload of the Board significantly.

3. Program Effectiveness

The Board recognizes that by its very nature, regulation - however necessary - imposes a burden on those being regulated. The Board is undertaking an extensive review of its own regulatory requirements in an effort to reduce the amount of regulation and simplify the procedures involved. The focus of these activities is in keeping with the spirit of the policies on program evaluation and regulatory reform. As part of this process, the Board's Rules of Practice and Procedures have been revised in consultation with industry and other interested parties. The Board has also established a Committee on Regulation of Pipelines which is reviewing a number of policies and procedures relating to pipeline tariffs and construction. Many of the Board's regulations and procedures are under examination jointly with interested parties with a view to reducing the burden of regulation. Small technical groups have been formed with active involvement of industry to provide advice and guidance in the overhaul of rules and regulations. This work will continue in 1985-86.

Recognizing the complexities of the toll-regulating process, the Board felt that it would be desirable to provide a description of its philosophy and approach with respect to the regulation of tolls and tariffs under Part IV of the NEB Act. Accordingly, in March 1984, it published a paper on this subject. In its preparation, the Board provided an opportunity for comment by the oil and gas industry and by other parties who had shown their interest in the subject through intervention in the Board's tolls hearings during the preceding two years. The Board is now inviting comments, through public hearings, on its method of regulating the tolls of two major pipelines.

The Board has experienced some difficulty, in applying to a small regulatory agency, the conceptual framework for program evaluation as developed by the Office of the Comptroller General. It has recently, however, issued a policy on program evaluation adapted to NEB needs and acceptable to the Comptroller General. The Board is now proceeding to implement that policy which calls for the formal evaluation of the various components of the Board's program on a cyclical basis. At the same time, in adapting to changing circumstances, the Board is continuing to use other mechanisms for reviewing various elements of its program and procedures and has taken action to implement improvements. Examples are: the work of its Committee on Regulation of Pipelines; the study of pipeline costs; various regulatory reform

initiatives; and the updating and improvement of the NEB Rules of Practice and Procedures and many of the NEB regulations. Such special reviews coupled with ongoing performance monitoring and formal program evaluations provide the Board with a good basis for monitoring the efficiency and effectiveness of its performance.

4. Performance Information/Resource Justification

The National Energy Board's responsibilities can be divided into three major functions: regulatory, advisory, and administration of other programs. The Board operates on a matrix basis. Interdisciplinary and interbranch groups are set up to provide effective advice to the Board Members on regulatory and other matters.

Regulatory: The regulatory function representing approximately 80% of the Board's workload, can be divided into six major fields. A line branch has primary responsibility for each field and is responsible for coordinating any matters brought before the Board and its Panel. Interdisciplinary and interbranch groups are set up in order to provide effective advice to Board Members. The regulatory function also includes the maintenance of various economic models and statistical data bases to ensure appropriate analysis can be carried out. Figure 4, page 20, provides details of the expected regulatory workload.

Figure 4: Regulatory Workload

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Pipeline Certificates			
Certificates of Public Convenience & Necessity Applications	5	5	5
Certificates Granted	*	*	-
Additions or Modifications to Existing Pipelines			
Applications	55	50	52
Orders Issued	55	50	52
Public Utility Crossings and other Pipeline Orders	970	950	948
No. of Public Hearings	5	5	1
Detailed Route Hearings	4	4	-
Rates, Tolls and Tariffs			
Applications	60	60	60
Applications Requiring Public Hearing	8	8	5
Oil and Products			
Applications for Export Licences	1200	1150	929
No. of Public Hearings	2	2	1
Gas and Products			
Applications for Export Licences and Orders	260	250	243
No. of Public Hearings	4	4	-
Electricity			
Certificate of Public Convenience and Necessity Applications (International Power Lines)	3	2	1
No. of Public Hearings	3	3	-
Certificates Granted	*	*	-
Applications for Export Licences	4	4	7
No. Of Public Hearings	9	9	3
Detailed Route Hearings Application	2	2	-
No. of Public Hearings	2	2	-
Exemption and Export Orders	9	9	3

*The National Energy Board cannot estimate which certificates will be granted.

It is estimated that the six line branches primarily responsible for the regulatory function will utilize 211 person-years and $11.2 million in 1985-86. This compares with a forecast for 1984-85 of 193 person-years and $10.1 million. The operating increases consist mainly of an allowance for inflation and anticipated increases in consulting and travel related to audits and inspections of pipeline construction.

The three branches responsible for the necessary economic models and statistical data bases used in the regulatory process, Economics, Energy Supply and Systems Development, will utilize an estimated 113 person-years and $6,719,000 in 1985-86. This represents a increase of seven person-years over 1984-85 forecasts and an increase of $724,000 in operating costs.

Advisory: The Board's regulatory responsibilities require it to be informed on a wide range of energy matters within and outside Canada, and to make recommendations to government on any issues that come under the Board's direct legislative responsibility or on which it has been requested to provide advice. In addition to the Board's continuing studies and reports on energy related matters, the NEB Act also makes provision for the initiation of specific studies, inquiries and reports at the request of the Minister.

During the fiscal year 1984-85, Board staff carried out a study of Canadian energy supply and demand to 2005. This major activity included the analysis and comparison of 65 submissions from energy companies, associations, provincial governments and interest groups. The report, released in September 1984, provides guidelines to the Board for the next few years on energy requirements and surplus energy available for export.

The Board will continue to monitor closely developments in the oil and gas producing industry to ensure that it is at all times fully aware of circumstances affecting short-and-long term supply and, therefore, can effectively advise in these areas. The Board will also continue to provide advice on a monthly basis to the Minister on oil and gas pricing matters. Also, it plans to carry out major studies on strategies related to long-term gas export pricing. During 1983, the Board used its powers of public inquiry at the request of the Minister of Indian and Northern Affairs to the Minister of Energy, Mines and Resources to provide advice on rate matters pertaining to the Northern Canada Power Commission. A further inquiry is expected to be held during the first quarter of 1985.

Administration of Other Programs: Under the provisions of the Energy Administration Act (EAA) and regulations, the Board collects and distributes various export charges. This function consumes approximately nine person-years and $400,000. Figure 5 presents the funds collected in past years.

Figure 5: Administration of EAA

	1984-85*	1983-84
	$	$
Transportation Fuel Compensation Recovery Charges		
Aviation [1]	(242,904)	(2,485,537)
Marine [2]	(25,144)	4,771,567
Crude Oil [3]	257,004,802	263,019,737
Oil Products	79,991,917	81,043,673
Total Export Charges Collected	336,728,671	346,349,440

* as at October 31, 1984

1 The Transportation Fuel Compensation Recovery Charge Program on aviation fuel ceased January 31, 1982 and refund of the charges was effected.

2 The Transportation Fuel Compensation Recovery Charge Program on marine fuel ceased May 1, 1983.

3 This figure represents the gross revenue collected on crude oil exports. Under Section 17.1(1)b of the Energy Administration Act, 50% of all such revenue is payable to producing provinces. The actual net revenue realized by the federal government was $131,509,900 in 1983-84 and is $128,502,400 to October 31, 1984.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

National Energy Board expenditures by object are presented in Figure 6.

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	19,180	17,761	16,827
Contributions to employee benefit plans	2,685	2,380	2,658
	21,865	20,141	19,485
Goods and services			
Transportation and communications	1,675	1,360	1,281
Information	295	287	59
Professional and special services	1,327	1,123	877
Rentals	733	575	268
Purchased repair and upkeep	169	351	99
Utilities, materials and supplies	475	363	350
	4,674	4,059	2,934
Total operating	26,539	24,200	22,419
Capital	510	190	300
Total expenditures	27,049	24,390	22,719

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2. Personnel Expenditures

The National Energy Board is a labour intensive organization with personnel costs (including statutory contributions to employee benefit plans) constituting over 80% of total operating costs.

Figure 7: Authorized Person-Years and Average Annual Salary Provision by Category

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	42	42	38	50,530 - 96,300	67,962
Scientific and Professional					
Auditing	4	4	8	27,934 - 68,070	41,922
Economics, Sociology and Statistics	44	44	45	14,570 - 65,080	44,655
Engineering and Land Survey	42	40	41	23,306 - 76,130	46,287
Law	9	9	10	20,523 - 88,120	42,549
Physical Sciences	44	43	42	15,304 - 68,070	48,608
Other	5	5	7		42,555
Administrative and Foreign Service					
Administrative Services	27	27	28	13,912 - 57,987	35,406
Commerce	52	49	47	15,635 - 60,465	49,352
Computer System	12	11	9	18,766 - 61,433	36,094
Financial Administration	6	5	5	13,853 - 57,980	36,275
Personnel Administration	8	8	9	13,330 - 63,870	39,837
Program Administration	15	15	17	13,912 - 57,987	35,658
Other	4	4	3		38,150
Technical					
Social Science Support	17	17	18	12,635 - 57,764	34,123
Other	12	12	14		28,297
Administrative Support					
Clerical and Regulatory	47	47	46	12,932 - 31,743	21,260
Secretarial, Stenographic, Typing	67	67	65	12,636 - 31,946	22,381
Other	9	9	10		20,351

Note: The person-year columns display the forecast distribution of authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary cost, including allowance for collective agreements, annual increments, promotions and merit pay, divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

The Board's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Program on a full cost basis. Figure 8 shows the net cost of the Program after services provided without charge by other departments have been added and after revenues credited to the Consolidated Revenue Fund have been deducted.

Figure 8: Net Cost of Program for the year 1985-86 ($000)

	Main Estimates 1985-86	Add Other Costs	Total Cost	Deduct Revenue	Total Net Cost	Forecast Expenditure 1984-85
National Energy Board	27,049	1,965	29,014	500	28,514	26,368

Other costs represent services provided without charge by other departments. They include $1,610,000 for accommodation provided by Public Works, $42,000 for common services provided by Supplies and Services Canada, and $313,000 provided by Treasury Board in respect of employee benefits that cover the employer's share of insurance premium costs.

Revenue includes costs recovered from pipeline construction companies for the review and approval of design specifications and drawings of facilities, construction surveillance, audit and the preparation of terms and conditions to which the certificate is subject.

National Film Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Film Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analysis that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $61,680,000 in support of the National Film Board Program for 1985-86. An additional drawdown of $1,248,000 against the "Accumulated net charge against the Revolving Fund Authority" will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	National Film Board		
65	National Film Board Revolving Fund - Operating Loss	61,680	62,330
—	National Film Board Revolving Fund	1,248	200
	Total Program	62,928	62,530

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Film Board	
65	National Film Board Revolving Fund - Operating loss, capital, the grants listed in the Estimates and contributions	61,680,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
		Budgetary					Total	
	Authorized Person-Years*	Operating	Capital	Transfer payments	Sub-Total	Less: Revenues Credited to Vote		
Production of Films and Other Visual Materials	433	39,328	1,665	152	41,145	3,000	38,145	36,453
Distribution of Films and Other Visual Materials	228	18,638	315	79	19,032	5,050	13,982	15,613
Research and Development	10	1,141	50	-	1,191	-	1,191	808
Executive and Administrative Services	118	8,199	100	63	8,362	-	8,362	9,456
Additional net charge against the Revolving Fund authority	-	1,248	-	-	1,248	-	1,248	200
	789	68,554	2,130	294	70,978	8,050	62,928	62,530

* In addition to the authorized person-years, the NFB may utilize a further 140 person-years on a temporary basis to cope with fluctuations in work levels and for special talent (see page 43).

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Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 70 - National Film Board Revolving Fund - Operating loss, capital and the grants listed in the Estimates	58,189,000	58,955,979	**57,828,156**
Statutory* - National Film Board Revolving Fund	250,000	(272,399)	**(272,399)**
Total Program	58,439,000	58,683,580	**57,555,757**

* For statutory items, the figures for total appropriation and actual use are the same amount because of the non-lapsing or continuing nature of the authority.

Section I
Program Overview

A. Plan for 1985-86

1. Highlights

The year 1985-86 marks a new departure for the National Film Board. Drawing its inspiration from its actual experience, from the cultural and social realities facing all Canadians, and from the objectives of the National Film and Video Policy, the Board intends to reorganize and restructure its activities in order to fulfill its role more effectively. The first steps to be undertaken in realizing this new role are reflected below:

- contract in more talented independent filmmakers to work within NFB film production programs, with a goal of attaining 70/30 (independent/NFB filmmakers) ratio at the end of five years (see pages 19 and 29);

- integrate communication and promotion activities with those of production, to assure more effective programming of socially and culturally relevant films which reflect our constituencies (see pages 19 and 29);

- improve market research capability so that we produce a greater number of quality productions which focus on fundamental issues, trends and concerns of importance to Canada and the world at a projected cost of $400,000 (see page 19);

- improve communication with the public by providing increased information on Canadian audio-visual products, establishing audio-visual centres across the country, and using new distribution technologies to provide public access (see pages 20 and 34);

- increase the volume of film production activities by reallocating savings of $2 million from salary reduction and from the transfer of activities to other government departments;

- institute training programs which will emphasize on-the-job training in the arts and crafts of film and video (see pages 20 and 29); and

- reorganize the international distribution activities on a cost recoverable basis by focussing on the marketing and sales of our own productions (see pages 20 and 35).

2. Financial Summary by Activity

Figure 1: Financial Summary of Operations by Activity ($000)

Activity	Estimates 1985-86 Revenue	Estimates 1985-86 Expenses	Estimates 1985-86 Excess Expenses	Forecast 1984-85	Change	For Details See Page
Production	3,000	41,145	38,145	36,453	1,692	25
Distribution	5,050	19,032	13,982	15,613	(1,631)	32
Research and Development	-	1,191	1,191	808	383	36
Executive and Administrative Services	-	8,362	8,362	9,456	(1,094)	39
	8,050	69,730	61,680	62,330	(650)	

Figure 2: Reconciliation of Loss to Net Modified Cash Requirements ($000)

	Estimates 1985-86	Forecast 1984-85*	Change	For Details See Page
Net Loss for the Year	61,680	62,330	(650)	
Add: Additional charge against the Revolving Fund authority	1,248	200	1,048	
Net Modified Cash Requirements	62,928	62,530	398	
Authorized person-years	789	947	(158)	43
Planned person-years	140	120	20	44

* There has been no change from 1984-85 Main Estimates (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The financial requirements for 1985-86 are $398,000 or .64% over the 1984-85 forecast. Major items accounting for the change include:

	($ million)
• reinstatement in budget of NFB contribution to the Social Development Policy Reserve	1.0
• increase in salaries and capital due to inflation	1.8
• increase in the net book value of fixed assets	1.2
• transfer of resources to other departments resulting from the transfer of activities	(2.0)
• reduction in level of program expenditures	(1.7)

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are as follows.

- Expenditure of $15.8 million in designated programs resulted in a greater number of films reflecting the institutional priorities and studies on the needs of the public.

- Co-production of fourteen feature films and documentaries with the private sector resulted in assisting the private sector in the economic development of the Canadian film industry and increased exposure of NFB films in theatres and on television. Major co-production projects included: "Le Crime d'Ovide Plouffe", "Le silence c'est le confort", "Bonheur d'Occasion"/ "The Tin Flute", "At the Wheel"/"Prendre la route" and a series of eight films on Canadian short stories.

- Initial steps in establishing an information system on Canadian audiovisual products has led to the introduction of an information and referral system called FORMAT offered in six regional offices.

- In response to public demand and changing technology, NFB introduced its video cassettes to the home video market through private distributors. During the year, 158 titles were placed in distribution through this channel.

- More efficient use of financial and human resources has resulted from the implementation of a new institutional programming process and a new budgetary system together with the initiation of a staff reduction plan. Actual person-years utilized in 1983-84 were 94 less than the 1,166 person-years planned, due to the initiation of the staff reduction plan.

Major changes to the Program's plans for 1984-85 are as follows.

- Pursuant to the National Film and Video policy, a number of significant changes have occurred during the year.

  - From the Production Activity, the operations of the Canadian Government Photo Centre and those of the Stills Photo Division were transferred to the Department of Supply and Services and to the National Museum respectively along with 68 person-years.

  - From the Distribution Activity, the Board transferred its international offices in Los Angeles, New York, London and Paris to Telefilm Canada with 16 person-years and $1,410,000. However, NFB is retaining an international sales and marketing function.

  - From the Administration Activity, the Sponsored Program Administration Division was transferred to the Department of Supply and Services along with 19 person-years. However, $945,000 freed up by this transfer is to remain with the NFB.

- The search for more efficient distribution methods has led to the introduction of a video cassette rental service in our regional distribution offices as well as the introduction, on an experimental basis, of Videostat, a free duplicating service for NFB films.

2. Review of Financial Performance

Figure 3: 1983-84 Financial Performance on a modified cash basis ($000)

	Actual			Main Estimates	
	Total Expenditures	Revenue	Financial Requirements	Financial Requirements	Change
Production	47,888	13,560	34,328	33,645	683
Distribution	20,388	7,067	13,321	14,970	(1,649)
Research and Development	773		773	812	(39)
Executive and Administrative Services	9,406		9,406	8,762	644
	78,455	20,627	57,828	58,189	(361)
Add: Working Capital Required			(272)	250	(522)
Net Modified Cash Requirements			57,556	58,439	(883)
Person-years			1,072	1,166	(94)

Explanation of change: The difference between actual expenditures and the Main Estimates results mainly from the following:

- a two year contribution to the Social Development Policy Reserve for use in support of activities in other government departments ($1,000,000)

- additional funds received in respect of the Federal Summer Employment Opportunities Pro-ram; New Employment Expansion and Development Program; and an increase in personnel costs resulting from early retirement benefits paid to effect the staff reduction $767,000

- a decrease of $272,000 in working capital requirement as opposed to a forecast increase of $250,000 resulting in a net change of ($522,000)

C. Background

1. Introduction

The National Film Board of Canada (NFB) reports to the Minister of Communications. While the National Film Act states that the Minister "shall control and direct" NFB operations, actual practice has always been to maintain an arm's length relationship which allows independent creative development and output.

The activities of the Board focus on the production of films via the English and French Production Divisions, and distribution which covers both national and international markets. Research and development, in terms of policy and technical innovation, are closely linked to these operations.

2. Legal Mandate

The National Film Board functions under the provisions set out in the National Film Act, 1950. Section 9 of the Act states the following:

The Board is established to initiate and provide for the production and distribution of films in the national interest, and in particular:

- to produce, distribute and promote the production and distribution of films designed to interpret Canada to Canadians and to other nations;
- to represent the Government of Canada in its relations with persons engaged in commercial motion picture film activity in connection with motion picture films for the government or any department thereof;
- to engage in research in film activity and to make available the results thereof to persons engaged in the production of films;
- to advise the Governor in Council in connection with film activities; and
- to discharge such other duties relating to film activity as the Governor in Council may direct it to undertake.

The National Film and Video Policy, published by the Minister of Communications in May 1984, revised and reaffirmed the role of the NFB and consequently proposed changes to the National Film Act (see page 18).

3. Program Objective

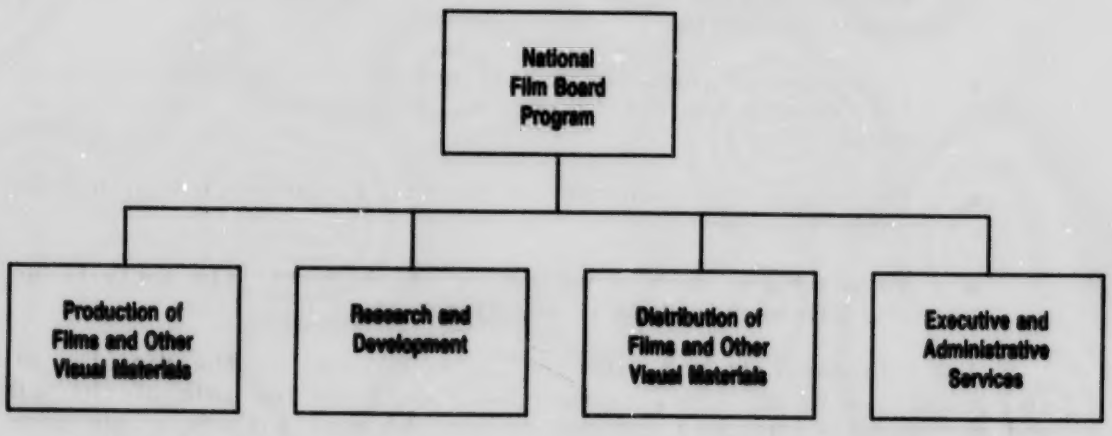
The objective of the Program is "cultural interpretation and presentation of Canada, as well as service and support to departments and agencies of the government, through the medium of film". This has been translated into the following principal sub-objectives relating to the Board's activities:

- to produce and distribute films and video productions designed to increase the understanding of Canada and the world;
- to serve as a centre of artistic and technical excellence of an international standard in film and video-production;
- to conduct research and development of film and video techniques and technologies; and
- to foster the artistic and technical skills of Canadians in film and video techniques and technologies.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 4 below, the National Film Board Program is comprised of four activities which contribute to the achievement of the program objectives.

Figure 4: Activity Structure



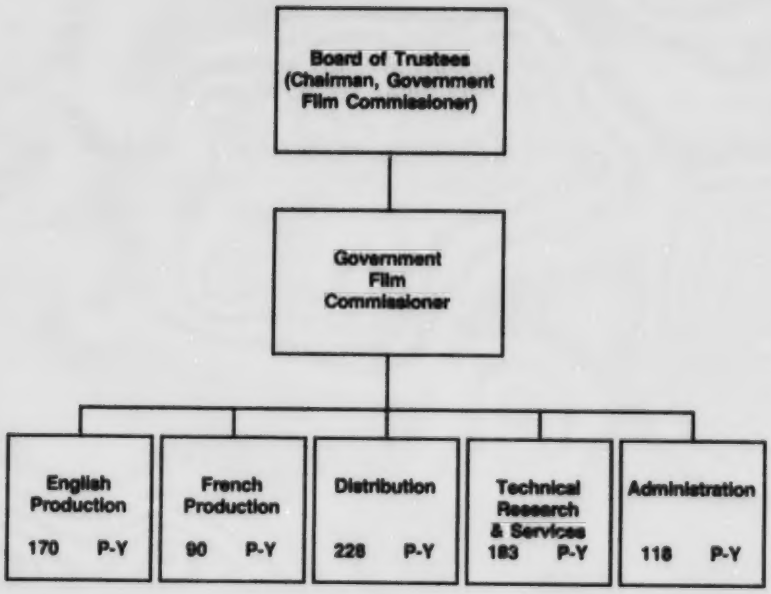
Organization Structure: The National Film Board consists of the Commissioner who acts as chairman, and eight other members appointed by the Governor in Council, three of whom shall be selected from the Public Service of Canada, and five of whom shall be selected from outside the public service. Each member of the Board, other than the Commissioner, holds office for three years, while the Commissioner is appointed for a five-year period. All members of the Board are eligible for reappointment.

The Commissioner is the Chief Executive Officer of the Board and is charged with the administration of the operations of the Board. The Commissioner reports to the Minister of Communications.

Under the direction of the Commissioner, the program is divided into five main areas of responsibility: English production, French production, Distribution, Technical Research and Services, and Administration.

Each of these areas is headed by a Director. Figure 5 relates the program's organizational structure to its activities and the 1985-86 resources required.

Figure 5: Resources by Organization and Activity ($000)



						Activity Total
Production 433 P-Y	20,763	11,357		6,025		38,145
Distribution 228 P-Y			12,482	1,500		13,982
Research and Development 10 P-Y				1,191		1,191
Administration 118 P-Y				75	8,287	8,362
	20,763	11,357	12,482	8,791	8,287	61,680

5. Mode of Operation

Activities of the Program are carried out through a revolving fund to which all disbursements are charged and to which are credited all revenues received and the appropriation drawn for program expenditures.

Revenue credited to the fund results mostly from the production of films for other government departments; sales of films and videocassettes both to government departments and the private sector; and the rentals of films and sales of television and theatrical rights. All charges for services provided are at cost, except for film rentals and sales of prints to the public which are based on market prices.

Detail of these revenues is shown on page 45.

D. Planning Perspective

1. Environment

The nature of the Board's endeavours and objectives requires it to be responsive through film and video to social change and current issues, as well as to changing public needs in a rapidly developing communications industry. Two of the factors that influence the manner in which it will fulfill its stated objective are the National Film and Video Policy and economic conditions.

Film Policy: The most significant factor that will affect the operations and direction of the National Film Board is the National Film and Video Policy announced by the Minister of Communications in May, 1984.

This policy defines a new, more focussed and potentially more effective role for the NFB to complement that of the private sector. With this new role, the NFB is expected to become:

- a world-class centre of excellence in film and video productions, and
- a national centre for advanced research, development and training in the art and technology of film and video.

The implementation of this new role will involve a thorough reorganization, restructuring and reallocation of activities. A five-year implementation plan which involves significant changes in the production and distribution area, including staff reduction, is being prepared. Through this restructuring of its activities, the NFB is expected to free-up $10 million dollars, for reallocation in its operational budget to support production, communication with the public, as well as the Board's enhanced research, development and training activities. Most of these resources will be freed as a result of staff reductions over a five-year period. A new National Film Act will also have to be prepared to reflect the revised mandate of the Board. Details on the implementation plan relating to the Estimates' year are shown on page 19 under Initiatives.

Economic Conditions: The effects of scarcity of resources that have been felt in recent years are expected to last during the forecast period as the search for government-wide economies continue. The emphasis will be placed on finding more economical ways of carrying out our program while implementing the new role that the National Film and Video Policy has defined for the NFB.

To achieve our planned initiatives for 1985-86, we intend to continue our strategy of gradual reallocation of freed resources into the operational budget to support production, communication with the public, as well as research, development and training activities.

2. New and Continuing Initiatives

In keeping with its role of becoming a centre of excellence in film and video production, and a national training centre for research, development and training in the art and technology of film and video, the NFB is undertaking the following major initiatives in 1985-86.

- Integration of research, communication and promotion functions with those of programming and production activities. The aim of this initiative is to assure that the NFB products and services are more reactive to our audiences' needs. This will involve the transfer of some professionals and related financial resources from the Distribution to Production Activity (see page 29).

- Increased participation by freelancers in NFB film production. To better fulfill our mandate we must have access to the most talented filmmakers. While retaining a core of permanent directors who will both make films and be involved in the NFB training program, the Board will invite talented filmmakers from the private sector to work under contract within its various production programs. By 1989-90, 70% of films produced will be done by freelancers under the responsibility of NFB producers. The financing of this initiatives will be done through reallocation of existing resources (see page 29).

- Establishment of a continuous research program dealing with:

  - **Society and Markets** : to assure a link between our products, the social and cultural environment and our constituencies. This research will inform the institutional programming process by means of market development studies. In terms of communication with the public, it will analyze reaction to both content and formal expression and consider the methods and technologies used to deliver the product to audiences. The findings of such research will serve to evaluate the social and cultural relevance of our product in terms of its content, format and delivery system. The cost of this initiative for the next five years is estimated at $2,000,000 with planned expenditure of $400,000 in 1985-86.

  - **New Audiovisual Technologies** : to foster innovation in both picture and sound, and participate in the evolution of the electronic and computerized image, as well as that of the different media, technologies and systems. The budget for this initiative has been set at $400,000 annually (see page 37).

- Creation of a training capacity within the NFB in order to offer high quality training to talented aspiring filmmakers and technicians. For 1985-86 we plan to dedicate $200,000 to this initiative (see page 29).

- Reorganization of the film distribution services. During 1985-86 the NFB will undertake the gradual consolidation of its present Canadian film library system consisting of 29 offices into 12 audio-visual centres, one by province, except for Quebec and Ontario which will have two centres respectively. The goal is to achieve this consolidation within a five year period (see page 34).

- Turning the international distribution activities into a cost recovery operation. In a restructured organization with a limited staff, our goal is to focus on the marketing and sales of our products (see page 35).

3. Program Effectiveness

The NFB was established to initiate and promote films in the national interest and provide a cultural interpretation and presentation of Canada through the medium of film and other audio-visual materials. In addition to the widespread acclaim attributed to its cinematic achievements both in Canada and abroad the Board plays a major role in the development of the Canadian film industry. Also, it encourages discussion and debate about major social and cultural interests through the medium of film.

During 1984-85 a formal program evaluation function was introduced. As this function matures, the Board expects to be able to report more comprehensively the effectiveness of its operations.

Meanwhile, the following tables give an overview of the program performance. Information is provided on the number of films produced and their actual usage as well as statistical data on the production and distribution activities of the past four years.

Figure 6 : Films and Other Audio-visual Products as per Annual Reports

	1983-84	1982-83	1981-82	1980-81
Original films	105	84	81	89
Versions and adaptations of films	70	75	69	82
Total film products	175	159	150	171
Original videos	12	4	-	-
Adaptations of videos	12	17	-	-
Multi-media products	49	55	56	62
Film clips and vignettes	32	25	24	51
Total	280	260	230	284

The number of original films and versions produced in both official languages during this period relates to our objective of depicting and interpreting both the English and French cultures of our country and is shown in Figure 7.

Figure 7: Annual Production of Original Films and Versions

	1983-84	1982-83	1981-82	1980-81
English language	76	64	79	67
French language	79	58	39	51
Bilingual and foreign	20	37	32	53
Total	175	159	150	171

Data shown in Figure 8 is an indication of the Canadian distribution performance.

Figure 8: Canadian Distribution Statistics

	1983-84	1982-83	1981-82	1980-81
Number of copies loaned to non-theatrical markets (schools, film libraries, etc.)	531,308	526,008	511,522	486,967
Number of prints sold	10,549	9,405	10,034	6,859
Number of telecast hours	4,877	3,864	3,164	3,653
Number of film telecasts	10,361	8,705	8,454	9,928

Since international distribution works mainly through distributors we believe that revenue derived from print sales and television rights gives a useful indication of the level of performance in this area.

Figure 9: International Distribution Revenue ($000)

	1983-84	1982-83	1981-82	1980-81
Theatrical market	199	204	112	100
Institutional market	1,678	1,760	1,736	1,575
Television market	843	607	591	423
Total	2,720	2,571	2,439	2,098

Figure 10 shows the trend in aggregate audience reached in Canada through the various distribution methods in use. It is determined by using the average audience figure times the number of outputs for each distribution method. The average audience figure was verified by audit in October 1984.

Figure 10: Canadian Aggregate Audience by Distribution Channel

	1983-84	1982-83	1981-82
Cumulative Audience reached through:			
Prints loaned by regional film libraries	29,487,594	29,193,444	28,389,471
Sales of films and video-cassettes	30,362,940	30,755,214	31,821,480
Film Telecasts	270,810,195	227,522,585	220,962,198
Theatrical presentations	432,720	514,658	2,236,790
	331,093,449	287,985,901	283,409,939

In 1983-84, the NFB produced 280 films, videos, versions and audio-visual material of a diversified nature to meet the specialized film needs of the Canadian public. These productions depict the Canadian reality in all parts of the country and deal with such subject matters as social change, family relations, the economy and women's issues. Additionally, there were a large number of productions intended for children, films on or for the Third World, and in collaboration with the private sector some feature length fiction films. One hundred and seven productions were translated either into French, into English or into foreign languages in order to reach the largest possible audience.

The NFB continued to make an impact on television and many of its films were popular with the public as evidenced by the following statistics on the CBC network.

	Number of viewers
"The War Series" (average for each of the seven periods)	1,022,000
"If You Love This Planet"	1,563,000
"The Children's Crusade"	477,000
"See You in the Funny Papers"	398,000

On the French network "Radio-Canada" the following films attracted considerable attention.

	Number of viewers
"Comme en Californie"	679,000
"La Quarantaine"	663,000
"Si cette planète vous tient à coeur"	418,000
"Massabelle"	318,000

Films televised by Radio-Quebec, Ontario TV and Educational T.V. in British Columbia, accounted for 1,300 telecasts. Canadian Pay-TV channels have also purchased fifty new titles of our films.

There was also theatrical distribution of our films, among which the most popular were "Les enfants des normes - Post Scriptum", "Plus jamais d'Hibakusha", "Attention: Women at Work" and "Home Feeling: A Struggle for a Community".

The quality of NFB productions received wide praise in Canada and abroad. During the year, 59 films gathered 92 awards at festivals. The highlight of the year was an Oscar for "If You Love This Planet". Another film, "The Kid Who Couldn't Miss", won a prestigious Silver Award at the Annual Chicago Festival.

The Los Angeles office, which is responsible for promoting the Canadian film industry in the United States, has been very successful from an economic standpoint. It has helped to inject an estimated 54 million dollars into film production in Canada.

Section II
Analysis by Activity

A. Production of Films and Other Visual Materials

Objective

To produce culturally and socially relevant films of high quality in the public interest which can be used as instruments of social change.

Resource Summary

Expenditures for this Activity will account for 59% of the Board's program expenditures and 55% of the authorized person-years. Of the total expenditures 53% is for personnel costs. Other significant items of expenditures include professional and special services, film stock and supplies, transportation and communications and accommodation costs.

Film production undertaken for other government departments, or co-sponsored with the private sector, estimated at $3,000,000 is the main source of revenue for this Activity and represents 7% of the gross Activity expenditures.

Figure 11: Net Cost of Activity ($000) and Person-years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
In house film production						
Expenses	41,145	260	39,516	274	37,150	330
Revenues	(3,000)		(3,830)		(3,438)	
Contracted film production(1)						
Expenses			2,500	-	6,281	-
Revenues			(2,500)		(6,281)	
Still Photography (1)						
Expenses			2,497	65	4,457	70
Revenues			(1,730)		(3,841)	
Technical Services (2)	-	173	-	184	-	197
Total expenses	41,145		44,513		47,888	
Total revenues	(3,000)		(8,060)		(13,560)	
Net cost of activity	38,145	433	36,453	523	34,328	597

(1) It should be noted that in 1985-86 no resources are associated with Contracted film production and Still Photography. Pursuant to the National Film and Video Policy, the Contracted film production carried out by the Sponsor Program Division was transferred to the Department of Supply and Services; the Canadian Government Photo Centre was transferred to the Department of Supply and Services and the Stills Photo Collection to the National Museums of Canada.

(2) Only the person-years required to operate the technical services are charged to the Production Activity. The financial resources are charged to the Activity for whom the work is performed.

Past Financial Performance

Figure 12: 1983-84 Financial Performance ($000)

	1983-84				
	Actual				
	Revenue	Expenses	Excess Expenses	Main Estimates	**Change**
In house film production	3,438	37,150	33,712	32,670	**1,042**
Contracted film production	6,281	6,281	-	-	-
Still Photography	3,841	4,457	616	975	**(359)**
	13,560	47,888	34,328	33,645	**683**
Person-years			597	675	**(78)**

Explanation of Change: The main factors that contributed to the change from the Main Estimates of $683,000 or 2% are as follows:

	($000)
• an increase in in-house film production expenses due mainly to the cost of severance pay and retirement indemnity payments resulting from the implementation of the staff reduction plan	1,300
• an increase of $1.8 million in both revenues and expenses for Contracted film production due to a larger volume of orders received from other government departments for the production of audio-visual materials	-
• an offsetting increase in revenue earned of	(600)

Description

This Activity consists of the following sub-activities:

In-House Film Production: includes the English and French Production Divisions which undertake the production or co-production of films, filmstrips and slide sets in accordance with the Board's mandate. The divisions must also plan and carry out research, development and training projects in the area of film and audio-visual material. Consequently, each division consists of a management team which is responsible for planning and co-ordinating its activities and managing its resources as well as the production studios that carry out the program.

Film production is carried out both at Montreal headquarters and in six regional production centres (see locations page 48). Regional production centres offer an opportunity for the NFB to contract with local filmmakers hired because of their particular knowledge of the community. Approximately 30% of the Board's film production activity is effected through these centres.

Technical Services: provides a variety of services and advice primarily to the film production and distribution activities of the Board as well as to other government departments and organizations as required. Included among the functions performed are laboratory processing, camera, sound recording and projection facilities, animation photography, titling, visual effects and other services. It should be noted that for practical purposes the person-years required to operate technical services are part of the Production Activity while the financial resources are fully charged to the Activity for whom the work is performed. Depending on the nature of the service, charges are made according to rates established on a footage or an hourly basis.

Performance Information/Resource Justification

In 1985-86, it is planned to merge the marketing and promotion functions within the Production Activity. It is felt that combining these two functions will favour the attainment of production objectives with no increase in resources required.

It is also planned to commence the implementation of the National Film and Video Policy by:

- granting a much larger portion of film production program to freelancers everywhere in the country;
- expanding participation in the area of experimental film techniques, such as Imax, Omnimax and Video technology; and
- investing $200,000 in a training program concerned with all areas of filmmaking for talented aspiring filmmakers and technicians.

Priorities Areas: The English and French production divisions, while maintaining flexibility and room for creativity in production, will invest their resources according to the following priorities:

- the Canadian Perspective on National Issues - The purpose of this program component is to undertake films or series of films which provide Canadians with analytical documents on fundamental questions facing our society emphasizing the Canadian point of view. These films are intended to inform and stimulate public debate and discussion.
- Women's Production - Films in this category will deal with women's history, women writers, women and health, women and justice and will provide a feminine perspective on major social issues.
- International - Films produced within this category will deal with Canadian awareness of international issues, international awareness of Canadian culture, and the assistance program in audio-visual communications.
- Arts, Literature, History - Films about Canadian society and culture. These films will focus on Canadian authors, artists and their works and some will be specifically designed to reach Canadian youth in their schools and homes.
- General - Funds allocated to this category will be used for films which are creator-impelled and for unique or experimental ideas and special events which surface during the year.

- Animation - In French production a major program in computerized animation is in progress. It will be open to English and French animators and designed for reseach and to expand computer animation in filmmaking.

Figures 13 and 14 show the priority areas identified through market research and consulting process as well as the allocation of funds to other production requirements.

Figure 13: English Production Financial Resource Allocation ($000)

Priority Areas	Forecast 1985-86	Forecast 1984-85
Canadian perspective on national issues	7,040	6,050
Arts, literature, history	8,106	6,592
Women's Production	1,680	2,746
International	1,557	687
General	1,820	2,468
Sponsored production	2,500	3,100
Unallocated costs		
Capital equipment	1,110	1,070
Accommodation	3,300	3,287
Total resources	27,113	26,000

Figure 14: French Production Financial Resource Allocation ($000)

Priority Areas	Forecast 1985-86	Forecast 1984-85
Canadian perspective on national issues	4,845	4,460
Arts, literature, history	1,000	1,550
International	1,500	1,300
Women's Production	600	600
Animation	1,400	1,400
Co-production with private sector producer	1,200	950
General	1,032	620
Sponsored production	500	730
Unallocated costs		
Capital equipment	555	535
Accommodation	1,400	1,355
Total resources	14,032	13,500

Technical Services : Figure 15 illustrates the utilization of expenditures for Technical Services while Figure 16 sets out the outputs.

Figure 15: Allocation by Activity of Technical Services Expenditures ($000)

Allocated to:	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Production	6,025	5,903	5,703
Distribution	1,500	1,560	1,652
Research and Development	60	55	61
Administration	75	72	87
	7,660	7,590	7,503

Figure 16: Technical Services Outputs

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83	
	Quantity	P-Y	Quantity	P-Y	Quantity	P-Y	Quantity	P-Y
Laboratory								
Footage processed (thousands of feet)	18,270	67	20,300	67	21,501	67	23,477	75
Negative cutting hours	11,000	6	11,380	6	10,442	6	13,012	8
Camera								
Original footage shot (in hours)	1,250	5	1,200	5	1,151	5	1,007	5
Technician hours on location	22,800	11	24,400	11	32,556	17	29,391	17
Sound and Projection								
Hours of recording	7,000	5	6,500	5	7,304	5	5,913	6
Hours of screening	10,000	6	10,000	6	10,530	6	9,786	7
Hours of sound transfer	6,000	5	6,000	5	5,925	5	5,562	3
Hours of video transfer	5,500	4	5,000	4	5,281	4	4,025	3
Visual Effects								
Hours of animation photography	5,000	6	4,700	6	4,938	6	5,787	6
Hours of titling	8,500	7	8,800	7	8,175	7	7,894	7
Engineering								
Hours of maintenance	34,000	23	33,340	23	38,398	26	42,572	28

B. Distribution of Films and Other Visual Materials

Objective

The principal objective of this Activity is to market and distribute NFB products in both official languages throughout Canada and in other countries where this is justified by the market and by government policies.

Resource Summary

Expenditures for this Activity will account for 27.3% of the total program expenditures and 29% of the authorized person-years. Of the total expenditures 47% is for personnel costs. Other costs are primarily for film prints, promotion of films, travel and communication expenses and accomodation costs.

Revenue estimated at $5,050,000 represents 27% of the gross Activity expenses. It is derived from sales of film and video prints as well as sales of television, theatrical and non-theatrical rights; and of various distribution services.

Figure 17: Net Cost of Activity ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Canadian distribution	13,182	164	15,307	187	13,758	195
International distribution	2,900	31	4,289	44	3,978	49
Administration and promotion Services	2,950	33	2,957	36	2,652	53
Total expenditures	19,032	228	22,553	267	20,388	297
Revenue - Canada	2,600		4,540		4,319	
- Foreign	2,450		2,400		2,748	
Total revenue	5,050		6,940		7,067	
Net Cost of Activity	13,982	228	15,613	267	13,321	297

Past Financial Performance

Figure 18: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Canadian Distribution	15,815	237	16,128	242	(313)	(5)
International Distribution	4,573	60	5,542	61	(969)	(1)
Total expenditures	20,388	297	21,670	303	(1,282)	(6)
Revenue	7,067		6,700		367	
Net cost of activity	13,321	297	14,970	303	(1,649)	(6)

Explanation of change: The net decrease in financial requirements of $1,649,000 or 11% was caused mainly by a reduction of $1,000,000 to cover our contribution to the Social Development Policy reserve and by an increase of 5% in Distribution revenue.

Description

The primary role of Distribution is to provide the Canadian public and audiences abroad with maximum access to National Film Board productions as well as to a selection of films sponsored by government departments. This is done on both a commercial and non-commercial basis, through the direct sale, rental and loan of prints and cassettes, and bookings to cinemas and television. Agreements are also signed with distribution companies, agents, and other outside organizations to provide certain distribution services on behalf of the Board.

The Distribution Activity conducts research and market studies on the needs and reactions of the public in order to better plan production and dissemination programs to reach audiences more effectively.

Canadian Distribution : In Canada, the public gains access to our productions through a number of activities carried out in English and French. These services include market testing and audience research, first tier release, dissemination through an existing mechanical system and other distribution functions involving promotion, publicity and audiovisual utilization activities.

The Distribution Activity operates a regional film library network of 29 audio-visual centres which loan films and videocassettes to organizations, groups, and individuals. Locations of these offices are listed on page 48.

International Distribution : Following the transfer to Telefilm Canada of its international offices and its responsibility to support the promotion of Canadian films abroad, the NFB has retained responsibility for foreign marketing and sales of its own products. These activities are carried out from headquarters and with respresentatives located at Telefilm Canada offices abroad to ensure optimum distribution in the major markets.

Administration and Promotion Services : This area consists of the planning, financial and administrative support services. It also includes the creative services responsible for the production of publicity and information material. Additionally, this area operates FORMAT, a computerized information system for audio-visual materials. Presently FORMAT provides access to more than 12,000 film, video, filmstrip and multimedia records. As resources permit and as organization agreements develop such information as television program and stock shot collections will be added to the database. This system is now in use in six National Film Board offices across Canada. In addition, these facilities are now used to produce the annual NFB film and video catalogues.

Performance Information/Resource Justification

The Distribution Activity has operated a network of offices which provides access to our films in all regions of Canada in both official languages in conformity with the policies and objectives of the Board. The continuation of such distributions facilities, however, has become extremely costly. The Board will redefine its systems for delivery information and audio-visual products to the public, by establishing audio-visual centres across the country, consolidating its library system and opening new access routes for its product in the community. The goal is to reduce over a five-year period, the present network of 29 offices to 12 regional audio-visual centres, one for each province, except Quebec and Ontario which will each have two centres.

During 1985-86, this Activity also intends to examine the feasibility of contracting out the distribution of NFB films on a selective basis by establishing a series of pilot projects with private distributors, national non-profit organizations and public insitutions with a goal of increasing access and utilization of NFB products while reducing costs.

It is also planned to reduce the infrastructure of the international distribution and reorganize it on a cost recoverable basis focussing on the marketing and sales of NFB productions.

We have identified six major outputs relating to this Activity. Workload volumes and percentage of change year to year are displayed in Figure 19.

Figure 19: Distribution Outputs

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83	
	Volume	% Change	Volume	% Change	Volume	% Change	Volume	% Change
Regional Library System								
Number of films and videocassettes loaned or rented	430,000	(10)	480,000	(10)	531,000	1	526,000	3
Marketing Operations								
Number of prints and videocassettes sold								
- Canada	8,000	-	8,000	(24)	10,549	12	9,405	(6)
- International	1,950	-	1,950	5	1,862	(32)	2,747	(5)
Number of television and theatrical contracts entered into								
- Canada	300	20	250	5	237	(3)	245	21
- International	350	-	350	(12)	398	13	351	5
Number of new titles placed into distribution	210	5	200	5	190	50	127	-

C. Research and Development

Objective

To engage in research in film activity by conducting technical research and development projects aimed at the advancement of the art and technology of audio-visual communication in conjunction with other components of the industry.

Resource Summary

Expenditures for this activity account for approximately 2% of the total program expenditures and 1% of the authorized person-years. Of the total expenditures 36% is for personnel costs. Other costs are primarily for contracted services, materials and supplies and accommodation costs.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Research and Development	**1,191**	**10**	808	10	773	9

Past Financial Performance

Figure 21 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 21: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Research and Development	773	9	812	12	(39)	(3)

Description

One of the purposes of the Board as set forth in the National Film Act is to "engage in research in film activity and to make available the results thereof to persons engaged in the production of films".

The Board maintains a small group of specialized personnel who are engaged in projects that fall into one of the following areas:

System Design Services: Resources in this area are directed towards investigation, definition, design, software development and documentation of specifications for applications.

Innovation Prototype Development Services: This area is concerned with the construction of prototype hardware.

Technology Transfer Services: New technology data resulting from literature search and prototype development is disseminated through publications, technical committees, conferences and seminars, a microfiche databank and a computer abstract service.

Industrial Development Services: Practical assistance is supplied in promoting Canadian capability in the adoption of modern technology and systems through active involvement in standardization of equipment, systems and materials specifications, prototype development in partnership with the industry and equipment testing services.

Performance Information/Resource Justification

The National Film and Video Policy has defined a responsibility for the NFB to become a national centre for advanced research and development in the art and technology of film and video. In keeping with this new role, the Board intends to invest an additional $2 million in this Activity over the next five years.

For 1985-86, an additional investment of $450,000 will be directed in the area of System design services to pursue development in electronic editing, electronic delivery systems and computer-assisted animation.

Figure 22 identifies the important milestones for 1985-86.

Figure 22: Research and Development Outputs

Areas	Resources $	Allocated P-Y	Planned Milestones
System Design Services	180,000	4	Electronic editing and Interactive Video editing.
	150,000		Electronic delivery system using interactive videodisc and other related video technology.
	120,000		Continue research with the Canadian private sector in furthering development of the 3-D Imax technology.
	100,000		Computer assisted animation, using high definition technology.
	150,000		Computer graphics, electronic (sub)titling, and effects
	21,000		Motion control for animation
Innovation Phototype Services	115,000	1	Film Data Track readers
Technology Transfer Services	245,000	4	Publications of new technology data
			Databank services
Industrial Development Services	110,000	1	Testing of materials
			Advisory services
Total	1,191,000	10	

D. Executive and Administrative Services

Objective

To provide timely and effective direction and planning, financial and administrative support services to the operational activities of the Board.

Resource Summary

The Administration Activity represents 12% of the total program expenditures and 14.9% of the authorized person-years. Salary and other personnel expenditures makes up 56% of its budget.

Figure 23: Activity Expenditures ($000) and person-years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive and Administrative Services	8,362	118	8,056	130	8,185	147
Ottawa Services	-	-	1,400	17	1,221	22
	8,362	118	9,456	147	9,406	169

The Ottawa Services Division, formerly responsible for the direction of the Canadian Government Photo Centre, the Still Photo Division and the Sponsored Film Production Division, has ceased to exist following the transfer of these activities to other government departments on October 1, 1984.

Past Financial Performance

Figure 24 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 24: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	**$**	**P-Y**
Executive and Administrative Services	8,185	147	7,452	154	**733**	**(7)**
Ottawa Services	1,221	22	1,310	22	**(89)**	**-**
	9,406	169	8,762	176	**644**	**(7)**

Explanation of Change : The increase of $644,000 or 7% in expenditures was caused by the acquisition of computer equipment and software packages required for the development of the integrated management information system.

Description

This area represents the central management and administration of the National Film Board. It includes the Office of the Commissioner, Internal Audit, Co-ordination of Planning and Evaluation functions, and Public Affairs. It also includes Personnel Services which is responsible for recruiting, training and career development, classification of positions and salaries, administration, negotiation of collective agreements, processing and maintenance of staff records and the operation of a health unit. Financial and Administrative Services provides financial services including accounting and financial controls, systems and data processing, a records centre, purchasing, stores, receiving, shipping, security, transportation, communications, a reference library, duplicating services, space and accommodation and equipment and inventory control.

Performance Information/Resource Justification

During 1985-86, it is planned to address the following matters:

- corporate programming which involves the definition of major corporate trends in productions and marketing programs with a view of assuring both the quality and the social and cultural relevance of NFB films;

- human resources management which involves the determination of the ideal size of each branch in terms of program activities and available resources while carrying on the program to reduce the total payroll; and

- management of financial resources which involves the continuation of the development and implementation of an integrated financial information system to improve the decision-making process and to automate certain clerical functions.

Executive and Administrative Services : Figures 25 and 26 show the ratio of overhead person-years and overhead costs to the total for the Board.

Figure 25: Relationship of Executive and Administrative Person-Years to Total Board Authorized Person-Years

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Board person-years	789	947	970
Executive and Administrative person-years	118	130	147
Percentage of total	14.9	13.7	15.1

Figure 26: Relationship of Executive and Administrative Services Expenditures to Total Board Expenditures ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Total Board expenditures	69,730	77,330	78,455
Executive and Administrative expenditures	8,362	8,056	8,185
Percentage of total	12.0	10.4	10.4

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 27 presents the distribution of expenditures classified by standard object. Apart from personnel costs, other significant objects of expenditure are: professional and special services which include costs of sponsored film production contracted to the private sector and rentals, which include costs of accommodation payable to Public Works Canada.

Figure 27: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	30,663	34,433	34,268
Other personnel costs	5,251	5,567	4,813
	35,914	40,000	39,081
Goods and Services			
Transportation and communications	5,050	5,130	4,863
Information	775	870	821
Professional and special services	10,257	12,414	13,559
Rentals	9,000	10,250	9,916
Purchased repair and upkeep	830	870	834
Utilities, materials and supplies	5,000	5,200	5,210
All other expenditures	1,728	500	512
	32,640	35,234	35,715
Total operating	68,554	75,234	74,796
Capital	2,130	2,014	2,822
Transfer payments	294	282	565
Total expenditures	70,978	77,530	78,183
Less: receipts credited to the fund	(8,050)	(15,000)	20,627
Net expenditures charged to appropriation authority	62,928	62,530	57,556

2. Personnel Expenditures

The Board is a labour-intensive organization, with personnel costs including contributions to employee benefit plans constituting 51.5% of total expenditures. Figure 28 presents information on the 789 authorized person-years for regular employees and Figure 29 presents information on another 140 person-years which may be used by the Board on a temporary basis to cope with fluctuations in work levels and for special talent.

Figure 28: Authorized Person-years and Salary Provision

Category	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	16	18	18	46,410 - 80,021	62,874
Personnel Officer	5	7	7	22,365 - 51,755	44,337
Other Administrative and Foreign Services	144	178	180	17,866 - 57,541	38,143
Scientific and Professional	8	8	9	15,724 - 45,378	31,073
Administration Support	187	220	238	11,828 - 29,438	22,394
Operational	56	64	76	11,992 - 34,106	21,509
Executive Producers	13	16	17	44,846 - 58,874	55,338
Technicians and Filmmakers	355	416	415	13,552 - 54,273	35,731
Locally engaged	5	20	31	12,201 - 43,647	25,778

Note : The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

Figure 29: Temporary Person-Years by Category

Category	Forecast 1985-86 P-Y	Forecast 1984-85 P-Y	Actual 1983-84 P-Y
Administrative and Foreign Services	19	16	18
Technical	74	64	70
Administrative Service	47	40	44
	140	120	132

3. Transfer Payments

Figure 30 presents a summary of grants and contribution expenditures of the Board.

Figure 30: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants in support of significant film events of national and/or international interest held in Canada, as determined by the Board of Trustees	10	10	10
Contributions			
Payments in respect of contributions to the Federal Summer Employment Opportunities Program	-	2	301
Payments to Quebec in respect of Reciprocal Taxation Agreement	284	270	254
	294	282	565

B. Cost Analysis

The net cost of the NFB program for 1985-86 is $61,680,000 as shown in Figures 1 and 2 on page 8. The NFB pays for all services which it receives from other government departments including accommodation. In addition all revenue received is credited to its operations.

C. Revenue Analysis

Figure 31 presents a breakdown of the Board's revenues by type and according to the Production and Distribution Activities received for the years 1982-83 and 1983-84, with a forecast for the years 1984-85 and 1985-86. The transfer of the sponsored film production program and of the Canadian Government Photo Centre operations to other government departments in October 1984 is the major cause for the decline in revenue. In future years, revenue will be derived solely from the marketing of NFB productions.

Figure 31: Revenue by Class ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Production				
In-house production of films	3,000	3,830	3,438	3,207
Contracted production of films	-	2,500	6,281	3,228
Photo Centre laboratory processing	-	1,730	3,841	3,198
Distribution				
Sales of film prints	2,100	2,305	2,641	3,109
Distribution services	1,150	2,035	1,949	2,015
Rentals, royalties and miscellaneous	1,800	2,600	2,477	2,171
	8,050	15,000	20,627	16,928

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D. Analysis of Revolving Fund

1. Projected Use of Revolving Fund Authority

Under the continuing authority of the Adjustment of Accounts Act (S.C. 1980, c.17) Parliament has authorized a total drawdown of $20,000,000 for the National Film Board Revolving Fund to provide for working capital and to record the increase in the net book value of fixed assets. The anticipated use of this authority as of April 1, 1986 is $13,683,000; which represents an increase of $1,248,000 due to a projected increase in the net book value of fixed assets during the year. No change in working capital requirement is forecast. Figures 32 and 33 present an analysis of the Fund and its projected utilization.

Figure 32: Statement of Revolving Fund Position ($000)

	Forecast at March 31, 1986	Forecast at March 31, 1985	Actual at March 31, 1984
Assets			
Cash	100	100	103
Accounts receivable	2,300	2,400	3,063
Inventories	2,000	2,050	2,193
Prepaid expenses	200	250	306
Equipment (net value)	10,683	9,435	9,487
	15,283	14,235	15,152
Liabilities			
Accounts payable and accrued liabilities	1,600	1,800	2,754
Accumulated net charge against the Revolving Fund Authority made up of:			
Working capital	3,000	3,000	2,911
Equity in fixed assets	10,683	9,435	9,487
	15,283	14,235	15,152

Figure 33: Projected Use of Revolving Fund Authority ($000)

Authority		20,000
Drawdown:		
Projected Balance April 1, 1985	12,435	
Total Estimates (net cash required)	61,680	
Appropriation Authority in these Estimates	(61,680)	
Increase in the net book value of fixed assets	1,248	
Less: Balance March 31, 1986		13,683
Unused Authority as at March 31, 1986		6,317

E. Additional Information

1. Schedule of Production and Distribution Field Office Locations

Canada

Newfoundland
- Corner Brook
- Saint John's

Nova Scotia
- Halifax*
- Sydney

New Brunswick
- Moncton*
- Saint John

Quebec
- Chicoutimi
- Montreal
- Noranda
- Quebec
- Rimouski
- Sherbrooke
- Trois-Rivières

Ontario
- Hamilton
- Kingston
- Kitchener
- London
- North Bay
- Ottawa
- Thunder Bay
- Toronto*

Manitoba
- Winnipeg*

Saskatchewan
- Regina
- Saskatoon

Alberta
- Calgary
- Edmonton*

British Columbia
- Prince George
- Vancouver*
- Victoria

Foreign

U.S.A.
- Chicago
- New York

England
- London

France
- Paris

* Includes regional film production facilities.

Film libraries in the following locations are operated in co-operation with the organization as indicated:

Noranda	-	Université du Québec
Thunder Bay	-	Northern Ontario Regional Library Board

National Library of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Library
of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective, as well as performance information that forms the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $30,526,220 to carry out the planned activities of the National Library for 1985-86. In addition, expenditures of $2,330,780 are forecast for 1985-86 under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	National Library		
70	Program expenditures	30,526	27,783
(S)	Contributions to employee benefit plans	2,331	1,976
	Total Program	32,857	29,759

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Library	
70	National Library - Program expenditures and the grants listed in the Estimates	30,526,220

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85
		Budgetary			Total	Main Estimates
	Authorized Person-Years	Operating	Capital	Transfer Payments		
National Library	549	32,586	229	42	32,857	29,759

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 75 Program expenditures and the grants listed in the Estimates ...	27,870,000	28,599,307	27,440,235
Statutory - Contributions to employee benefit plans...	1,959,000	2,181,000	2,181,000
Total Program	29,829,000	30,780,307	29,621,235

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

With an increase of 9 person-years and $1,114,000, the National Library has established the following goals for 1985-86:

- to complete the second phase of a pilot project directed toward the development of a decentralized National Library and information network (see page 17);
- to improve conservation of the National Library's Canadian collections with special emphasis on mass deacidification of new books and special treatment for deteriorating historic sound recordings (see page 14);
- to improve the capacity to meet the demand for location and document delivery services while maintaining basic service levels, including the prompt shelving of library materials returned from loan or newly acquired for the collections so that these materials will be available to users (see page 16);
- to maintain the current level of legal deposit enforcement while the number of items received from publishers increases by 12% (2,600 titles) during the year (see pages 20 and 21);
- to design an effective records management system for the Library (see page 23).

2. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
National Library	32,857	31,743	1,114
Person-years	549	540	9

* There has not been significant change from 1984-85 Main Estimates. The 1984-85 forecast is $1,984 million or 6.7% more than the 1984-85 Main Estimates of $29,759 million. (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The 1985-86 estimated expenditures of $32,857,000 represent a net increase of $1,114,000 or 3.5% above the 1984-85 forecast. Major items accounting for the change include:

	$000
Increases:	
• allowance for inflation	816
• maintain current levels of service to the public and provide for other library services	812
• continuation of a pilot project to test telecommunications technology for a Canadian library/information network	611
• sundry lapsed amounts	30
Decreases:	
• non-recurring funds to allow for the equalization of pay between the Library Science Group and the Historical Research Group and for the summer employment of students	(955)
• reduction in operating costs base	(200)

B. Recent Performance

1. Highlights

There are no major changes to the Program's plans for 1984-85.

Highlights of the Program's performance during 1983-84 are shown below:

- The Library completed the first phase of a pilot project to test the utility of new telecommunications technology for bibliographic data interchange, at a cost of 10 person-years and $977,000 in 1983-84. An evaluation of the project showed the feasibility of supporting a library/information network with new telecommunications technology tested or developed during the project (see page 17).

- A total of 94 development projects and tasks were completed in the schedule to develop and operate DOBIS (Dortmunder Bibliothekssystem), an on-line, bilingual data base management system for use by the National Library and other Canadian libraries (see page 16).

- Workload increases of 8% in document delivery and 5% for information delivery services were handled while maintaining existing quality and turnaround times. A reduction of .5% in the location service workload was made possible by providing Canadian libraries with decentralized direct access to the Library's data base (see page 18).

- In 1983-84, titles acquired by purchase, gift, and exchange declined by 4% overall. The number of Canadian titles received on legal deposit during the same year increased by 11% (or 1,961 titles) which was close to the increase projected (see page 21).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
National Library	29,621	29,829	(208)
Person-years	543	540	3

The difference of $208,000 or 0.7% between actual expenditures and the Main Estimates for 1983-84 results from the fact that computer processing services were less expensive than originally estimated. The extra person-year utilization was principally the result of the hiring of two summer students.

C. Background

1. Introduction

The National Library of Canada, established by Parliament in 1952, is the national institution responsible for collecting and making available those materials which comprise the Canadian literary heritage, for promoting equal access to library services and collections for Canadians, for coordinating the provision of library services in the federal government, and for administering legal deposit which requires that Canadian publishers send to the Library copies of all their new publications.

Major departmental functions include publication and distribution of the national bibliography, provision of reference, interlibrary loan and document delivery services, development and maintenance of an automated library management system and on-line data base for use by federal and other libraries, and the preservation of Canadian publications. As part of a library network that is composed of individual libraries, library consortia, regional and provincial systems which are under the jurisdiction of all levels of government and the private sector, the National Library contributes to overall planning and liaison, develops standards, and coordinates cooperative programs. Library services are provided through other libraries as well as directly to researchers using the Library's facilities on site.

2. Legal Mandate

The role of the National Library is governed by the National Library Act. Section 7 specifies the powers and duties of the National Librarian in regard to the operations of the National Library and the coordination of library services for federal libraries. Section 8 provides for the negotiation of agreements to ensure co-operation with libraries and other related institutions in respect of such services. Section 11 outlines the requirements for legal deposit of Canadian publications with the National Library.

The Library's mandate, based on the provisions of the Act, includes the development of collections to support its own services and those of other Canadian libraries, the administration of legal deposit, the provision of bibliographic, reference, interlending, systems, and network services which promote equalization of access to library and information services for all Canadians, the compilation and publication of the national bibliography, the co-ordination of federal library services, and the transfer and disposal of surplus books from other federal departments.

3. Program Objective

The objective of the National Library is to facilitate the use of the library resources of the country by the people and the Government of Canada.

4. Program Description

The Library is divided into three basic areas to achieve its objective.

Collections Management: consists of two sub-activities - Collections Development and Cataloguing.

Collections Development: is responsible for administration of legal deposit and for the development of the collections of the National Library. It also contributes to an improvement of the collection strengths of the nation's libraries by a redistribution of published materials among Canadian libraries through the Canadian Book Exchange Centre. Collections Development's responsibilities also include the acquisition of a comprehensive collection of materials published in Canada and materials to support research collections in Canadian studies, social sciences and humanities, the binding of library materials, and the micropublication and sale of theses accepted at 39 Canadian universities.

Cataloguing: creates and maintains records which describe and list Canadian publications and the holdings of the National Library. It compiles and produces current and retrospective national bibliographies of Canadiana in printed and microfiche versions; it maintains a data base of machine-readable cataloguing (MARC) records for both Canadiana and for foreign materials, and distributes these records on magnetic tape or on-line; it coordinates a pre- publication cataloguing program covering Canadian trade and official publications; it provides access to the National Library's collections by compiling and maintaining catalogues; and it develops and revises bibliographic standards.

Library Services: consists of two sub-activities - Public Services and Library Systems.

Public Services: provides reference, research, and advisory services, and increases the availability of library material in Canada. Its functions include reference and referral services to other libraries and to the public through collections as well as through automated data bases; the coordination of services for the handicapped; the documentation of current developments in library and information science; and the location and interlending of library materials and the distribution of foreign language materials to selected resource libraries. Among its other functions and responsibilities are the custody of the collections of the Library and the creation and maintenance of the manual and automated Canadian union catalogues.

Library Systems: promotes and facilitates access to information for the benefit of Canadians by providing quality, cost-effective informatics systems and services based on current technologies and techniques.

Policy Planning and Liaison: consists of a single sub- activity and includes the central management, planning and policy development for the Library, the coordination of federal government library services, provision of leadership, coordination and policy development for the developing Canadian library and information network, and the preparation of publications and exhibits related to the Library's mandate.

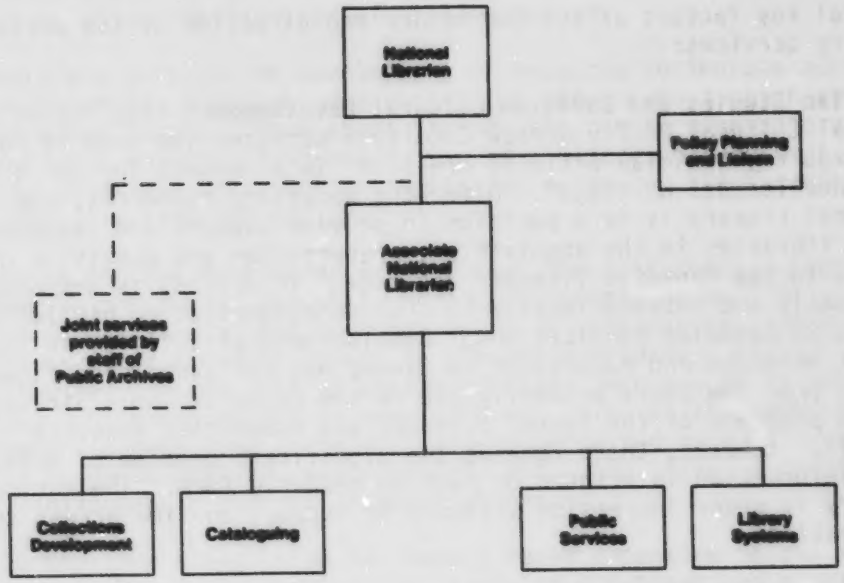
5. Program Organization for Delivery

Activity Structure: The National Library consists of only one activity, which is synonymous with the program, and comprises five sub-activities - Collections Development, Cataloguing, Public Services, Library Systems, and Policy Planning and Liaison.

Organization Structure: The National Library has its headquarters and operations located in the National Capital region. The National Librarian is the Chief Executive Officer and is responsible for all matters relating to the National Library. The National Librarian reports to the Minister of Communications.

Under the direction of the National Librarian, the Associate National Librarian supervises the operations of four branches of the National Library. Because the Public Archives provides financial, administrative, personnel, technical and internal audit services to the National Library, there is a functional relationship between the National Librarian and the Archives personnel responsible for providing these services. Planned resource utilization for 1985-86 for services peformed on behalf of the National Library is $5,137,000 and 81 person-years. Figure 3 displays the organization and resources of the Library for 1985-86.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



	Collections Development	Cataloguing		Public Services	Library Systems	Activity Total
National Library	5,088	9,920	4,567	7,920	9,462	36,957
Person-years	82	154	82	196	95	549

D. Planning Perspective

1. Environment

Several key factors affect the nature and direction of the National Library services:

Canadian Studies and Canadian Cultural Development: The report of the Federal Cultural Policy Review Committee stressed the need to root contemporary Canadian artistic creation "in a respect for our artistic and intellectual heritage". Given the necessary resources, the National Library is in a position to provide support and leadership among libraries in the acquisition, preservation and provision of access to the Canadian literary heritage. It already is depended upon nationally and internationally to provide authoritative bibliographic access to Canadian publications. Bibliographical activity in the social sciences and humanities in Canada has increased significantly in the past few years primarily due to the Research Tools Strategic Grants programs of the Social Sciences and Humanities Research Council. However, there remains the significant problem of access to this information in printed or machine readable form. The National Library is under increasing pressure to support on-line access to this information.

A major problem in the provision of access to Canadian materials is the difficulty of maintaining these collections in an acceptable physical condition. The National Library is currently cooperating with the Public Archives in the testing and use of new conservation methods to treat all incoming Canadian material to prevent its subsequent deterioration. Much more work in this area remains to be done, including an examination of the feasibility of estabishing a national program to apply new preservation methods to the unique collections in Canadian libraries.

New Technology: The development of new technology, especially in the fields of telecommunications and electronic data processing, has had a major effect on library services. Rapid advances in computer technology in the past decade have resulted in the development of automated information systems, including many developed and maintained in Canadian libraries. Other advances in telecommunications, mini- and micro-computers, microforms, videotex (Telidon), and videodisc systems are combining to render obsolete some traditional forms of access to information. Opportunities now exist to increase productivity and to provide timely, accurate, and speedy access to information held in diverse data bases and in many locations to those who need it anywhere in Canada. As planners and managers of library programs face the major challenge of adapting to a constantly changing technological environment, they will find themselves in a position to exploit the advantages of technology.

The National Library has been among the leaders in Canada in the applications development and implementation of Open Systems Interconnection (OSI) standards for libraries which permit any computer or terminal to be connected with any other in order to exchange information in a nationwide library/information network.

The Library's work in the development of networks to improve access to documentation has highlighted a variety of issues about which policy must be established. These areas include copyright, ownership of bibliographic records, third party use of bibliographic records, charging policies, distribution rights for software, transborder data flow, and file transfer policy.

Publishing and Information Access: During the past decade, there has been an impressive growth in world publishing, as well as a growing recognition of the economic value of information. These factors have had a direct impact on library workloads. First, libraries had to cope with an estimated total increase of 25 percent in world publishing output between 1970 and 1978; at the same time, as bibliographic data came to be more widely perceived as a means of getting at documentation, major efforts were undertaken to ensure world bibliographic control of publications.

At the same time, there has been a rapid expansion in the forms of documentation to include various types of databases and machine-readable publications. The growth in the content of data bases and in their increasing availability in turn increases the expectations, and supports the information needs, of all publics: as more people become more aware of specialized information services now available, they put greater pressure on libraries and related institutions for fast and accurate access to documentation. The increasing value and expense of information also puts pressure on public institutions to ensure the equalization of access to documentation in a rapidly changing environment.

Economic Climate: In recent years, inflation, devaluation of the Canadian dollar and governments' fiscal restraint have severely restricted the growth of library programs and collections. At the same time, some libraries have begun to charge for services which were previously offered free. As a result, libraries have undertaken more cooperative projects in an effort to make the best possible use of their resources.

Accommodation: Since 1967, the National Library and the Public Archives have shared a headquarters building at 395 Wellington Street. This building was intended to be the permanent headquarters for the Library and was to serve the Archives temporarily until its permanent headquarters could be built. The construction of a Public Archives

has been delayed and now both departments suffer from an acute shortage of space. National Library collections and services are at present scattered in six buildings, several of which are inadequately climate controlled. More than thirty percent of its collections are now stored outside the Library's main building and must be retrieved for patrons when requested. In addition, more than sixty percent of the department's staff also work outside the headquarters building.

2. New Initiatives

The following initiatives will be undertaken.

Reference, Location, and Document Delivery Services: A number of measures will be taken during 1985-86 to improve the effectiveness of existing services to the public. Reference and advisory services to the public will be improved by initiating formal links between the National Library and other institutions which will agree to provide information services on specialized topics. In addition, steps will be taken to ensure that the Canadian Union Catalogue contains records which provide the most effective subject and geographic coverage possible, while, at the same time, automated processes for reporting to the Catalogue will be enhanced.

Bibliographic Services: A pilot project will be undertaken with the Bibliothèque nationale du Québec to provide a Cataloguing-in- Publication service for French-language Quebec publishers.

National Plan for Canadian Library Collections Inventories: During 1984-85, the Resource Network Committee of the National Library Advisory Board developed a National Plan for Collections Inventories which is now being discussed with various sections of the library community. The implementation of this plan will involve the identification of both general research and specialized collections in Canadian libraries and will facilitate interlending, scholarly research, funding programs, and cooperative collections management and conservation programs. Collections inventories will take several years to complete and will involve various types of libraries. A directory of special collections will be prepared under contract to the National Library.

3. Update on Previously Reported Initiatives

Systems Development to Support Library Services: In 1983-84, the Library's machine-readable DOBIS data base increased in size by 21.5% and the data base was interfaced with four other systems. In 1984-85, the DOBIS Search-Only Service was introduced on a limited pilot project basis. As of September 1984, a total of 61 organizations from across Canada were using the service. At the same time, a preliminary review of the Library's automation plans was completed and priorities were reviewed. This review led to the Strategic Informations Systems Plan Project to be completed in the Spring of 1985. Based on the recommendations of the Planning Project, the Library will begin in

1985-86 to upgrade its data base and computer systems and will promote, coordinate and facilitate end-user computing.

The Library will complete the implementation of its online cataloguing systems during 1985-86, thus providing access to records for monographs, serials, government documents, music, and sound recordings acquired by the Library as well as to records prepared for authority files and for the Retrospective National Bibliography.

Networks Pilot Project: During 1982-83 and 1983-84, the Library completed Phase I of a pilot project to test the utility of new technology for bibliographic interchange. The pilot project involved a group of libraries of various sizes and types located in Ontario and Quebec, and used, as the test facility, the iNet Gateway Trial mounted and subsidized by Telecom Canada. Phase I tested the potential for linking library and information data bases and services in a bilingual environment, using hardware from a number of manufacturers and testing applications in various library sectors. Test results confirmed the technical feasibility of using an open network as the technical basis for a library/information communications network.

The second phase of this project, begun in 1984-85, centres on assessing new telecommunications technology in terms of its utility for library applications. This will include developing the necessary standards for the applications, as well as the applications themselves, in the areas of interlending, acquisitions, and directories. At the same time, the Library will be able to enhance the usefulness of its data base by increasing the number of libraries which can search the Library's data base online, by extending the on-line data base service hours to permit users from all parts of Canada to use the service during their local business hours, by interfacing the Library's system to other systems via standard computer network protocols, and by carrying out a file transfer pilot project. Costs for the second phase will total $2,979,000 over 1984-85 and 1985-86.

Service to the Handicapped: In 1984-85, a union catalogue of library materials for the visually handicapped and a register of such materials in production in Canada were developed. A computer output microform catalogue will be produced in 1985-86.

Newspaper Collections: During 1984-85, the Library began to implement a decentralized program for the improved collection, preservation, and provision of access to Canadian newspapers in cooperation with libraries and other concerned parties in interested provinces.

4. Program Effectiveness

The effectiveness of the National Library is measured principally by the degree to which it can meet the steadily growing demand for the delivery of services to the public. Basic indicators of changes in

demand in this area are the number of information requests answered or referred, the number of items loaned from the National Library's collections, and the number of locations provided for material sought through interlibrary loan. Details of these measures are provided in Figure 4.

Figure 4: Demand for the Delivery of Services to the Public

	Forecast 1984-85		Actual 1983-84		Actual 1982-83
	Volume	% Increase	Volume	% Increase	Volume
Information Delivery (requests anwered)	38,900	(8)*	42,377	5	40,417
Document Delivery (items loaned)	274,000	6	258,909	8	239,699
Location Service (requests searched)	163,000	(11)*	182,373	(.5)*	183,368

* This decrease results from the fact that patrons are now able to search the Library's data base themselves for certain information.

In addition to the general indicators of effectiveness and the ongoing performance measurement carried out by departmental managers with respect to their own programs, the National Library also relies on program evaluation in assessing its effectiveness. The function permits a deeper periodic examination of the relevance, effectiveness and impact of individual departmental programs.

In 1983, evaluation studies were completed on the effectiveness of legal deposit and of the department's public relations services. The findings were summarized in the 1984-85 Expenditure Plan. As a result of the first study, alternative means of enhancing and maintaining publishers' awareness of deposit requirements began implementation during 1984-85. As a result of the evaluation of public relations services, improvements to the Library's advertising campaign are now being made.

Other evaluations, which were to have been carried out in 1983-84 and 1984-85 at the rate of one or two per year, have been delayed in order to use the existing program evaluation resources and staff to carry out the evaluation of the first and second phases of the Networks Pilot Project (see page 17).

5. Performance Information/Resource Justification

This Activity involves five major workload areas which are Collections Development, Cataloguing, Public Services, Library Systems, and Policy Planning and Liaison. Workload indicators for the first four of these areas have been summarized in Figure 5 and the resource allocations for all five are shown in Figure 6.

Figure 5: Major Outputs of the National Library (000's)

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83
Measures of Output	Volume	% Change	Volume	% Change	Volume	% Change	Volume
Collections Development							
Titles acquired by legal deposit	23.9	12	21.3	10	19.4	11	17.4
Monographs acquired by purchase, gift, or exchange	14.8	-	14.9	-	14.9	(4)	15.6
Cataloguing							
Number of records created	92.7	3	90.0	(1.8)	91.6	5	86.9
Number of records distributed	3,711.0	3	3,603.0	(5)	3,792.2	(6)	4,054.7
Public Services							
Reference requests answered	39.0	.3	38.9	(8)*	42.4	5	40.4
Library material circulated	275.0	.4	274.0	6	258.9	8	239.7
Interlibrary loan requests answered	165.0	1	163.0	(11)*	182.3	(.5)*	183.4
Library Systems							
On-line transactions	30,054.0	19	25,261.0	13	22,292.7	20	18,525.0
User entities	.182	24	.147	48	.099	43	.069

* This decrease results from an increased direct use of the Library's on-line data bases (see statistics on increases in on-line transactions under Library Systems).

Figure 6: Resource Allocation by Workload Area ($000)

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Collections Development	5,088	82	4,844	77.5	4,685	76	4,247	79
Cataloguing	6,920	154	6,955	150.5	6,372	153	6,052	161
Public Services	7,820	195	7,778	198	7,525	201	6,428	192
Library Systems	8,462	66	8,144	64	7,107	64	5,758	64
Policy Planning and Liaison	4,567	52	4,022	50	3,932	49	3,568	53
	32,857	549	31,743	540	29,621	543	26,053	549

Collections Development: The effectiveness of National Library collections depends on their growth in both quantity and quality to meet two needs: the need to provide a central guaranteed source for material on Canada or by Canadians to support research, decision-making, and cultural development in Canada, and the need to strengthen and supplement libraries and other information centres which are providing document delivery services to Canadians.

The preservation of the nation's printed heritage and the provision of National Library services are directly dependent on the resources provided for the systematic acquisition of materials published in Canada, materials published abroad relating to Canada and materials in the social sciences and humanities. Legal deposit continues to provide a very significant portion of Canadian materials to enrich the collection. However, the funds allocated for the book purchase account have remained constant. This fact, coupled with increasing prices, has resulted in a reduction of new titles purchased. Since the collection of the National Library has been developed for 30 years it has reached a maturity in certain subjects which places it among the leading research libraries in Canada. This fact, in turn, requires greater expertise in the selection and acquisition processes to maintain research collections on an advanced level. An analysis of collection growth is included in Figure 7.

Figure 7: Collections Growth, 1982-83 to 1985-86

Item	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Canadian titles acquired				
Legal deposit	23,900	21,300	19,381	17,420
Federal and provincial government publications	15,000	15,500	10,684	13,153
Theses and miscellaneous publications	6,600	6,300	5,306	5,645
Purchased titles	2,100	2,200	2,188	1,849
Foreign titles acquired				
Purchases	8,500	8,700	8,823	10,937
Gifts	2,100	2,000	1,906	1,888
Exchanges	2,100	2,000	1,958	923
Serials titles received				
Canadian	14,700	13,800	12,930	12,000
Foreign	6,900	6,500	6,121	5,717
Expenditures for purchase of materials for the collection	$1,725,000	$1,725,000	$1,653,000	$1,628,000
Expenditures for special purchases	-	-	333,782*	-

* This amount represents an extra expenditure in 1983-84 only for the purchase of a special collection of library material.

Cataloguing: The major outputs in this area are bibliographic and associated records created for the national bibliographies (Canadiana) and for the catalogue of the National Library's collections. These outputs contribute directly to the development and operation of a bibliographic communication network, the sharing of increasingly costly library resources, and the identification and interpretation of Canada's printed heritage. All of these depend upon access to well- researched standardized bibliographic information about Canadian and foreign library materials. Libraries can substantially reduce the time and effort required for selecting, ordering, cataloguing or borrowing all library materials by using the standardized bibliographic data created and distributed by the National Library from its computerized bibliographic data bases.

A summary of total output (records produced and records distributed) and a summary of resource allocation for Cataloguing are shown in Figure 5 and Figure 6.

A program evaluation of the Library's national bibliographic services is planned to begin in late 1984-85 and to be completed in fall 1985-86.

Public Services: The major measures of outputs in this sub-activity are the number of information requests answered or referred, the number of items loaned from the National Library's collections, and the number of locations requested for material sought through interlibrary loan. These three outputs result from external requests from other libraries, federal governmental departments, and from the public. Details of outputs and resources are provided in Figures 5 and 6 respectively.

Library Systems: As in 1984-85, planning and development in the systems area in 1985-86 will centre around the review of the Library's systems and data bases. The present system, DOBIS, will be examined from the point of view of the feasibility and costs of adapting it to the rapidly changing information service environment and to the new technologies being developed to meet service needs. Alternatives to the current systems will be considered and appropriate modifications will start to be implemented. Growth in demand for the Library's systems services is analyzed in Figure 8. The nature of the information provided in this Figure has changed from last year to provide readers with more appropriate performance information.

Figure 8: Demand for Systems Services 1982-83 to 1985-86

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Number of entities using the system	182	147	99	69
Ratio of National Library use of the system to use by other libraries*	1.3:1	1.6:1	2:1	2.5:1
Total on-line transactions	30,054,000	25,261,000	22,292,699	18,525,000
Products produced from system **	75	65	55	29
Number of records in data base	3,800,000	3,400,000	3,081,918	2,527,372

* The change in this ratio reflects the increased use being made of the Library's data base by other institutions to obtain cataloguing copy, location information and bibliographic data.

** Typical products produced by the System are microfiche catalogues of library collections, hard-copy publications such as union lists of serials, and lists of recent acquisitions.

Policy Planning and Liaison: The major responsibility of this sub-activity during 1985-86 will be to continue to develop policies regarding the role which the Library will play in the developing library networks in Canada and abroad. Staff will continue assessments, on a trial basis, of the potential of new telecommunications technologies for use in bibliographic network development. Consultations will continue with the Council of Federal Libraries as part of the preparation of a document clarifying the role of the National Librarian in the coordination of federal government library services. In addition, the Library will continue to refine its communications with its clients to ensure that they receive accurate and timely information on the full range of National Library services. During 1985-86 work will begin on the improvement of the departmental records management system.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

National Library expenditures by object are presented in Figure 9.

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	16,649	16,437	15,553
Contributions to employee benefit plans	2,331	1,976	2,181
Other personnel costs	186	186	146
	19,166	18,599	17,880
Goods and Services			
Transportation and communications	1,141	958	826
Information	747	715	478
Professional and special services			
Computer services	4,682	4,492	3,675
Other services	3,121	2,994	2,450
Rentals	674	617	719
Purchased repair and upkeep	323	301	153
Purchase of books and other material	2,003	2,003	2,247
Other utilities, materials and supplies	661	590	633
All other expenditures	68	83	53
	13,420	12,753	11,234
Total Operating	32,586	31,352	29,114
Capital	229	354	479
Transfer Payments	42	37	28
Total expenditures	32,857	31,743	29,621

2. Personnel Expenditures

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Executive	7	7	7	50,350 - 96,300	63,036
Senior Management	4	3	3	50,350 - 96,300	56,314
Scientific and Professional					
Library Science	207	216	216	19,782 - 50,712	33,252
Other	3	-	-	- -	35,466
Administrative and Foreign Services					
Administrative Services	13	15	15	13,912 - 57,987	36,603
Computer System Adminis.	32	33	30	18,766 - 61,433	36,215
Information Services	7	7	8	13,579 - 57,980	41,035
Organization and Methods	2	2	2	13,520 - 57,980	38,774
Technical and Operational					
Social Science Support	50	52	45	12,635 - 57,764	29,433
Other	3	3	2	- -	24,114
Administrative Support					
Clerical and Regulatory	190	183	194	12,932 - 31,743	22,103
Secretarial	25	13	13	12,636 - 31,946	22,181
Other	6	4	4	- -	26,453
Summer Students	-	2	2	- -	-

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 11: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
International Federation of Library Associations	11	10	9
International Serials Data System	31	27	19
	42	37	28

B. Cost Analysis

Figure 12: Net Cost of Program for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Costs	Deduct Revenue	Net Costs	Total 1984-85
National Library	32,857	10,190	43,047	1,433	41,614	37,407

Note: The "Other Costs" column above includes $4,602,000 for accommodation provided by the Department of Public Works, $5,137,000 for administrative services provided by the Public Archives, and $451,000 for Treasury Board contributions to various employee insurance plans and other sundry services provided without charge by Supply and Services Canada and Labour Canada.

C. Revenue Analysis

Figure 13: Revenue by Class ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Computerized library services	1,288	1,072	820
Canadian university theses program	130	127	107
Sundry	15	16	14
Total revenue collected by the National Library	1,433	1,215	941

Note: Revenues for computerized library services result from charges made to libraries for their use of DOBIS, from the sale of national bibliographic products such as Computer Output Microfiche (COM), and of machine-readable tape, and from subscriptions to the MARC (Machine-Readable Cataloguing) Records Distribution Service. Revenues for the Canadian Theses Program consist of charges for filming and for the purchase of university theses on microfiche or microfilm. Sundry revenues are those connected with charges for various on-line information services.

National Museums of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Museums of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more detail on items of particular interest.

It is to be noted that the objectives of each activity as well as the titles of the functions at the sub-activity level have been changed from those in last year's Expenditure Plan. These changes were undertaken to better address and reflect the active role of the National Museums in both understanding their collections and communicating them to targetted audiences.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $69,660,000 in support of the National Museums of Canada in 1985-86. The remaining expenditures, estimated at $5,204,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	National Museums of Canada		
75	Operating expenditures	60,807	56,500
80	Grants and contributions	8,853	8,568
(S)	Contributions to employee benefit plans	5,204	4,449
	Total Program	74,864	69,517

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Museums of Canada	
75	National Museums of Canada - Operating expenditures, including an amount of $2,045,000 for the purchase of objects for the collection of the Corporation in the 1985-86 and 1986-87 fiscal years and authority to spend revenue received during the year from the sale to the public of books, pamphlets, replicas and other material related to the purposes of the Corporation	60,807,300
80	National Museums of Canada - The grants listed in the Estimates	8,852,700

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer Payments	Sub-total	Less: Revenues credited to the vote	Total	
Corporate Management	15	1,583	30	-	1,613	-	1,613	1,434
National Gallery of Canada	141	9,488	156	1	9,645	520	9,125	8,520
National Museum of Man	192	11,803	117	-	11,920	200	11,720	10,968
National Museum of Natural Sciences	127	8,329	816	-	9,145	275	8,870	7,719
National Museum of Science and Technology	96	5,325	95	-	5,420	105	5,315	5,041
National Programmes	170	12,561	364	8,852	21,777	-	21,777	21,049
Corporate Services	302	16,102	342	-	16,444	-	16,444	14,786
	1,043	65,191	1,920	8,853	75,964	1,100	74,864	69,517

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Section I
Program Overview

A. Highlights

The major priorities for 1985-86 are:

- to define, rebuild and project into the future the vital museological and operational core of the National Museums of Canada (see page 13);
- to enhance the national presence of the National Museums of Canada and strengthen its role of leadership, particularly in the areas of conservation and the education of museum professionals (see page 13); and
- to work toward the goal of improved physical facilities in which the collections can be safely housed and displayed (see page 14).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86			Forecast 1984-85	Change	For Details See Page
	Expenditures	Revenues Credited to Vote	Net Expenditures			
Corporate Management	1,613	-	1,613	1,538	75	16
National Gallery of Canada	9,645	(520)	9,125	9,432	(307)	19
National Museum of Man	11,920	(200)	11,720	11,568	152	26
National Museum of Natural Sciences	9,145	(275)	8,870	7,722	1,148	31
National Museum of Science and Technology	5,420	(105)	5,315	5,214	101	37
National Programmes	21,777	-	21,777	21,272	505	42
Corporate Services	16,444	-	16,444	16,403	41	48
	75,964	(1,100)	74,864	73,149	1,715	
Person-years			1,043	1,055	(12)	

Explanation of Change: The major items contributing to the increase of $1,715,000 or 2.3% in the 1985-86 requirements over the 1984-85 forecast are:

• provision for inflation;	$2,224,000
• cost of the summer employment initiatives for students;	($262,000)
• other miscellaneous decreases	($247,000)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $73,149,000, 5.2% higher than the 1984-85 Main Estimates of $69,517,000 (Extracts from Part II of the Estimates, page 4). The difference of $3,632,000 reflects the following major items:

• A Supplementary Estimate of $2,445,000 for new accommodation and for the Canadian Heritage Information Network (CHIN):	
- An increase in resources for the planning and control of the moves into the new National Gallery, Museum of Man and National Aviation Museum	$1,073,000
- An increase in resources to improve other essential accommodations	$1,145,000
- An increase in resources related to the conversion of client museum records to the new PARIS computer system	$ 227,000
	$2,445,000
• Increased resources for Summer Student and Youth Employment initiatives and for Implementation Assistance for improved management practices and controls (IMPAC)	$ 342,000
• Carryover of unspent portion of 1983-84 budget for acquisition of artifacts and works of art	$ 845,000

C. Background

1. Introduction

The National Museums of Canada (NMC) is a departmental Crown corporation governed by a Board of Trustees reporting to Parliament through the Minister of Communications. The Corporation is a national leader in the Canadian community of museums and galleries, whose common goal is the preservation, understanding and appreciation by Canadians of the objects which form the tangible record of our nation's heritage.

The National Museums of Canada shares common interests and functions with other federal custodial institutions and branches of government such as the Public Archives, the National Library, Parks Canada and other federal departments which hold heritage collections.

2. Legal Mandate

The National Museums Act (1968) describes the purpose of the National Museums of Canada and specifies that the Corporation shall comprise:

- a museum of fine arts;
- a museum of human history;
- a museum of natural history;
- a museum of science and technology; and
- such other museums as may be approved by the Governor in Council.

The National Museum Policy (1972) confirmed and extended the mandate of the Corporation and resulted in the creation of the National Programmes (see page 42).

3. Program Objective

The National Museums of Canada has been directed by the Government of Canada through the National Museums Act and subsequent policy directives: "to demonstrate, and to assist others to demonstrate, the products of nature and culture, with particular but not exclusive reference to Canada, so as to increase interest in and to disseminate knowledge of Canada's natural and cultural legacy for the enrichment of present and future generations".

To achieve this objective, the Corporation has adopted the following sub-objectives:

- to record, preserve and understand and to assist others to record, preserve, and understand the national heritage by developing, researching and maintaining collections of objects and information in accordance with generally accepted museological standards and practices;

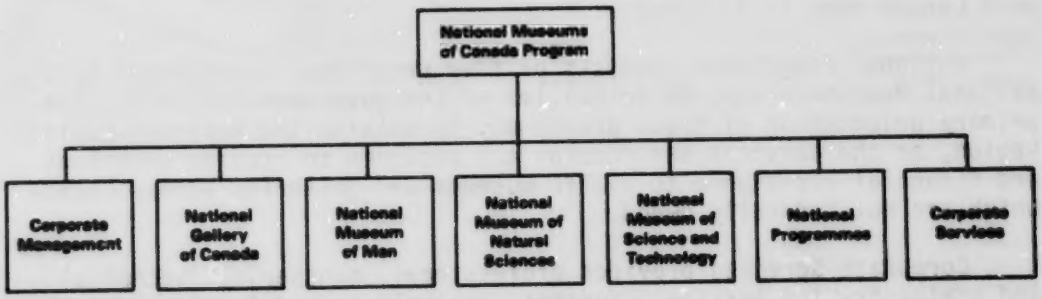
- to communicate and to assist others to communicate knowledge of the national heritage by making objects representative of this accessible and by interpreting them to Canadians and to people around the world who seek to understand Canada, in accordance with generally accepted museological standards and objectives; and

- to obtain and manage the resources necessary to ensure that the collections are protected and preserved and that the mission and objective of the Corporation are attained.

4. Program Organization for Delivery

Activity Structure: The National Museums of Canada comprises seven activities. These activities, illustrated in Figure 2, are presented in more detail in Section II, Analysis by Activity.

Figure 2: Activity Structure



Organization Structure: The National Museums of Canada was established by the National Museums Act (1968) as a Crown corporation headed by a Board of Trustees. The Chairman of the Board, the Trustees, the Secretary-General and the Museum Directors are Governor in Council appointees. The Secretary-General of the Corporation, who has the delegated authority of a deputy head, directs and manages the business of the Corporation on behalf of the Board of Trustees. The Secretary-General is also Vice-Chairman of the Board. The Corporation reports to Parliament through the Minister of Communications.

The role of the Board of Trustees is to define objectives, set priorities, formulate policies, and ensure that these policies are carried out in keeping with regulations passed by Parliament and the government.

The Board is composed of a Chairman, a Vice-Chairman, and 12 other members, two of whom are ex officio - the Director of the Canada Council and the President of the National Research Council. The Chairman and Vice-Chairman are appointed by the Governor in Council for terms of not more than five years. The other members are appointed by the Governor in Council for terms of not more than four years. The Trustees come from various backgrounds and are broadly representative of all geographic regions of the country.

Corporate Management comprises the Board of Trustees and the office of the Secretary-General which includes the Internal Audit and Program Evaluation Directorates.

In the National Capital, the National Museums of Canada operates four national museums: the National Gallery of Canada, the National Museum of Man (including the Canadian War Museum), the National Museum of Natural Sciences and the National Museum of Science and Technology (including the National Aviation Museum). These Museums collect and demonstrate to Canadians and international visitors the fine arts, human history, natural history, and science and technology which have made Canada what it is today.

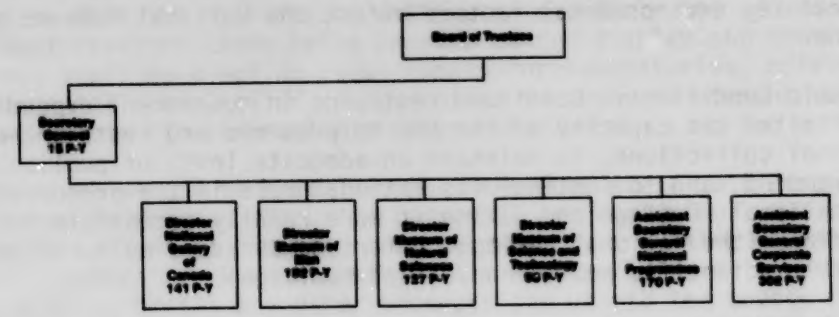
National Programmes consists of five programmes established by the National Museum Policy, an initiative of the government in 1972. The primary orientation of these programmes is outside the National Capital Region, as the services and funding are designed to provide technical and financial assistance to public museums and galleries across Canada which are not federally owned.

Corporate Services provides professional, managerial, technical and administrative services, systems, controls and advice to the entire NMC. The service directorates within this Activity include: Planning and Management Services, Architectural Services, Finance, Personnel, Administration, Information, Publishing, Library and Security.

Although the four National Museums, National Programmes, Corporate Services and Corporate Management are completely separate entities within the NMC, there is a constant exchange of advice, expertise, services and information.

Figure 3 shows the relationship of the activity structure to the organizational structure.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



								Total Activity
Corporate Management 15 P-Y	1,813	–	–	–	–	–	–	1,813
National Gallery of Canada 141 P-Y	–	9,125	–	–	–	–	–	9,125
Museum of Man 192 P-Y	–	–	11,720	–	–	–	–	11,720
Museum of Natural Sciences 127 P-Y	–	–	–	8,570	–	–	–	8,570
Museum of Science and Technology 90 P-Y	–	–	–	–	5,315	–	–	5,315
National Programmes 170 P-Y	–	–	–	–	–	21,777	–	21,777
Corporate Services 302 P-Y	–	–	–	–	–	–	18,444	18,444
Total	1,813	9,125	11,720	8,570	5,315	21,777	18,444	74,884

D. Planning Perspective

1. Environment

Several key environmental factors affect the National Museums of Canada.

Economic Conditions: Continued restraint in government expenditures has limited the capacity of the NMC to preserve and restore the national collections, to maintain an adequate level of public programming, and to continue its national role in the preservation of the national heritage and making it more readily accessible to Canadians (the national heritage refers to Canada's cultural, artistic, natural, scientific and technological heritage).

Social Climate: Growth in demand by Canadians for cultural and scientific knowledge has resulted in greater opportunities for museums to capture the public imagination. Museums can contribute to the continuing development of a national awareness and a stronger interest in things Canadian.

Accommodation Pressures: The present accommodation situation of the National Museums is critical. The collections of any museum are fragile, and housing them safely in environmentally controlled facilities is a key objective. Without adequate preventive measures, no amount of conservation treatment can preserve the collections for public use.

The government has approved a building program that may solve several long standing accommodation problems of the Corporation and has created a Crown corporation, the Canada Museum Construction Corporation (CMCC), whose sole responsibility is to build new buildings to house the National Gallery of Canada and the National Museum of Man. The government has also approved funds to construct a new National Aviation Museum. An opportunity has arisen for the National Museum of Natural Sciences to convert into public display space the portion of the Victoria Memorial Museum Building to be vacated by the National Museum of Man while at the same time Public Works Canada is planning construction of new facilities for that Museum to consolidate its curatorial activities. Further, there is a recognized need for an expansion of the public display space at the National Museum of Science and Technology, and for the relocation of the Canadian War Museum, necessitated in part by the plans for the new National Gallery.

The construction costs of the new buildings are not part of NMC resources. However, these accommodation plans have a direct impact on human and financial resources of the NMC. Senior management, professional staff and planning teams are preoccupied with the crucial problems of identifying and expressing their requirements to the CMCC, whose responsibility it is to direct the architects. Public

programming staff must develop themes for the halls, designs for exhibits, ways to improve and broaden the educational impact of programs and means to welcome more people to the new buildings. Registrars and curatorial staff must clear up backlogs in collections management so that the transfer of artifacts is orderly and secure. Curators must research items being considered for display and other professional staff must define requirements for laboratories, offices and environmentally controlled storage areas in order to prevent damage during the move and to ensure their proper display.

Administrative and technical support services are also finding their workload increased. Security personnel are designing sophisticated systems to minimize the requirements for extra staff in the new accommodation. Workshop staff will eventually have to prepare mock-ups, models, crates and other products for use in the moves. The personnel and financial functions are affected by staff and resource reallocations. Administrative staff are directing their attention to defining the coordination procedures necessary for a smooth move.

2. Initiatives

To meet the challenges of a difficult economic climate, a positive social climate, and the building of new and improved facilities previously described, the National Museums of Canada will continue several initiatives begun in 1984-85 in the following areas:

Vital Core: Over the last two years, it has become increasingly clear that NMC must examine and determine what constitutes the vital museological and operational responsibilities within NMC and the minimally acceptable level of service for each of these. The Corporation has undertaken and will continue a full review of its operations to identify this vital core of responsibilities and the minimally acceptable level of service. This will cost $227,000 in 1985-86. The results of this study should be known in the early months of 1985-86.

National Presence and Leadership: Canada's four national Museums were brought together as the National Museums of Canada in 1968. The individual museums, based in the National Capital, tended to see their role as one of serving residents of and visitors to the National Capital. In varying degrees and with limited resources, they nevertheless operated outreach programs for other parts of Canada. The new National Museums Corporation extended this further with its National Programmes, developed in the wake of the 1972 National Museum Policy on decentralization and democratization.

Despite these efforts and despite continuing improvement, the National Museums of Canada has not, to date, succeeded fully in having a truly national presence and impact. The level of NMC activity across Canada has been uneven and, perhaps because of this, recognition and

acknowledgement have been similarly uneven.

Having recognized this, NMC management decided to develop a strategy for increasing the national presence and leadership of the National Museums of Canada. This strategy, which contains a general approach and specific recommendations, has been brought forward to the Board of Trustees and will be implemented in 1985-86.

Improving Physical Facilities: Although the acquisition of new buildings requires capital funding, developmental resources are also required to: plan the museological requirements of the new facilities; prepare exhibitions; inventory the collections; ensure that environmental controls are operating effectively and provide conservation treatment where needed; and transfer collections to new buildings.

The work is not confined only to the individual Museums and administrative support. The Canadian Conservation Institute (CCI) and the Canadian Heritage Information Network (CHIN) within the National Programmes are providing assistance to the National Museums in the areas of conservation and inventorying of collections. Thus, this initiative will affect practically every part of the Corporation over many years.

Until the new buildings open, Museums will be assigning on a full time basis up to 20% of the existing total work force to the tasks associated with the building program. Additional resources will be assigned on a temporary or part-time basis.

3. Program Effectiveness

Criteria for measuring the effectiveness of the National Museums Program must be related to its basic mission, as stated earlier, which consists of safeguarding the products of nature and culture, demonstrating the products of nature and culture, and assisting others to safeguard and demonstrate the products of nature and culture.

The National Museums of Canada is committed to the systematic evaluation of its Program based on a five-year evaluation plan begun in 1983-84. This plan identifies three evaluation components: dissemination, exhibition and assistance to others. The first two relate to the second Program obejctive and the third to the third Program objective. Criteria for evaluation are based on the extent to which program outputs have a societal impact and effect.

The four Museums are evaluated separately on exhibitions, the dissemination function (school programs, publications, etc.) and the assistance provided to other museum professionals and the public. These evaluations measure the extent to which the intended themes of

exhibitions and dissemination activities are communicated, the degree of public support for NMC products and services (attendance, repeat visits, purchases, donations, etc.) and the degree to which NMC activities assist other museum professionals and the public. Internal activities such as researching and collecting are considered when determining which issues are to be evaluated within these programs.

The four programs within the National Programmes Activity are also evaluated independently: the Canadian Conservation Institute, the Canadian Heritage Information Network, Museums Assistance Program and Mobile Exhibits. These evaluation studies assess the extent to which each of the programs contributes to its stated objective. Basic issues are the rationale of the program, impacts and effects, the acheivement of expected results and the consideration of alternatives.

Evaluation studies currently underway include the exhibitions programs in the National Museum of Man and the National Gallery; dissemination activities within the National Museum of Natural Sciences; and the impact of implementing cost recovery alternatives for the Canadian Heritage Information Network. The findings of these studies will be reported when they become available.

In the meantime, an overall indication of NMC effectiveness is the degree of public support for its communications function. Figure 4 reveals public support of the NMC through the number of people across Canada who come into contact with the National Museums (page 71 provides a listing and the location of the National Museums). The degree of public contact will drop slightly in 1985-86 due to the resources that will be redirected towards preparations for the new accommodation.

Figure 4: Public Contact across Canada in Numbers of People

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Permanent/special exhibits[1]	2,135,000	2,142,000	2,165,730
Travelling exhibits[2]	60,000	270,000	194,980
Mobile exhibits	274,000	280,000	287,524
Educational programs	160,500	158,500	150,816

[1] In 1984-85, this figure, which represents the total number of visitors to the National Museums, included public contact through mobile exhibits, which is now shown separately. It should also be noted that because both the Museum of Natural Sciences and the Museum of Man are located in the Victoria Memorial Museum Building, it is assumed that each visitor entering the building visits both Museums.

[2] Information is not currently available for the National Museums of Natural Sciences and Science and Technology.

Section II
Analysis by Activity

A. Corporate Management

Objective

To direct, audit and evaluate the operations of the National Museums of Canada by defining the mission and objectives, formulating policies and ensuring that these policies are implemented.

Resource Summary

The Corporate Management Activity accounts for approximately 2.1% of the net 1985-86 Program expenditures and 1.4% of the person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Corporate Management	1,613	15	1,538	16	1,204	15

The breakdown of the total activity expenditures is $686,000 for personnel costs, $665,000 for professional and special services, and $262,000 for other costs.

Description

Corporate Management comprises the Board of Trustees, the Secretary-General and those advisory, audit and evaluation operations that provide support to the Board of Trustees and to senior management for the coordinated attainment of corporate objectives.

The Board of Trustees formulates and reviews the objectives of the Corporation, determines the general policies of the Corporation, and determines and oversees the execution of the global strategies.

To enhance the Corporation's national presence and to maintain a balanced view of regional and provincial concerns, the Board of Trustees makes regional visits and attends various museological functions. Members of the Board participate in Board committees, including consultative committees to the activities of NMC, and attend parliamentary committees as required.

The Secretary-General, as the Chief Executive Officer of the Corporation, is responsible to the Board for ensuring that its policies are carried out. He has, on behalf of the Board, responsibility for the direction and management of the business of the Corporation, and is accountable to the Board for the exercise of the powers of the Corporation as stated in Section 5 of the National Museums Act in all matters that are not, by the Act or the By-laws, specifically reserved to the Board, a committee of the Board or a Director of a National Museum.

Internal Audit performs comprehensive, financial and legislative audits of all the activities of the National Museums of Canada according to a five-year plan.

Program Evaluation examines and addresses issues such as program rationale, societal impacts and effects, objectives achievement and alternatives in accordance with the Corporation's Program Evaluation Policy and five-year plan.

Performance Information/Resource Justification

Figure 6 shows the ratio of Corporate Management person-years and operating costs to the Program total.

Figure 6: Relationship of Corporate Management Expenditures ($000) and Person-Years to Net Program Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
NMC	74,864	1,043	73,149	1,055	68,914	1,051
Corporate Management	1,613	15	1,538	16	1,204	15
% of total	2.1	1.4	2.1	1.5	1.7	1.4

Of specific concern for 1985-86 are: the development of a resource strategy to ensure that corporate strategic objectives are met, particularly the improvement of collection, curatorial and exhibit facilities of the Museums and vital core matters for all of the Corporation; the formulation of a marketing approach in the Corporation in order to ensure national presence through existing and future programs and undertakings such as regional visits, media coverage, and attendance at various museological functions; and the initiation and approval of policies as required for the efficient management of the Corporation, including: a long-range planning orientation; a Trust Account Policy to establish how donations can best be used by the Corporation; and a Corporate Policy on Volunteers and Friends to set standards for their involvement in affairs of the National Museums of Canada.

B. National Gallery of Canada

Objective

The National Gallery has three objectives. The first is to record, preserve and understand the cultural heritage through the fine arts in order to enrich the lives of present and future generations.

The second is to communicate, and to assist others to communicate, information and knowledge in order to foster understanding and appreciation of the national cultural heritage and to encourage and enrich the art experience.

The third is to direct and manage the overall resources of the Gallery in pursuit of its objectives and to assist in the management of NMC as a whole.

Resource Summary

The National Gallery Activity accounts for approximately 12.2% of the net 1985-86 Program expenditures and 13.5% of the person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, preserve and understand	4,432	54	5,061	53	3,517	53
Communicate	3,014	40	2,749	42	2,615	41
Manage	2,199	47	2,142	47	2,015	47
Total gross expenditures	9,645	141	9,952	142	8,147	141
Less: Revenue credited to the Vote	520	-	520	-	559	-
Net expenditures	9,125	141	9,432	142	7,588	141

The breakdown of the net activity expenditures is $5,580,000 for personnel costs, $1,500,000 for the acquisition of works, $574,000 for transportation and communications, $739,000 for professional and special services, $450,000 for utilities, materials and supplies, and $282,000 for other costs.

This Activity generates, through its publications and boutiques, approximately $520,000 of revenue which is available for use by the Program through vote netting.

Description

The National Gallery of Canada is a national museum of international stature that records, preserves, seeks to understand and communicate collections of objects and related knowledge in the fields of the fine and decorative arts.

The Gallery is divided into three basic functions: record, preserve and understand; communicate; and manage.

Record, Preserve and Understand: The collecting patterns of the Gallery have been based on the realization of certain principles: the necessary inter-relationships between art made in Canada and art made in other countries, between contemporary and historical art, and among the various media.

The record, preserve and understand function comprises the following operational areas: curatorial, registration, restoration, conservation and the operation of a research library, known as the Canadian Visual Arts Study Centre. The function is charged with developing an historical record of Canada's national visual arts heritage and situating it within an international cultural tradition, by systematically acquiring and preserving the collections. An integral part of this responsibility is the maintenance of documentary records on the condition and cultural and historical origins of the objects collected, in order to promote a more thorough understanding of Canada's heritage. The function, particularly through the Canadian Visual Arts Study Centre, also provides a major study and teaching resource for Canadian and international artists, scholars and students, and interested members of the public.

Research is carried out by staff for many purposes, but is primarily directed towards understanding how art has been used to give form to creative forces within our society. The results of this research are directed towards the display of the collections, the organization of special exhibitions and, as well, are communicated as information about art through publications, radio, television and film, video and other audio-visual techniques.

Communicate: The National Gallery makes its collections of more than 39,000 works of art and related knowledge accessible to national and international audiences through its displays of the permanent collection and special exhibitions, education services, publications, and public and media relations.

Knowledge about the Gallery's collection is communicated through interpretative displays of the permanent collections in a thematic or sequential manner to be seen and experienced by all visitors to the Gallery. For visitors from other countries, it is the national showcase of Canada's visual arts heritage. In addition, special exhibitions based on all aspects of the collection are organized and shown in Ottawa and at institutions across Canada and abroad. Works from the collection are also loaned to Canadian and foreign institutions.

Manage: This function provides overall guidance and direction to the Gallery's work. Included are projects related to the new building and essential administrative services. Technical services are provided in support of the collections, conservation, and public programming areas. These services include installations, design and photographic services.

Performance Information/Resource Justification

Record, Preserve and Understand: Figure 8 shows the number and value or historical cost of acquisitions between 1983-84 and 1985-86, divided between purchases and gifts. As well, the number of works of art to be restored or conserved before the move into the new building is identified. Also related to this function is the organization and transfer of the records of the Gallery's collections to the Canadian Heritage Information Network (CHIN) (see page 43) and the physical inventory of works of art. The size of the total CHIN data base and the number of revisions and additions of records remaining to be entered is also identified. It should be noted that revisions to CHIN involve eliminating duplicate records, thereby affecting the total size of the data base.

Figure 8: Selected Workload and Level of Service Indicators in Record, Preserve and Understand

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Acquisitions			
Purchases	250	225	237
- historical cost	$1,500,000	$2,380,000	$993,000
Gifts	50	50	69
- value	$1,000,000	$1,500,000	$1,120,000
Conservation/Restoration			
Works of art restored/conserved	450	354	592
Works of art examined/documented	1,223	1,104	2,642
Registration			
Total data base (documents, not objects)	37,250	36,750	36,250
Backlog of records for CHIN			
Revisions of existing records in data base	5,000	15,000	19,750
Additions to the data base	11,000	16,000	17,500

Over the years important factors influencing acquisition matters have included the amount of funds available, the multiple stage approval process required for spending of those funds, the philosophy and expertise of the Director and curators, opportunities offered by the art market and the purchasing power of the dollar. As the Gallery's acquisition budget has remained constant at $1.5 million for over a decade while prices in the international art market have increased dramatically, the Board of Trustees and management recently completed a major review of its acquisition policy to ensure that funds were directed into those collecting areas of highest priority.

Communicate: Figure 9 identifies the degree of public contact by the National Gallery in making its collections accessible to all Canadians.

Figure 9: Selected Workload and Level of Service Indicators

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Exhibitions			
Exhibition attendance			
Ottawa	270,000	275,000	292,926
Travelling exhibitions	20,000	150,000	92,980
Number of Ottawa exhibitions	2	7	14
Number of Canadian centres visited by travelling exhibitions	2	23	18
Loans			
Number requested by other institutions	250	280	390
Number made to other institutions through travelling exhibitions	82	567	487
Publications			
Sales items - titles	8	10	9
- no. of copies printed	n/a*	30,100	33,000
Education services			
Talks conducted	160	150	89
Mini-talks conducted	98	98	96
Tours conducted	2,200	2,000	1,883
Special events organized	35	30	20
Publications produced	28	11	17

*not available

In addition to the information in Figure 9, the National Gallery produces catalogues of its permanent collections. The Canadian collection catalogue (A-F) will be edited in 1984-85 and sent for typesetting and printing in 1985-86. The text for Volume 1 of the European collection catalogue (1300-1800) will be typeset and printed in 1984-85 and the plates for this catalogue will be printed in 1985-86.

Over the next three years, the number of exhibitions and publications will be reduced in order to direct resources toward interpreting the permanent collection and preparing for new accommodation. The Exhibitions Division will be involved in planning and scheduling a program for the new facility with substantially increased special exhibition space and two and one-half times the total gallery area of the current National Gallery. Education Services will be largely responsible for maintaining a high level of activity in the Lorne Building where the National Gallery is presently housed. The production of exhibition catalogues will decrease and publications resources will be focussed on catalogues of the permanent collection, which are a long-term project.

Manage: Expenditures for the manage function, excluding Technical Services, will account for approximately 7.6% of the National Gallery's net budget in 1985-86.

In addition to its on-going pursuits, the manage function will carry out specific projects required for the new building's planning and design. Of specific concern for 1985-86 is the new building liaison and project planning and coordination which is a five-year project that began in 1982-83. These projects include producing scale models of galleries to test systems such as lighting and circulation; reviewing, revising, and refining the building program in response to design, costs and technology; planning, coordinating, and controlling large exhibition projects for the new building; maintaining an archival record of the entire building project; and coordinating a public relations master plan throughout the planning and construction phases.

The demands for support and service responsibilities as a direct result of the new building grow daily. Over the next few years the tasks include the following: assigning personnel according to priorities; providing procurement and inventory controls; effecting the necessary changes to administrative systems and processes; and maintaining the most economical, efficient and effective security system in the new building.

Figure 10 shows the relationship of the manage function's expenditures and person-years to the net activity expenditures and person-years.

Figure 10: Relationship of Expenditures ($000) and Person-Years of Manage Function to Net Activity Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Manage (excluding Technical Services)	692	18	675	18	682	18
Net National Gallery	9,125	141	9,432	142	7,588	141
% of total	7.6	12.8	7.2	12.7	9.0	12.8

C. National Museum of Man

Objective

The National Museum of Man has three objectives. The first is to record, preserve and understand the national heritage, in the context of the cultural history of the world, in order to enrich the lives of present and future generations and to assist others to do the same.

The second is to communicate information and knowledge in order to foster understanding and appreciation of the national heritage in the areas of history (including military history), ethnology, archaeology, physical anthropology and folk culture and to assist others to communicate information and knowledge relative to their similar collections.

The third is to direct and manage the overall resources of the Museum in pursuit of its objectives and to assist in the management of NMC as a whole.

Resource Summary

The National Museum of Man accounts for approximately 15.7% of the net 1985-86 Program expenditures and 18.4% of the person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, preserve and understand	6,813	104	6,850	120	6,947	124
Communicate	3,909	69	3,577	67	3,454	61
Manage	1,198	19	1,341	19	1,035	18
Total gross expenditures	11,920	192	11,768	206	11,436	203
Less: Revenue credited to the Vote	(200)	-	(200)	-	(173)	-
Net expenditures	11,720	192	11,568	206	11,263	203

The breakdown of the net activity expenditures is $7,990,000 for personnel costs, $320,000 for the acquisition budget, $740,000 for transportation and communications, $1,542,000 for professional and special services, $616,000 for utilities, materials and supplies, and $512,000 for other costs.

This Activity generates, through its publications and boutiques, approximately $200,000 of revenue which is available for use by the Program through vote netting.

Description

The National Museum of Man is a national museum of international stature, including the Canadian War Museum, that records, preserves, seeks to understand and communicates the collections of objects and related knowledge in the fields of history (including military history), ethnology, archaeology, physical anthropology and folk culture.

The Museum's collections consist of artifacts, specimens and other historical objects and the information related to the collections which is generated as a result of research and study by curatorial staff.

The Museum's affairs are categorized under three functions: record, preserve and understand; communicate; and manage.

Record, Preserve and Understand: The Museum acquires artifacts, specimens and other historical objects in the fields of ethnology, archaeology, physical anthropology, folk culture and military history. Archaeological artifacts are also collected from Museum-sponsored excavations. In addition, all artifacts recovered from digs in the Yukon and Northwest Territories are deposited in the collections of the Museum, which has been designated as the federal repository for such material.

All of the Museum's collections are inventoried and basic information recorded. As a result of research and study by curatorial staff, information related to the collections is generated to be used in publications, in response to inquiries from the scientific community and the general public and in the development of exhibitions and programs.

After they have entered the collection, artifacts and specimens must be restored or cleaned, repaired and stabilized and then maintained in safe, environmentally controlled conditions.

Communicate: This function includes the design, fabrication and maintenance of permanent, special and travelling exhibitions, and public and educational programming including publications and the coordination of volunteers.

Manage: This function involves managing the human and financial resources necessary to develop and make collections accessible. Resources are allocated to produce optimum results while meeting standards set by government regulation, legislation and directive, as well as internationally recognized standards for the curation and development of museum collections and documentation.

Performance Information/Resource Justification

Record, Preserve and Understand: The Museum is forecasting further decreases in the number of artifacts acquired by purchase due to the shrinking purchasing power of a static acquisition budget (see Figure 12).

Donations to the collections are, however, likely to increase. In 1984-85, for example, 8,000 to 10,000 objects such as uniforms and medals will be donated to the Canadian War Museum; this level is likely to be maintained. In other areas of the National Museum of Man there will likely be increases as public interest develops in the new building at Parc Laurier in Hull. The number of artifacts acquired by archaeological field search can never be accurately forecasted but it is expected to drop with more resources being directed to the new building.

Figure 12 shows the number of acquisitions between 1983-84 and 1985-86, divided among purchases, gifts/donations and field search artifacts.

Figure 12: Acquisitions (Number of Objects)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Purchases	1,400	1,555	1,900
Gifts/donations	14,000	12,200	12,000
Field search	30,000	43,100	22,000

Of major concern to the Museum is the treatment of approximately 12,000 artifacts for use in new exhibitions when the new building at Parc Laurier opens.

Most of the Museum's collections are inventoried, and basic information is recorded in the computerized Canadian Heritage Information Network (CHIN) (see page 43). In the case of the Canadian War Museum, however, only 10% of its collections have been entered and

the remainder is being converted at the rate of 1% annually. The long-term program to produce more detailed cataloguing data and enter this information into CHIN will take a number of years to complete. To date, 14% of the Museum's collections have been fully documented and catalogued in CHIN. With its current resources, the Museum of Man is able to catalogue current additions to the collections, but the remaining backlog can only be diminished as new resources are obtained for this task. In 1985-86, however, the Museum will be completing the planning of the inventory of the collections and the organization of their move to the new building.

Communicate: The Museum has been forced to reduce some of its services to the public in order to redirect the efforts of its staff toward the planning of programs for the new building. In 1983-84, for example, the Museum presented seven special and 15 travelling exhibitions. In 1984-85 there were 10 special and 15 travelling exhibitions and, in 1985-86, there will be five special and five travelling exhibitions. After 1986-87 this will be reduced to two special and two travelling exhibitions. The popular Museum Edu-Kit program was transferred to provincial authorities for distribution to schools across Canada. The number of free publications produced for distribution will be reduced from 47 in 1984-85 to 35 in 1985-86. There will also be a reduction in scholarly publications in 1985-86.

Figure 13 identifies the extent of public contact by the Museum of Man through its permanent exhibitions, special program of films, lectures, concerts and demonstrations, travelling exhibitions as well as educational programs and publications.

Museum attendance is projected to show a decrease given the reduction in programming. A major contributor to this decline, however, is the loss of public parking for visitors to the Canadian War Museum with the construction of the new National Gallery on Nepean Point.

Figure 13: Museum Attendance

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Annual attendance*	640,000	647,000	685,804
Travelling exhibitions	40,000	120,000	102,000
Educational programs	45,000	47,000	51,000
Publications distributed	130,000	130,000	170,138

*includes special program of films, lectures, concerts and demonstrations.

The Museum will also continue work on the development of a long-term exhibition and public programming plan and on the definition of the systems and new technologies that can be used to provide greater access for the Canadian public to the Museum's resources.

Manage: Expenditures for the Manage function will account for approximately 10.2% of the National Museum of Man's total budget.

Figure 14 shows the relationship of the manage function's expenditures and person-years to the net activity expenditures and person-years.

Figure 14: Relationship of Expenditures ($000) and Person-Years of Manage Function to Net Activity Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Manage	1,198	19	1,341	19	1,035	18
Net Museum of Man	11,720	192	11,568	206	11,263	203
% of total	10.2	9.9	11.6	9.2	9.2	8.9

In addition to its on-going work, the manage function will carry out specific projects required for the new building's planning and design.

Of specific concern for 1985-86 is: the completion of the consolidation of the interim curatorial facilities at Asticou as the interim solution to the current housing problems and as a necessary step in preparing for the new building; the finalization of a 10-year development plan and resource submission for the Canadian War Museum, which lacks room for expansion, especially with the government's decision to locate the National Gallery of Canada immediately adjacent to the War Museum site; and the definition of the equipment and furnishing requirements for the new Museum of Man building.

D. National Museum of Natural Sciences

Objective

The National Museum of Natural Sciences (NMNS) has three objectives. The first is to record, preserve and understand the natural heritage of Canada and environs in order to foster the development of science and to enrich the lives of present and future generations and to assist a variety of national and international clients to develop collections and to understand, in the context of the world, the natural heritage of Canada.

The second is to communicate, and to assist others to communicate, knowledge in order to foster understanding and appreciation of the natural sciences and the Canadian environment.

The third is to direct and manage the overall resources of the Museum in pursuit of its objectives and to assist in the management of NMC as a whole.

Resource Summary

The National Museum of Natural Sciences accounts for approximately 11.8% of the net 1985-86 Program expenditures and 12.2% of the person-years.

Figure 15: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, preserve and understand	5,327	64	4,063	64	4,327	64
Communicate	3,053	50	3,092	50	2,850	46
Manage	765	13	842	12	1,329	15
Total gross expenditures	9,145	127	7,997	126	8,506	125
Less: Revenue credited to the Vote	(275)	-	(275)	-	(189)	-
Net expenditures	8,870	127	7,722	126	8,317	125

The breakdown of the net activity expenditures is $5,985,000 for personnel costs, $75,000 for the acquisition budget, $445,000 for transportation and communications, $846,000 for professional and special services, $465,000 for utilities, materials and supplies, and $1,054,000 for other costs.

This Activity generates, through its publications and boutiques, approximately $275,000 of revenue which is available for use by the Program through vote netting.

Description

The National Museum of Natural Sciences is a national museum of international stature that records, preserves, seeks to understand and communicate collections of objects and related knowledge of the natural sciences with particular but not exclusive reference to Canada and environs.

The NMNS has concentrated on the biological and geological sciences because of the significance of the plants, animals and materials that are the subjects of these sciences. The NMNS develops collections and conducts research in the broad fields of botany, zoology, paleontology, earth sciences, and in co-operation with the National Museum of Science and Technology, astronomy.

The affairs of the Museum are categorized under three functions: record, preserve and understand; communicate; and manage.

Record, Preserve and Understand: This function includes the acquisition of specimens by purchase, donation, exchange and collection on field trips.

It also includes the curation of collections of specimens and related data by initial preparation, preventative and restorative conservation, registration, inventory control and collections management.

A third responsibility of this function is the generation of new knowledge and understanding through research by the curators, by documenting the specimens which make up the collections and the context in which they were found and which explain their origin, occurence, distribution and evolution. Research is conducted within traditionally defined disciplines and in accordance with modern scientific techniques by cross-disciplinary (e.g., ecological or ethological) approaches.

The provision of service by identifying, describing and establishing species of plants, animals and minerals in accordance with international conventions on biological, zoological and mineralogical nomenclature is also part of this function. This service is provided to scholars of the scientific communities and to the public.

Communicate: This function ensures that the collections and understanding developed by the Museum are made accessible to the public. It includes the conceptualization, designing, testing, fabrication, maintenance and renovation of permanent, temporary and travelling exhibitions; public services provided to complement the exhibitions or to enrich the understanding of the collections through a resource/information centre, educational programmes, special events, boutiques, publications, television, radio and film productions; and program evaluation and media and community relations, which are undertaken in order that both exhibitions and public services are effective, and that accurate information on the demographics and science information levels and needs of the various publics serviced by the Museum is gathered and analysed.

Manage: This function involves directing and managing the human and financial resources that are necessary to record, preserve and understand Canada's natural heritage as well as to communicate this understanding to the public. Resources are allocated to produce optimum results while meeting standards set by government legislation, regulation and directive, as well as internationally recognized standards for research and the curation of collections.

Performance Information/Resource Justification

Record, Preserve and Understand: Figure 16 shows outputs for each operational area under this function.

Figure 16: Selected Outputs and Workloads for the Record, Preserve and Understand Function

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Acquisition			
New specimens acquired, registered and conserved	100,000	100,000	110,000
Curatorial			
Identified conservation and registration backlogs			
Specimens conserved	21,000	21,000	-
Conservation backlog	579,000	600,000	600,000
Records computerized	35,000	35,000	5,000
Computerization backlog	2,215,000	2,250,000	2,255,000
Research			
Number of scientific research papers produced*	12	12	14

*The preparation of free scientific research (scholarly) publications was included under the Collections Accessibility function in the 1984-85 Expenditure Plan.

Acquisition: Figure 16 indicates the number of new acquisitions the Museum will obtain, by purchase, loan, exchange or field collection. 100% of all anticipated incoming specimens will be properly registered and conserved.

Curatorial: The elimination of the identified collections conservation/documentation backlog will continue to be based on the 20-year strategy developed in 1983-84. 21,000 specimens will be conserved/ monitored including 3.5% of the identified backlog and 35,000 records will be updated and entered into CHIN (see page 43) at a total cost of $1,063,000 and 30 person-years.

Research: The scientific papers produced and published by the Museum indicate the level of authority of the research staff in generating new knowledge and understanding. The publication of research findings is the output of research and the means whereby the national and international credibility and presence of the Museum is established. Of specific concern in 1985-86 is developing a comprehensive research policy and plan for the NMNS to enable the Museum to become a preeminent research institute. The Museum will define current responsibilities and associated costs, and produce a policy statement and long-term research plan establishing parameters and goals for NMNS research scientists. The total cost for 1985-86 will be $40,000 and one person-year.

Communicate: Figure 17 shows selected outputs and workloads for the communicate function.

Figure 17: Selected Outputs and Workloads related to Communicate Function

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Permanent exhibitions attendance	475,000	470,000	470,000
Exhibitions produced	3	3	4
Exhibitions circulated	15	13	15
Publications (for sale)*			
- new titles	1	2	4
- available titles	41	39	35
Inquiries answered	59,000	59,000	51,000

*Does not include freely distributed reports of research findings (scholarly publications) which are now included under the record, preserve and understand function.

Attendance at the permanent exhibitions installed in the Victoria Memorial Museum Building has remained stable over the last few years. There is a small increase anticipated in fiscal year 1985-86 due to the decision to extend open hours in the evening one night per week. Permanent exhibitions will be maintained at a total cost of $368,000 and 6.5 person-years. Of specific concern for 1985-86 are the renovating and refurbishing of existing permanent exhibit galleries (major work in bird life gallery and minor work in other galleries) on the east side of the Victoria Memorial Museum Building at a total cost of $160,000 and three person-years.

One new major travelling exhibition on climatic change in Canada and two minor exhibitions on constructing a dinosaur and the Museum's scientific work will be produced and circulated in 1985-86. Resources will also be expended in 1985-86 on producing two new travelling exhibits that will be completed in 1986-87.

Six exhibitions that are currently circulated will be refurbished to maintain their quality and extend their life span. Two major exhibitions, "Omingmak the Muskox" and "an Arctic Oasis", which have completed their Canadian tours, will tour internationally on a cost recovery basis.

The number of publications for sale produced by the Museum for general audiences as well as popular titles still in stock or reprinted is reported in Figure 17. One person-year has been allocated for work on titles that will be published in subsequent fiscal years. One title will be reprinted through a co-publishing arrangement with no associated costs to the Museum.

The Information Resource Centre responds to public enquiries of a general nature and distributes publications free of charge. The number of enquiries dealt with and publications distributed indicates the demand. This is carried out with two person-years and $100,000.

Manage: The National Museum of Natural Sciences devotes 13 person-years and $765,000 for the manage function. This represents 8.6% of net NMNS resources.

Figure 18: Relationship of Expenditures ($000) and Person-Years of Manage Function to Net Activity Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Manage	765	13	842	12	1,329	15
Net NMNS	8,870	127	7,722	126	8,317	125
% of total	8.6	10.2	10.9	9.5	16.0	12.0

E. National Museum of Science and Technology

Objective

The National Museum of Science and Technology has three objectives. The first is to record, preserve and understand the national heritage in technology and the related sciences in order to enrich the lives of present and future generations and to assist others to do the same.

The second is to communicate, and to assist others to communicate, information and knowledge in order to foster understanding and appreciation of the national heritage in technology and the related sciences.

The third is to direct and manage the overall resources of the Museum in pursuit of its objectives.

Resource Summary

The National Museum of Science and Technology Activity accounts for approximately 7% of the net 1985-86 Program expenditures and 9% of the person-years.

Figure 19: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, preserve and understand	3,197	57	2,982	59	2,437	53
Communicate	1,598	27	1,581	28	2,005	29
Manage	625	12	756	15	679	15
Total gross expenditures	5,420	96	5,319	102	5,121	97
Less: Revenue credited to the Vote	(105)	-	(105)	-	(122)	-
Net expenditures	5,315	96	5,214	102	4,999	97

The breakdown of the net activity expenditures is $3,820,000 for personnel costs, $100,000 for the acquisition budget, $173,000 for transportation and communications, $560,000 for professional and special services, $421,000 for utilities, materials and supplies, and $241,000 for other costs.

This Activity generates, through its publications and boutiques, approximately $105,000 of revenue which is available for use by the Program through vote netting.

Description

The National Museum of Science and Technology (NMST) is a national museum of international stature with a branch gallery (Agriculture Museum) and a curatorially autonomous National Aviation Museum that records, preserves, seeks to understand and communicates collections of objects and related knowledge in the fields of technology and the related sciences with particular but not exclusive reference to Canada.

The Museum's responsibilities are grouped into three functions. These are: record, preserve and understand; communicate; and manage.

Record, Preserve and Understand: This function focusses on artifacts and related data in 21 major subject areas: pure sciences (mathematics, physics and chemistry); astronomy; meteorology; forestry; fishing; transportation; communication; agriculture; extractive industries; energy; industrial technology; marine technology; fire fighting technology; civil and structural engineering; computer technology; medical technology; photography; and aviation and space. This function comprises three areas: curatorial, collections management and conservation.

The curatorial responsibility involves the establishment and maintenance of a comprehensive collection of objects and related information. Suitable material is identified by curatorial research and obtained through purchase, transfers, trade, loan, donation and other means. As a result of research and study by curatorial staff, information related to the collection is generated to be used in publications, in response to inquiries from the scientific community and the general public and in the development of exhibitions and programs.

Collections management work involves organizing and storing artifacts and related information to ensure their preservation and ready access to them by interested parties. All of the Museum's collections are inventoried and basic information recorded.

The conservation work ensures that after they have entered the collection, artifacts and specimens are restored, cleaned and stabilized and then maintained in safe, environmentally controlled conditions.

Communicate: This function includes the design, fabrication and maintenance of permanent, special and travelling exhibitions, and public and educational programming including publications and the coordination of volunteers.

Manage: This function involves managing the human and financial resources necessary to develop and make collections accessible. Resources are allocated to produce optimum results while meeting standards set by government regulation, legislation and directive, as well as internationally recognized standards for the curation and development of museum collections and documentation.

Performance Information/Resource Justification

Record, Preserve and Understand: Performance information available for the three areas making up this function is as follows:

Curatorial: Artifacts are purchased or otherwise acquired according to a general acquisition plan prepared by curators. Acquisitions are dependent on the availability of the artifacts. Figure 20 shows the acquisitions between 1983-84 and 1985-86, which is a workload indicator for the other responsibilities of this area.

Figure 20: Total Additions to Collections 1983-84 to 1985-86

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Number of artifacts purchased	450	450	350
Number of artifacts from other sources*	450	450	450

*includes transfers, trades, loans and donations.

Collections Management: The current level of resources will allow the maintenance of ongoing registration work at the 1984-85 levels. Backlogs affect three areas: current acquisitions awaiting permanent entry into the system; artifact records awaiting upgrading and conversion to the automated system; and artifacts requiring in-depth research necessary to properly catalogue them.

Conservation: In order to ensure the preservation of the national heritage of artifacts in technological and related sciences, one person-year and $80,000 has been dedicated to a Collections Condition Survey beginning in 1985-86. This survey will document the condition and conservation requirements of approximately 25% of the total collection, thereby providing a basis for targets to reduce the conservation backlog and in turn result in the preservation of the collection.

The new Aviation Museum is scheduled for completion in December, 1985, and to be open to the public in the fall of 1986. That situation implies two goals for the Museum: moving during this period; and completing the restoration of the Curtiss HS-2L (1918), the HA 1112 (Me 109), The Robert McDowall (1910) and the Silver Dart reproduction (1958) for the opening.

Communicate: As a result of the priority placed on new accommodation for the Aviation Museum and related preservation and identification of the collections backlog, there will be a minimal increase in the level of work in the communicate function in 1985-86, pending the results of the comprehensive study (see page 41).

Figure 21 gives selected workload indicators for the various areas comprising the communicate function.

Figure 21: Selected Workload Indicators for the Communicate Function

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Exhibitions			
Permanent exhibits			
Exhibit space (sq. m.)	21,309	21,309	20,425
Annual attendance	825,000	775,000	718,000
Number of public hours open	2,870	3,648	3,648
Public programming			
Educational programs			
Number of programs available	30	30	30
Number of students involved	27,000	25,000	24,000
Public demonstration program			
Number of demonstrations	40	35	30
Attendance	80,000	70,000	60,000
Steam train*			
Number of excursions	25	25	15
Attendance	7,500	7,500	5,100

*Because of CP Rail's plan to abandon the line, the future of this programme is uncertain.

Manage: Expenditures for the manage function will account for approximately 12% of the NMST net budget.

Figure 22: Relationship of Expenditures ($000) and Person-Years of Manage Function to Net Activity Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Manage	625	12	756	15	679	15
Net NMST	5,315	96	5,214	102	4,999	97
% of total	11.8	12.5	14.5	14.7	13.6	15.5

Particular areas of concern for 1985-86 include: completing the final phase of a comprehensive study which will establish the philosophical base, the scope, cost and means of implementation of a new Museum of Science and Technology for the next decades: and promoting cooperative projects with public and private agencies to enhance the Museum's national presence and further its goals. No additional cost is anticipated.

F. National Programmes

Objective

The National Programmes Activity has three objectives. The first is to record, preserve and understand, and to assist others to record, preserve and understand, collections of objects and knowledge relevant to Canada's cultural heritage by providing museological and advisory services; and providing financial assistance for collections management, conservation, research and training activities.

The second is to communicate, and to assist others to communicate, knowledge of the national heritage by providing museological and advisory services, and by providing financial assistance for exhibitions and dissemination work.

The third is to effectively and efficiently direct and manage the overall resources of the National Programmes in pursuit of its objectives by directing its work and supporting its managerial responsibilities and those of the Corporation.

Resource Summary

The National Programmes Activity accounts for approximately 29% of the net 1985-86 Program expenditures and 16% of the person-years.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, preserve and understand	9,715	93	9,684	93	10,935	95
Communicate	11,400	64	10,810	64	9,671	64
Manage	662	13	778	14	667	14
Total expenditures	21,777	170	21,272	171	21,273	173

The breakdown of the total activity expenditures is $7,116,000 for personnel costs, $2,195,000 for professional and special services, $8,852,000 for grants and contributions, $1,690,000 for transportation and communications, $445,000 for utilities, materials and supplies, $665,000 for rentals and $814,000 for other costs.

Description

The National Programmes, established under the National Museum Policy (1972), is a set of programmes that delivers financial assistance and/or museological services and advice to the National Museums, to other similar Canadian and international institutions and to Canadian communities.

The National Programmes comprises three functions:

Record, Preserve and Understand: In order to record, preserve and understand and to assist others to record, preserve and understand collections of objects and knowledge relevant to Canada's natural and cultural heritge, the National Programmes provide museological and advisory services as well as financial assistance for collections management, conservation, research and training activities through three programmes, one entirely devoted to that function, and the two others partly devoted to it.

The Canadian Conservation Institute (CCI), entirely devoted to this function, provides to publicly owned museums and art galleries across Canada services, advice and training activities in the field of conservation. In addition, CCI frequently, but not exclusively, represents Canada's interest in conservation matters internationally.

The Canadian Heritage Information Network, devoted to this function as well as to the communicate function, develops and operates a computer-based information management system containing 1.6 million records and currently available to 150 Canadian museums and art galleries. It thus enables each user to maintain and access for its own use computerized records of its collections.

The Museum Assistance Programmes, also devoted partly to the communicate function, provides grants and technical assistance, information and co-ordination services to museums, galleries and other public, non-profit institutions and organizations which carry out collections development activities in support of the National Museum Policy.

Communicate: In order to communicate and assist others to communicate knowledge of the national heritage, the National Programmes provide museological advisory services and financial assistance for exhibition and dissemination activities and operate multi-disciplinary exhibits through four programmes, two partly devoted to the communicate function, and two entirely.

The Museum Assistance Programmes devote part of their endeavours and grants to assist museological institutions and other non-profit organizations to carry out exhibition and dissemination activities in support of the National Museum Policy.

The Canadian Heritage Information Network, under this function, provides access to information on and greater knowledge of Canadian heritage collections to 150 Canadian museums. This service results in a greater knowledge of all Canadian collections and therefore is a valuable tool for users in planning exhibitions and loans of objects.

The Mobile Exhibits Programme plans, prepares and circulates museumobiles exhibiting artifacts from three regions of the country (Atlantic, West, North) to small communities throughout Canada.

The International Programme encourages interest in international museum affairs and facilitates the exchange and circulation of exhibitions within and outside of Canada.

Manage: In order to effectively and efficiently direct and manage its overall resources in pursuit of its objectives, National Programmes directs its works and supports its managerial responsibilities and those of the Corporation through the Office of the Assistant Secretary-General, National Programmes and the Programme Coordination Division.

Performance Information/Resource Justification

Record, Preserve and Understand: Performance information is broken down into three areas as follows:

Canadian Conservation Institute: Because of extreme variations in the condition of damaged artifacts and the complexity of research projects, and therefore in the time and resources committed to them, quantitative measures alone are not an adequate indication of the Canadian Conservation Institute's work. However, Figure 24 provides an insight into the Institute's endeavours. (Pages 67 and 68 of Section III contain a list of the recipients of conservation services in 1983-84 and 1984-85, as well as the research projects undertaken by the research section in 1983-84 and 1984-85.) In addition, Figure 24 indicates the extent of CCI's contribution to creating among museum professionals an awareness of the need for collections care and to training people for careers in conservation.

With the development of basic treatment and analysis facilities within the Canadian museum community, CCI will likely be in a position in the future to concentrate its treatment work on artifacts requiring major and highly specialized treatments.

Figure 24: Selected Volume Statistics on Training, Information and Advice provided by CCI to the Museum Community

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Training			
Number of internships	20	21	23
Number of seminars given	24	26	20
Information and advice			
Number of publications circulated	9,000	7,900	8,000
Number of institutions visited by the mobile laboratories	90	92	80

Canadian Heritage Information Network: The change in the computer system undertaken in September, 1982 to expand the service capacity to the Canadian museum community will be completed in 1984.

Figure 25: Selected Volume Indicators of Services Provided by CHIN

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
CHIN			
Number of artifacts recorded	2,463,000	2,102,000	1,741,000
Number of institutions included	150	150	150
Number of users trained	40	50	54

Museum Assistance Programmes: The Museum Assistance Programmes (MAP) provide grants which enable non-profit museums and other organizations to undertake work in the areas of collections development and accessibility for the benefit of the Canadian public. MAP also provides professional and technical advice to the Canadian museum community in all regions of the country.

Of its nine programmes, three (Registration Assistance Programme, Upgrading and Equipment Assistance Programme, Conservation Assistance

Programme) are completely devoted to the record, preserve and understand function, four (Associate Museums Programme, National Exhibition Centres Programme, Specialized Museums Programme, Exhibitions Assistance Programme) to the communicate function and two (Special Activities Assistance Programme, Training Assistance Programme) to both of those functions.

A list of recipients of grants from the Museum Assistance Programmes for 1983-84 is provided in Section III (see page 58).

Figure 26 shows workload indicators for the Museum Assistance Programmes.

Figure 26: Selected Workload Indicators for MAP

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Financial assistance			
Grants requested ($000)	14,000	13,500	12,700
Number of grants requested	320	300	263
Grants approved ($000)	8,852	8,567	8,702
Number of grants provided	275	250	238
Professional and technical advice			
Number of days spent in the regions			
B.C./Yukon	115	120	115
Prairies/N.W.T	69	72	69
Ontario	67	70	69
Quebec	69	72	72
Atlantic	67	70	62

Communicate: Performance information is available for only two areas as follows:

International Programme: Since the International Programme was established in 1975-76, it has been able to meet only a portion of the demand for its services, especially since 1980. The addition of one officer in 1984-85 will help to increase its advisory services and the volume of international exhibitions in and from Canada. Figure 27 provides an indication of the workload of the International Programme.

Figure 27: Selected Workload Indicators for the International Programme

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Number of projects handled	120	150	95
Number of exhibitions circulated	30	30	28
Number of recipients of the quarterly calendar	235	220	210

Mobile Exhibits Programme: Figure 28 gives performance information on the operation of the three caravans: Canada North, Canada West, and Atlantic Canada.

Figure 28: Selected Performance Indicators for the Mobile Exhibits Programme

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Number of communities visited	156	165	181
Number of viewing hours	4,800	5,000	5,025
Total number of visitors	274,000	280,000	287,524

Manage: Expenditures for the manage function will account for approximately 3% of the National Programmes' total budget. Figure 29 shows the relationship of the manage function's resources to those of the National Programmes Activity.

Figure 29: Relationship of Expenditures ($000) and Person-Years of Manage Function to Total Activity Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Manage	662	13	778	14	667	14
Total National Programmes	21,777	170	21,272	171	21,273	173
% of total	3.0	7.6	3.7	8.2	3.1	8.1

G. Corporate Services

Objective

The Corporate Services Activity has three objectives. The first is to assist the professional staff of the National Museums of Canada and of other Canadian and international agencies in recording and understanding the natural and cultural heritage of Canada by providing policies, direction and sophisticated security, research and documentation systems and services as well as advice of acknowledged authority and quality.

The second is to assist the programming staff of the National Museums of Canada and of other Canadian and international agencies in communicating knowledge of the national heritage by providing responsive security and publishing services, systems and advice of acknowledged authority and quality.

The third is to assist the Board of Trustees and the management of the National Museums of Canada to obtain and manage the resources necessary to ensure the continued viability of the Corporation and the attainment of its objectives.

Resource Summary

The Corporate Services Activity accounts for approximately 22% of the net 1985-86 NMC Program expenditures and 29% of the person-years.

Figure 30: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Record, Preserve and Understand	6,408	149	5,501	135	7,511	170
Communicate	2,925	38	3,217	47	-	-
Manage	7,111	115	7,685	110	6,759	127
Total expenditures	16,444	302	16,403	292	14,270	297

The breakdown of the total activity expenditures is $11,467,000 for personnel costs, $2,637,000 for professional and special services, $889,000 for purchased repair and upkeep, $362,000 for information, $342,000 for construction and acquisition of machinery and equipment, and $747,000 for other costs.

Significant changes from 1984-85 to 1985-86 include the following:

- Security Services' resources are now split between the record, preserve and understand function and the communicate function; in the 1984-85 Expenditure Plan, all of Security Services' resources were shown under the Collections Development function; and

- it should be noted that the record, preserve and understand function now includes 12 person-years and $437,000 in salaries which have been transferred to NMC from the National Film Board. This represents the staff and funds associated with the Photo Division previously under the responsibility of the Board.

Description

The Corporate Services Activity is a set of functions that provides managerial, professional, technical and administrative services, systems, control and advice to all levels of managers of all activities of the National Museums of Canada and, where resources allow, to other Canadian and international agencies and institutions.

The responsibilities undertaken in Corporate Services fall within three functions.

Record, Preserve and Understand: The Library Services Directorate and part of the Security Services Directorate fall within this function. The Library Services Directorate develops, organizes, maintains and makes accessible archival photographic and library material and provides specialized documentation services to all activities. The Security Services Directorate provides protective security, fire and safety services for employees, material assets and premises which house the Museums' collections.

Communicate: The Publishing Services Directorate and some areas of the Security Services Directorate fall within this function. During the hours when the Museums are open to the public, the Security Services Directorate provides protective security, fire and safety services with special concern for the visiting public and the Museums' collections on exhibit. The Publishing Services Directorate coordinates the planning, marketing and distribution of publications produced by the National Museums of Canada.

Manage: The manage function provides managerial, professional, technical and administrative services, systems, controls and advice that support the management of the Corporation. The Planning and Management Services Directorate recommends and guides improvements in corporate and activity management practices, processes and procedures by designing and maintaining a corporate planning system, a policy development process, and the necessary mechanisms and advice to improve management systems, practices and controls. The Information Services Directorate coordinates the public relations affairs of the Corporation, provides communications advice to the Board of Trustees and corporate management, and provides information on the NMC's corporate endeavours to a variety of publics. The Architectural Services Directorate is responsible for the planning and implementation of new acommodation and the ongoing management of existing accommodation. With respect to new accommodation, its responsibility is to define the Corporation's requirements, analyze the design proposals of other agencies, and coordinate the diverse responsibilities necessary to prepare for the new facilities. The Administrative Services, Financial Services and Personnel Services Directorates provide the Corporation with systems, services and advice for the acquisition and control of these resources and strive to ensure an understanding of and a compliance with all government directives and guidelines.

Performance Information/Resource Justification

Record, Preserve and Understand: Figure 31 shows the efficiency indicator for Security Services provided for the non-public areas for the period from 1983-84 to 1985-86.

Figure 31: Efficiency Indicator for Security Services (non-public areas)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Cost per square metre	26.39	26.08	24.71

Communicate: Figure 32 shows the efficiency indicator for Security Services provided for public areas for the three-year period from 1983-84 to 1985-86.

Figure 32: Efficiency Indicator for Security Services (public areas)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Cost per square metre	57.65	55.83	47.89

Manage: Figure 33 shows the ratio of the manage function's operating costs and person-years in the Corporate Services Activity to the Program totals.

Figure 33: Relationship of Expenditures ($000) and Person-Years of Manage Function in Corporate Services to Net NMC Expenditures and Person-Years

	Forecast 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Total NMC person-years	74,864	1,043	73,149	1,055	68,914	1,051
Manage person-years	7,111	115	7,685	110	6,759	127
% of total	9.5	11.0	10.5	10.4	9.8	12.1

The manage function has an ongoing responsibility of seeking improvement of planning and management practices in order to ensure well directed operations.

The means to achieve this goal were redefined in 1983-84 at which time new projects were established. For 1985-86, 11 projects at an estimated cost of $367,000 have been outlined to continue work which has begun in the following areas:

- coordinating the implementation of integrated strategic and operational planning processes that will ensure the efficient

and effective realization of the National Museums of Canada's objectives;

- developing management information systems and databases to provide NMC managers with adequate and reliable information in the management of human, financial and materiel resources; and

- assisting management in its refinement of performance indicators and operational performance measures.

Also of particular concern in 1985-86 is the provision of assistance in the development of appropriate accommodation for the National Museums by:

- coordinating the detailed designs and working drawings and the necessary operational plans for the National Museum of Man, the National Gallery, the National Museum of Natural Sciences Curatorial Centre and the National Aviation Museum;

- coordinating the development of the architectural programs for redevelopment of the Victoria Memorial Museum Building, for the National Museum of Natural Sciences and for the Canadian War Museum; and

- planning the preliminary development, in consultation with the National Capital Commission, of the Brewery Creek site for the National Museum of Science and Technology.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 34: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	37,175	35,419	32,913
Contributions to employee benefit plans	5,204	4,449	4,699
Other personnel costs	266	334	346
	42,645	40,202	37,958
Goods and services			
Transportation and communications	4,134	4,024	3,503
Information	1,183	1,373	1,354
Consultant services	2,939	2,823	2,302
Special technical services	2,480	2,382	1,942
Other professional and special services	3,765	3,619	2,949
Rentals	898	894	769
Purchased repair and upkeep	1,381	2,436	1,410
Utilities, materials and supplies	3,599	3,538	3,211
All other expenditures	2,167	3,012	1,473
	22,546	24,101	18,913
Total operating	65,191	64,303	56,871
Capital			
Construction and acquisition of machinery and equipment	1,920	1,378	2,404
Transfer payments	8,853	8,568	10,682
Total expenditures	75,964	74,249	59,957
Less: revenue credited to the Vote	1,100	1,100	1,043
Net expenditures	74,864	73,149	68,914

2. Personnel Expenditures

The National Museums of Canada's personnel costs account for 57% of the total net expenditures. This includes statutory contributions to employee benefit plans.

Figure 35 provides a breakdown of numbers of personnel by function, and Figure 36 shows the person-years and average annual salary by category.

Figure 35: Person-Year Requirements by Function

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Record, preserve and understand	521	524	559
Communicate	288	298	241
Manage	234	233	251
	1,043	1,055	1,051

Figure 36: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	45	36	27	50,350- 96,300	63,034
Scientific and Professional					
Architecture and Town Planning, Biological Sciences and Chemistry	15	12	14	15,724- 76,130	39,712
Historical Research	45	40	44	14,911- 64,390	40,172
Library Science	12	14	14	19,782- 50,712	33,053
Physical Sciences	3	4	5	15,304- 68,070	46,672
Scientific Research	35	31	31	28,176- 67,720	55,283
Administrative and Foreign Service					
Administrative Services	108	93	81	13,912- 57,987	37,238
Computer Systems Administration	14	12	15	18,766- 61,433	38,879
Financial Administration	15	14	16	13,853- 57,980	39,555
Information Services	46	54	43	13,579- 57,980	40,354
Organization and Methods	9	6	7	13,520- 57,980	37,352
Personnel Administration	17	22	14	13,330- 63,870	38,154
Program Administration	32	31	43	13,912 57,987	35,202
Purchasing and Supply	8	7	8	12,766- 57,980	32,967
Technical					
Drafting and Illustration	11	8	8	15,557- 40,310	30,778
Electronics	7	7	11	16,619- 51,950	36,505
Engineering and Scientific Support	18	19	19	14,041- 50,866	31,245
General Technical	162	167	166	12,635- 55,682	38,254
Photography	5	5	6	17,285- 30,844	27,164
Social Science Support	65	58	64	12,635- 57,764	33,567
Administrative Support					
Data Processing	3	2	6	13,352- 37,130	27,577
Clerical and Regulatory	127	117	119	12,932- 31,743	21,841
Office Equipment Operator	7	3	2	12,665- 25,271	19,294
Secretarial, Stenographic and Typing	57	50	52	12,636- 31,946	22,387
Operational					
General Labour and Trades	50	53	58	14,776- 40,676	26,606
General Services and Printing Operations	127	136	133	13,253- 39,988	26,169

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 37 presents a summary of all grants and contributions of the National Museums of Canada.

Figure 37: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
National Gallery of Canada			
College Art Association of America	1	1	1
Museum Assistance Programmes			
Museums and other organizations in Canada for their operations, special projects, training, registration, purchase of equipment and construction of facilities (see page 58)	8,852	8,567	8,702
Contributions			
Student employment programs	-	-	1,979
Total	8,853	8,568	10,682

B. Cost Analysis

Figure 38: Net Cost of Program by Activity ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Total 1984-85
Corporate Management	1,613	-	1,613	-	1,613	1,538
National Gallery	9,645	-	9,645	520	9,125	9,432
National Museum of Man	11,920	-	11,920	200	11,720	11,568
National Museum of Natural Sciences	9,145	-	9,145	275	8,870	7,722
National Museum of Science and Technology	5,420	-	5,420	105	5,315	5,214
National Programmes	21,777	-	21,777	-	21,777	21,272
Corporate Services	16,444	21,960	38,404	-	38,404	29,556
	75,964	21,960	97,924	1,100	96,824	86,302

Other costs are comprised of accommodation provided without charge by Public Works Canada ($21,125,000) and other services provided without charge by Supply and Services Canada ($110,000), Treasury Board Canada ($701,000) and Labour Canada ($24,000).

C. Revenue Analysis

Figure 39: Revenue Analysis ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue credited to the Vote			
National Gallery of Canada	520	520	559
National Museum of Man	200	200	173
National Museum of Natural Sciences	275	275	189
National Museum of Science and Technology	105	105	122
Total receipts	1,100	1,100	1,043

Revenue Credited to the Vote: The National Museums of Canada earns revenue which is credited to the Vote from the sale to the public of books, pamphlets, replicas and other material related to the purposes of the Corporation.

D. Additional Information

1. List of Recipients of Grants from the Museum Assistance Programmes

Public Programming Assistance

British Columbia
Art Gallery of Greater Victoria
British Columbia Provincial Museum, Victoria
Vancouver Art Gallery
Vancouver Museums and Planetarium Association
West Kootenay Cultural Society/National Exhibition Centre, Castlegar
Langley Centennial Museum and National Exhibition Centre, Fort Langley

Kelowna Centennial Museum and National Exhibit Centre
Northwestern National Exhibition Centre, Hazelton
Museum of Anthropology, University of British Columbia, Vancouver
Nuyumbalees Society, Quathiaski Cove
U'Mista Cultural Society, Alert Bay

Alberta
Edmonton Art Gallery
Provincial Museum of Alberta, Edmonton
Glenbow-Alberta Institute, Calgary
Medicine Hat Museum and Art Gallery

Saskatchewan
Saskatoon Gallery and Conservatory Corporation (Mendel Art Gallery)
Western Development Museums, Saskatoon
Norman Mackenzie Art Gallery, Regina
Estevan National Exhibition Centre
Swift Current National Exhibition Centre
Moose Jaw Art Museum/National Exhibition Centre

Manitoba
Winnipeg Art Gallery
Manitoba Museum of Man and Nature, Winnipeg
Leaf Rapids National Exhibition Centre

Ontario
Art Gallery of Ontario, Toronto
Royal Ontario Museum, Toronto
Thunder Bay National Exhibition Centre and Centre for Indian Art
Timmins Museum: National Exhibition Centre
Rodman Hall Arts Centre, a National Exhibition Centre, St. Catharines
Art Gallery of Northumberland, a National Exhibition Centre, Cobourg
Chatham Cultural Centre

Quebec
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Musée du Québec
Musée d'art contemporain, Montreal
Musée régional de Rimouski
Centre national d'exposition à Jonquière
Musée McCord/McCord Museum, Montreal

New Brunswick
New Brunswick Museum, Saint John
Galerie Restigouche Gallery, Campbellton
Fredericton National Exhibition Centre

Nova Scotia
Nova Scotia Museum, Halifax

Firefighters' Museum of Nova Scotia and National Exhibition Centre, Yarmouth
DesBrisay Museum/National Exhibition Centre, Bridgewater
Hector Centre Trust/National Exhibition Centre, Pictou

Prince Edward Island
Confederation Centre Art Gallery and Museum, Charlottetown
Eptek National Exhibition Centre, Summerside

Newfoundland
Newfoundland Museum, St. John's

Northwest Territories
Northern Life Museum and National Exhibition Centre, Fort Smith

National
Canadian Museums Association, Ottawa

Upgrading and Equipment Assistance Programme

British Columbia
Kamloops Public Art Gallery
Art Gallery of Greater Victoria
Museum of Anthropology, University of British Columbia, Vancouver
B.C. Sports Hall of Fame and Museum, Vancouver
Cartwright Street Gallery Association, Vancouver
Vancouver Museums and Planetarium
Surrey Art Gallery
Arts, Sciences and Technology Centre, Vancouver
Nuyumbalees Society, Quathiaski Cove
B.C. Museum of Mining, Britannia Beach
Chilliwack Museum and Historical Society

Alberta
St. Albert Historical Society
Peter and Catharine White Foundation, Banff
Association canadienne-française régionale de St-Paul

Saskatchewan
Dunlop Art Gallery, Regina
Saskatchewan Mining Heritage Association
Western Development Museums, Saskatoon
University of Saskatchewan
Saskatoon Gallery and Conservation Corporation
Norman Mackenzie Art Gallery, Regina

Manitoba
Manitoba Museum of Man and Nature, Winnipeg

Ontario
Lynnwood Art Gallery, Simcoe
Wentworth Heritage Village, Rockton
Sir Sandford Fleming College, Peterborough
Trent University, Peterborough
Royal Ontario Museum, Toronto
The Waterloo Gallery for Clay, Glass and Enamel Arts
Hart House, University of Toronto
Thunder Bay National Exhibition Centre and Centre for Indian Art
Queen's University, Kingston
Sault Ste. Marie and 49th Regimental Historical Society
Art Gallery of Ontario, Toronto
Marine Museum of the Great Lakes at Kingston
Eva Brook Donly Museum, Simcoe
Corporation of the Town of Almonte
Bruce County Museum, Southampton
Royal Canadian Regiment Museum, London

Quebec
Administration régionale crie/Cree Regional Authority, Val D'Or
Musée du Séminaire de Québec
Centre de conservation du Québec, ministère des Affaires culturelles, Ville Vanier
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Centre national d'exposition à Jonquière
Musée amérindien de Pointe-Bleue
Musée McCord/McCord Museum
Musée militaire et maritime de Montréal/Montreal Military and Maritime Museum
Société du patrimoine des Beaucerons, St-Georges-de-Beauce
Direction générale des Musées, Québec
Musée d'art de Joliette

New Brunswick
Moncton Museum
Musée acadien/Galerie d'art de l'Université de Moncton
New Brunswick Museum, Saint John

Nova Scotia
Firefighters' Museum of Nova Scotia and National Exhibition Centre, Yarmouth
Colchester Historical Society, Truro
Maritime Museum of the Atlantic, Halifax

Newfoundland
Newfoundland Museum, St. John's

Prince Edward Island
Musée acadien de l'I.-P.-É., Miscouche

Registration Assistance Programme

British Columbia
British Columbia Provincial Museum, Victoria

Alberta
Provincial Museum of Alberta, Edmonton

Saskatchewan
Western Development Museums, Saskatoon

Manitoba
Winnipeg Art Gallery
Manitoba Museum of Man and Nature, Winnipeg

Ontario
The McMichael Canadian Collection, Kleinburg
Royal Ontario Museum, Toronto

Quebec
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Musée militaire et maritime de Montréal/Montreal Military and Maritime Museum

Nova Scotia
Nova Scotia Museum, Halifax

Prince Edward Island
Prince Edward Island Museum and Heritage Foundation, Charlottetown

Newfoundland
Newfoundland Museum, St. John's

Northwest Territories
Prince of Wales Northern Heritage Centre, Yellowknife

Exhibitions Assistance Programme

British Columbia
Vancouver Museums and Planetarium Association
Art Gallery of Greater Victoria
Museum of Anthropology, University of British Columbia, Vancouver
Botanical Gardens, University of British Columbia, Vancouver
Vancouver Maritime Museum
Surrey Art Gallery
H.R. MacMillan Planetarium, Vancouver

Alberta
Edmonton Art Gallery
Walter Phillips Gallery, Banff

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Glenbow-Alberta Institute, Calgary
Medicine Hat Museum and Art Gallery
Pronvicial Museum of Alberta, Edmonton
Muttart Gallery Associates, Calgary
Peter and Catharine Whyte Foundation, Banff

Saskatchewan
Dunlop Art Gallery, Regina
Norman Mackenzie Art Gallery, Regina
Saskatoon Gallery and Conservatory Corporation
Ukrainian Museum of Canada, Saskatoon

Manitoba
Manitoba Museum of Man and Nature, Winnipeg
Morden and District Museum

Ontario
London Regional Art Gallery
Art Gallery of Windsor
Art Metropole, Toronto
Agnes Etherington Art Centre, Kingston
Art Gallery of Hamilton
Art Gallery of Ontario, Toronto
Ontario Science Centre, Toronto
MacDonald Stewart Art Centre, Guelph
The Gallery/Stratford
Marine Museum of the Great Lakes at Kingston
Art Gallery of Brant, Brantford
Lands of the Bible Archaeology Foundation, Toronto
Thunder Bay National Exhibition Centre and Centre for Indian Art
Woodland Indian Cultural Education Centre, Brantford
The McMichael Canadian Collection, Kleinburg

Quebec
Musée du Séminaire de Québec
Musée d'art contemporain, Montréal
Les Galeries d'art Sir George Williams, Montréal
Musée historique de l'électricité, Longeuil
Musée McCord/McCord Museum
Musée des Sept-Iles, Sept-Iles
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Musée régional Laure-Conan, La Malbaie
Musée du Séminaire de Sherbrooke
Saidye Bronfman Centre, Montréal
Galerie d'art du centre culturel de l'Université de Sherbrooke
Ministère des Affaires culturelles, Québec
Musée régional de Gaspé
Musée amérindien de Pointe-Bleue
Centre de conservation de la nature du Mont St-Hilaire

New Brunswick
New Brunswick Museum, Saint John

Nova Scotia
Nova Scotia Museum, Halifax
Mount Saint Vincent University Art Gallery, Halifax
Art Gallery of Nova Scotia, Halifax
Dalhousie Art Gallery, Halifax

Prince Edward Island
Confederation Centre Art Gallery and Museum, Charlottetown

Newfoundland
Port au Port/Bay St. George Historical Society, Stephenville
Newfoundland Museum, St. John's

Special Activities Assistance Programme

British Columbia
Kelowna Centennial Museum and National Exhibition Centre
Museum of Anthropology, University of British Columbia
Sooke Region Historical Society
Vancouver Museums and Planetarium Association
British Columbia Provincial Museum, Victoria
Maltwood Art Gallery and Museum, Victoria

Alberta
Glenbow-Alberta Institute, Calgary

Saskatchewan
Saskatchewan Museums Association, Regina
Ukrainian Museum of Canada, Saskatoon

Manitoba
Manitoba Museum of Man and Nature, Winnipeg

Ontario
Ontario Museum Association, Toronto
Timmins Museum: National Exhibition Centre
Macdonald-Stewart Art Centre, Guelph
Ontario Association of Art Galleries, Toronto

Quebec
La Société des musées québécois, Montreal
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Musée du Québec, Québec

New Brunswick
Moncton Museum
New Brunswick Museum, Saint John

Nova Scotia
Mount Saint Vincent University Art Gallery, Halifax
Nova Scotia Museum, Halifax

Prince Edward Island
Confederation Centre Art Gallery and Museum, Charlottetown

National
Canadian Museums Association, Ottawa
Canadian Science and Technology Historical Association, Toronto

Training Assistance Programme

British Columbia
British Columbia Museums Association, Victoria
Museum of Anthropology, University of British Columbia, Vancouver
British Columbia Provincial Museum, Victoria
Art Gallery of Greater Victoria
University of Victoria

Saskatchewan
Saskatchewan Museums Association, Regina

Manitoba
Manitoba Museum of Man and Nature, Winnipeg
Manitoba Planetarium, Winnipeg

Ontario
London Regional Art Gallery
University of Toronto
Ontario Museum Association, Toronto
Sir Sandford Fleming College, Peterborough
Queen's University, Kingston
The McMichael Canadian Collection, Kleinburg

Quebec
Musée du Québec
La Société des musées québécois, Montreal

New Brunswick
Owens Art Gallery, Sackville
Association Museums New Brunswick, Saint John
New Brunswick Museum, Saint John

Nova Scotia
Federation of Nova Scotian Heritage, Halifax
University College of Cape Breton, Sydney

Newfoundland
Art Gallery, Memorial University, St. John's

Newfoundland Museum, St. John's
Museum Association of Newfoundland and Labrador, Stephenville

National
Canadian Museums Association, Ottawa

Specialized Museums Programme

Ontario
Telecommunications Museum of Canada, Brantford

Conservation Assistance Programme

British Columbia
Vancouver Art Gallery

Alberta
Glenbow-Alberta Institute, Calgary

Saskatchewan
Norman Mackenzie Art Gallery, Regina

Ontario
Royal Ontario Museum, Toronto
Art Gallery of Ontario, Toronto
The McMichael Canadian Collection, Kleinburg

Quebec
Musée des beaux-arts de Montréal/Montreal Museum of Fine Arts
Centre de conservation du Québec, ministère des Affaires culturelles, Ville Vanier

New Brunswick
Owens Art Gallery, Sackville
Department of Historical and Cultural Resources, Fredericton

Nova Scotia
Art Gallery of Nova Scotia, Halifax

Newfoundland
Newfoundland Museum, St. John's

2. List of Recipients of Conservation Services from the Canadian Conservation Institute in 1983-84 and 1984-85

1983-84

Agnes Etherington Art Gallery
Alberta Vocational Centre
Art Gallery of Hamilton
Beaverbrook Art Gallery
Bowanville Museum
Bytown Museum
Cape Breton Art Gallery
Chilliwack Museum and Historical Society
Courtenay and District Historical Society
Indian and Northern Affairs Canada
Desbrisay Museum
Glenbow Museum
Government House/External Affairs
Hastings County Museum
Historical Resources of New Brunswick
Kamloops Museum
Laurier House
Laval University
Maritime Museum of the Atlantic
McCord Museum
McMichael Canadian Collection
Memmonite Village Museum
Moose Jaw Art Museum
Musée Acadien/Caraquet
Musée Beaulne
Musée du Québec
Musée François-Pilote
Musée Marsil/Musée de St. Lambert
Museum of the American Indian
Muskoka Pioneer Village
National Gallery of Canada
National Museum of Man/History
National Museum of Man/Archaeological Survey of Canada
National Museum of Man/Canadian Centre for Folk Culture Studies
National Museum of Man/Canadian War Museum
National Museum of Man/Canadian Ethnology Service
National Museum of Natural Sciences
New Brunswick Museum
Newfoundland Musem
Nor'Westers and Loyalist Museum
Norfolk Historical Society
North Bay Area Museum
Nova Scotia Museum
Ottawa Civic Hospital

Parks Canada
Peter Whyte Gallery
Prince Albert Heritage Museum
Prince Edward Island Heritage Foundation
Prince of Wales Northern Heritage Centre
Queen's University
Richmond Museum and Archives
Rodman Hall Art Centre
Ross Memorial Museum
Royal Canadian Mounted Police Museum
Royal Ontario Museum
Spadina House
Thunder Bay Historical Museum
Upper Canada Village
Village Historique Acadien
William Henry Steeves House
Winnipeg Art Gallery

1984-85 (as of October 1984)

Art Gallery of Hamilton
Art Gallery of Windsor
Canada Council Art Bank
Confederation Centre Art Gallery and Museum
Glenbow Museum
Lundy's Lane Historical Museum
McCord Museum
National Gallery of Canada
National Museum of Man/Archaeological Survey of Canada
National Museum of Man/Canadian Ethnology Service
National Museum of Man/Canadian Centre for Folk Culture Studies
National Museum of Man/Canadian War Museum
National Museum of Man/History
Prince Albert Heritage Museum
Prince Edward Island Heritage Foundation
Prince of Wales Northern Heritage Centre
Public Archives of Canada
Public Service Commission

3. List of Research Projects Undertaken by the Canadian Conservation Institute in 1983-84 and 1984-85

1983-84

Characterization and Conservation of Baleen
Characterization and Conservation of Birchbark
Characterization and Conservation of Corroded Archaeological Iron
Characterization and Conservation of Skin and Leather
Characterization and Conservation of Slatechuck Creek Argillite
Characterization and Conservation of Waterlogged Wood

Characterization of the Behaviour and Function of Lining Supports and Adhesives
Comparative Evaluation of Metal Polishes
Consultation on New Buildings for the National Museums of Man and the National Gallery of Canada
Degradation of Poly (Ethylene Glycol)
Development of Methods for the Characterization of Inorganic Materials
Development of Methods for the Characterization of Organic and Biogenic Materials
Development of Non-Destructive Methods of Examination
Diagnosis of Glass Bead Deterioration
Laser and Flashlamp Divestment Methods
Materials and Methods of Selected Canadian Painters
Materials Used by Northwest Coast Cultures
Mechanical Behaviour of Painting Materials
Museum and Gallery Display Case Design
Prevention of Silver Tarnishing
Properties, Behaviour and Effect of Biocides on Artifact Materials
Properties, Behaviour and Function of Backing Boards
Rock Art Recording Methods
Scientific Examinations Related to Authenticity
Studies of Processes Used in Paper Conservation
Study of Adhesives, Consolidants and Infilling Materials Used in Conservation
Study of Mould Growth on Artifact Materials
Study of Processes Used in Textile Conservation
Suitability of Photographic and Document Enclosures
Titanium White: Analysis and History of its Use as an Artist's Pigment
Use of Time Lapse Photography in Deterioration Studies
Volatile Wood Degradation Products: Identification and Prevention

1984-85
Characterization and Conservation of Birchbark
Characterization and Conservation of Baleen
Characterization and Conservation of Corroded Archaeological Iron
Characterization and Conservation of Skin and Leather
Characterization and Conservation of Slatechuck Creek Argillite
Characterization and Conservation of Waterlogged Wood
Characterization of the Behaviour and Function of Lining Supports and Adhesives
Comparative Evaluation of Metal Polishes
Degradation of Poly (Ethylene Glycol)
Development of Analytical Methods
Development of Non-Destructive Methods of Examination
Diagnosis of Glass Bead Deterioration
Hair Slippage in Furs and Skins
Irganox Studies: The Use of Stabilized Dammar as an Inpainting Medium
Laser and Flashlamp Divestment Methods
Leaf-Casting
Lightfastness of Coloured Materials

Materials and Methods of Selected Canadian Painters
Materials of Native Cultures
Mechanical Behaviour of Painting Materials
Museum and Gallery Display Case Design
Prevention of Silver Tarnishing
Properties, Behaviour and Effect of Biocides on Artifact Materials
Properties, Behaviour and Function of Backing Boards
Rock Art Recording Methods
Studies of Fillers Used in Conservation
Studies of Processes Used in Paper Conservation
Study of Adhesives and Consolidants Used in Conservation
Study of Mould Growth on Artifact Materials
Study of Processes Used in Textile Conservation
Suitability of Photographic and Document Enclosures
Titanium White: Analysis and History of its Use as an Artist's Pigment
Use of Time Lapse Photography in Deterioration Studies
Volatile Wood Degradation Products: Identification and Prevention

70 (National Museums of Canada)

4. Locations of the Public Display Areas of The National Museums

1	National Gallery of Canada Elgin and Slater Streets	(613) 992-4636
2	National Museum of Man Metcalfe and McLeod Streets	(613) 992-3497
2	National Museum of Natural Sciences Metcalfe and McLeod Streets	(613) 996-3102
3	National Museum of Science and Technology 1867 St. Laurent Blvd.	(613) 998-4566
4	Canadian War Museum 330 Sussex Drive	(613) 992-2774
5	National Aviation Museum Rockcliffe Airport near St. Laurent Blvd.	(613) 998-4566
6	Agriculture Museum Central Experimental Farm	(613) 998-4566

National Parole Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Parole Board

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $13,471,000 in support of the 1985-86 National Parole Board Program. The remaining expenditures, estimated at $1,498,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority (thousands of dollars)

Vote		1985-86 Main Estimates	1984-85 Main Estimates
	National Parole Board		
25*	Program expenditures	13,471	12,499
(S)	Contributions to employee benefit plans	1,498	1,307
	Total Program	14,969	13,806

Votes- Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Parole Board	
25*	National Parole Board-Program expenditures	13,471,000

Program by Activity (thousands of dollars)

	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Budgetary Capital	Total	
Parole Board Operations	311	14,939	30	14,969	13,806

* Vote number was previously 15.

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 15 - Program expenditures	12,844,000	13,083,754	12,446,066
Statutory - Contributions to employee benefit plans	1,221,000	1,359,000	1,359,000
Total Program - Budgetary	14,065,000	14,442,754	13,805,066

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The National Parole Board has established the following major goals for 1985-86:

- to review the potential for more equitable and accountable structures and mechanisms for parole decision-making the Board will continue to contribute to the Criminal and Correctional Law Reviews, the development of paroling authority standards and a Ministry study on conditional release decision-making (see page 16);

- to create more effective means of dealing with violent and dangerous offenders the Board is continuing its review of legislation, policy and procedures to identify areas for possible modification (see page 16);

- to pursue program evaluation initiatives, including the evaluation of Full Release (Parole) and follow-up to the evaluation of Gradual Release (Day Parole), in accordance with the Board's long-term evaluation plan (see page 16); and

- to further increase the Board's operational efficiency through the conduct and follow-up of audits; the refinement, collection and analysis of performance information; the continued refinement of the Automated Parole Information System; and the conduct of an in-depth analysis of workload components (see page 16).

2. Financial Summary

Figure 1: Financial Requirements ($000)

	Main Estimates 1985-86	Forecast 1984-85	Change
Parole Board Operations	14,969	14,260	709
Authorized person-years	311	314	(3)

Explanation of Change: The increase of 5% or $709,000 in the 1985-86 requirements over the 1984-85 forecast is due to the following:

• implementation in 1985-86 of an automated communications network with the Correctional Service of Canada	230,000
• net increase related to workload volumes in the conditional release area (see page 21) and the Automated Parole Information System	121,000
• general reduction in other operating costs	(40,000)
• decrease due to non-recurring costs provided in 1984-85 for implementation of the 1984 Information Technology Systems Plan ($124,000) and the 1984 Summer Career Program (4 PYs and $37,000)	(161,000)
• increase for inflation in salaries and wages and contributions to employee benefit plans	559,000

Explanation of 1984-85 Forecast: The 1984-85 forecast is 3% or $454,000 higher than the 1984-85 Main Estimates of $13.8 million. The major items making up the difference are:

• Supplementary Estimates for Information Technology Systems Plan	124,000
• Supplementary Estimates for pardons workload and the Automated Parole Information System	312,000

B. Recent Performance

1. Highlights

The following represents signficant achievements of the Board with particular attention to the Highlights in the 1983-84 Program Expenditure Plan.

Concern for Violent and Dangerous Offenders: As part of its continuing concern for public safety the Board implemented procedures in 1983-84, in conjunction with the Correctional Service of Canada, which provided for the early identification, case planning and decision-making in respect of violent and dangerous offenders prior to release on mandatory supervision.

Responding to the Solicitor General's Conditional Release Study: Policy changes implemented in 1982-83 with respect to the unescorted temporary absence program were assessed following further experience and numerous refinements were made, particularly with respect to frequency and duration of absences.

The assessment of the Board's internal review process was completed and a recommendation was made to establish a separate Appeal Division to review conditional release decisions.

As part of its overall strategy to review its procedural safeguards a study was completed and initiatives were undertaken consistent with the Privacy Act, regarding the provision of information to inmates and parolees.

Future Perspectives Study: The Future Perspectives Study was brought to a conclusion with the articulation of various principles and positions with respect to conditional release decision-making. Action plans deriving from the Study have been integrated into the Board's operational planning process.

Operational Efficiency Improvements: A system was put in place to systematically collect and analyze information related to compliance with statutory requirements.

The Board completed follow-up action on the accepted recommendations of the Audits of Privacy Coordination and Case Analysis and Review resulting in minor operational changes.

An evaluation assessment of Gradual Release (Day Parole) was completed (see page 16).

The Automated Parole Information System was introduced in the Board's five regional offices and at headquarters.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Parole Board Operations	13,805	14,065	(260)

Explanation of Change: The 1983-84 expenditures were $260,000 (1.8%) lower than the Main Estimates. This was due to the following offsetting factors:

• additional resources for conditional release workload	211,000
• additional resources for employee contributions	138,000
• additional resources for summer student program	29,000
• decreased expenditures due to frozen allotment (MSSD)	(110,000)
• decreased expenditures due to administrative restraint measures	(47,000)
• underutilization of salary adjustment reserve	(256,000)
• under expenditure in operations (salaries and other operating)	(225,000)

C. Background

1. Introduction

The National Parole Board is one part of the Canadian criminal justice system. This system, whose aim is to reduce criminal activity and to minimize its repercussions in society, is made up of several closely inter-related components including the body of criminal law, the judiciary and legal profession, the law enforcement agencies and the correctional services. Jurisdiction over these components is shared by all levels of government.

At the federal level, the National Parole Board is a component of the Ministry of the Solicitor General which also encompasses the Royal Canadian Mounted Police, the Canadian Security Intelligence Service, Correctional Service of Canada and the Correctional Investigator.

2. Legal Mandate

The powers of the National Parole Board are derived from the Parole Act and its Regulations for parole matters, and the Criminal Records Act for clemency matters. Other statutes that confer jurisdiction on the National Parole Board are the Penitentiary Act for temporary absence, the Prisons and Reformatories Act, and the Criminal Code of Canada.

In addition to exercising absolute jurisdiction over decisions regarding conditional release of federal inmates, the National Parole Board makes decisions on cases of inmates in provincial institutions in provinces without provincial parole boards. (Federal inmates are those inmates serving a sentence of two years or more, whereas provincial inmates are those serving a sentence of less than two years.) At the present time provincial boards exist in Quebec, Ontario, and British Columbia. The National Parole Board therefore has jurisdiction over the granting of conditional release to provincial inmates in the seven remaining provinces and in the two territories.

3. Program Objective

To exercise statutory and regulatory powers to grant and to control the conditional release of persons undergoing sentences of imprisonment and to make recommendations for pardons and the exercise of the Royal Prerogative of Mercy.

4. Program Description

In accordance with the provisions of the Parole Act and other relevant statutes the National Parole Board is an independent administrative body which grants, denies and controls the conditional release of inmates of federal penitentiaries and recommends the exercise of the Royal Prerogative of Mercy and the granting of pardons. In addition, the National Parole Board exercises the same powers and responsibilities with the exception of the granting of temporary absences for provincial inmates in provinces without provincial parole boards. The Parole Board Operations Activity also involves the development of policies and procedures relating to the decision-making and recommendation responsibilities and all administrative support including policy and planning, case management, communications, finance, administration, and personnel.

There are four types of conditional release available to inmates.

The three types of conditional release for which the Board has discretion to grant, deny or revoke for inmates under their jurisdiction are unescorted temporary absence, day parole and full parole.

Temporary Absence: is an occasional release from the institution for humanitarian or medical reasons. A temporary absence might be granted for such reasons as provision of special medical care, attendance at funeral services or for interviews with possible employers and landlords.

Day Parole: is a form of gradual conditional release designed to assist an individual in the preparation for full parole or mandatory supervision. It also serves as a valuable testing mechanism to determine an individual's readiness for such releases. Day parole is usually granted for a specific purpose such as work projects, special education, or medical treatment for a limited period of time and requires regular return to an institution or halfway house.

Full Parole: allows an individual to complete the sentence of the court in the community provided a number of conditions on his/her freedom and behaviour are satisfied and the requirement to report regularly to a parole officer and the police is fulfilled.

According to the Parole Act, the above types of conditional release may be granted when:

- the requirement of the law or regulation as to the time that must be served before becoming eligible has been met;
- the release of the inmate would not constitute an undue risk to society;
- in the case of full parole, the inmate has derived maximum benefit from imprisonment; and
- the reform and rehabilitation of the inmate will be aided by the granting.

The decision-making process for granting the above types of conditional release begins with a study of the inmate's case. This includes an examination of the inmate's criminal record and various institutional reports. Once this investigation is completed the Board begins its review, which generally includes a hearing attended by Board Members and the inmate. At the hearing, the Board advises the inmate of the information that it will consider in rendering its decision. Upon completion of review the Board Members vote on the case. If the Board has decided to grant parole, the inmate is subject to supervision. Specific conditions of release must be satisfied. If these conditions are not met, the Board may suspend or revoke conditional release.

Mandatory Supervision: is the fourth kind of conditional release. Penitentiary inmates who are not released on parole are entitled by law to serve in the community, under mandatory supervision, the time which has been credited to them in the form of earned remission. The system of earned remission, which is based on the inmate's institutional performance, enables an inmate to earn time off the incarcerated portion of his/her sentence, up to a total of one-third of the sentence. Unlike parole, which is a discretionary decision of the Board, release under mandatory supervision is determined by the amount of the inmate's earned

remission credits. However, the Board does have the authority to set the conditions of release and to return individuals to prison for the remainder of their sentence if the conditions of release are violated or likely to be violated.

5. Program Organization for Delivery

Activity Structure: The National Parole Board has identified one activity, Program Operations, to describe its Program.

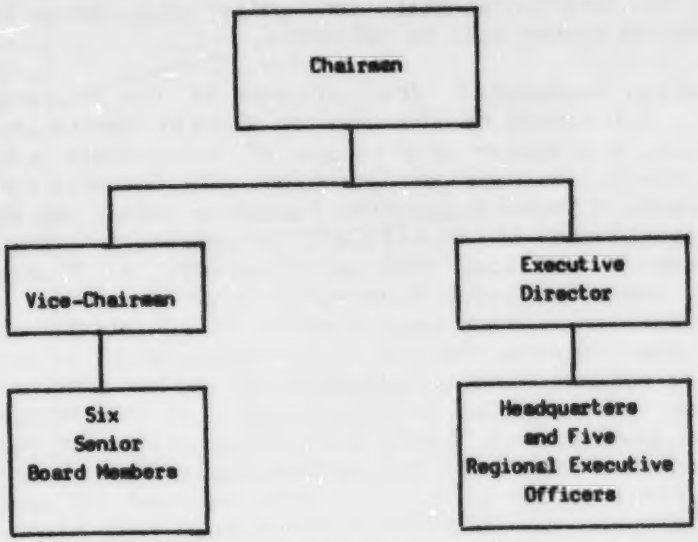
Organization Structure: The National Parole Board has its headquarters in Ottawa. There are five regional offices (Moncton, Montreal, Kingston, Saskatoon, and Burnaby).

The Chairman is the Chief Executive Officer and is responsible for all matters relating to the National Parole Board. Although the Chairman reports to the Solicitor General, the National Parole Board is independent of outside control in the exercise of its decision-making power except for the ultimate control of Parliament through legislation.

The Chairman is supported directly in overseeing the operations of the Board by a Vice-Chairman and an Executive Director. Board Members, located at each of the five regional offices and the Headquarters Division, are directed by a Senior Board Member who reports to the Vice-Chairman. The support services in the regional offices are the responsibility of Regional Executive Officers who report to the Executive Director together with similarly employed personnel at headquarters. Figure 3 displays the organization of the National Parole Board.

The National Parole Board itself comprises 26 full time members appointed for a period of up to 10 years by the Governor in Council upon the recommendation of the Solicitor General. Several Temporary Members have also been appointed in each region to assist the Board in its duties. In addition, representatives in each of the five regions (Community Board Members) are designated to act as regular Board Members when release is being considered for inmates serving sentences of life imprisonment or a sentence of an indeterminate period.

Figure 3: Organization Structure



D. Planning Perspective

1. Environment

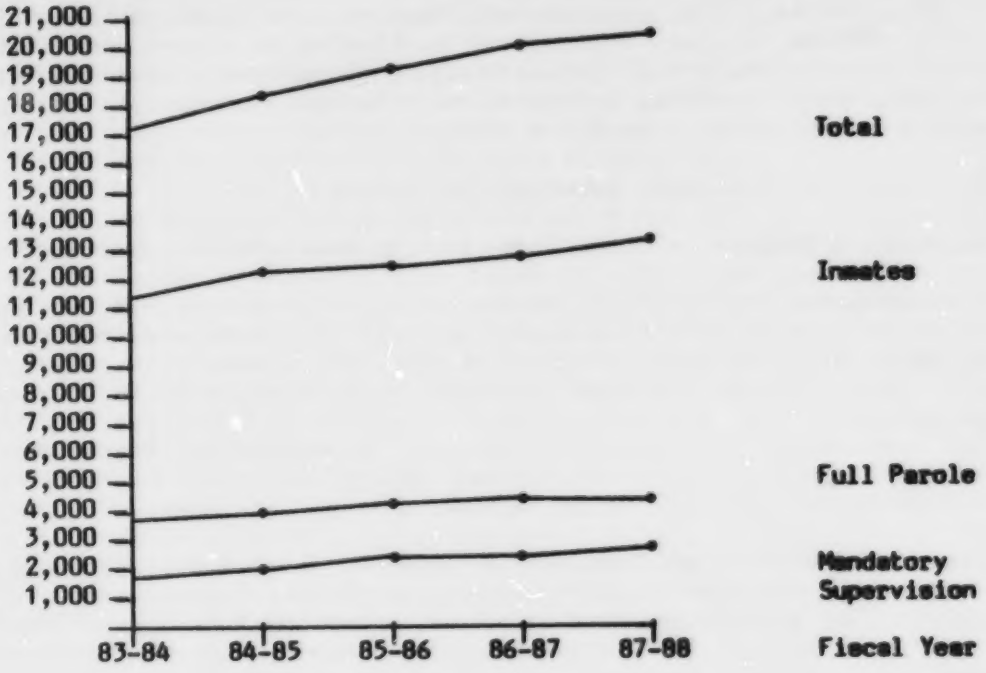
The National Parole Board, together with the other components of the Ministry of the Solicitor General, has identified a number of environmental factors which will likely influence its operations in the near future. Those which are likely to have a major impact upon the National Parole Board are described below.

Economic Climate: While the performance of the Canadian economy may improve throughout 1985-86, fiscal restraint with respect to social policy areas including the criminal justice system will probably continue in light of the government's overall economic development and job creation priorities. The National Parole Board will continue to feel the pressure throughout the period to further increase its operational efficiency in order to provide acceptable levels of service.

Social Climate: With the increasing emphasis on openness and accountability in government as a result of access and freedom of information initiatives and the entrenchment of the Charter of Rights and Freedoms in the Canadian Constitution, policy adjustments throughout the criminal justice system will be necessary.

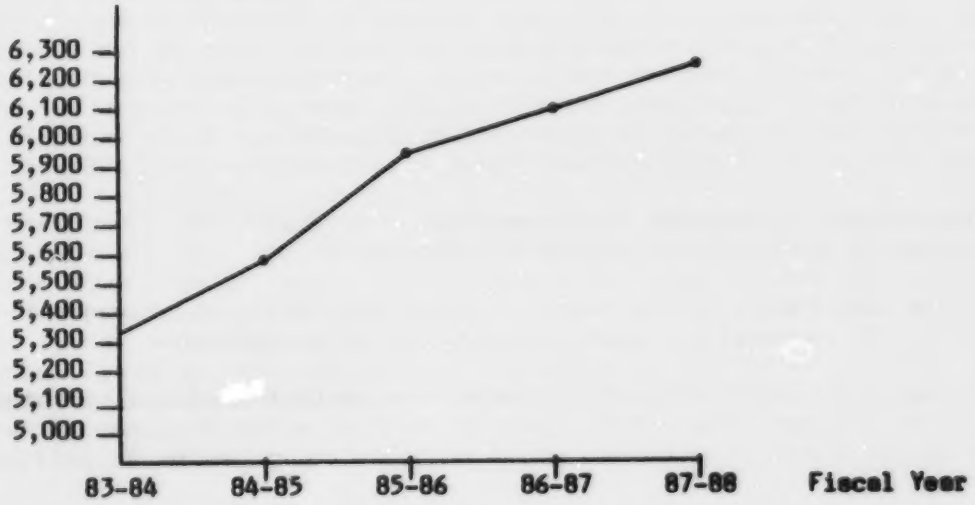
Offender Population Forecasts: The workload of the National Parole Board is largely determined by the size of federal inmate population, more specifically, the number and nature of individuals within that population eligible for release consideration. The Correctional Service of Canada's 1984-85 Offender Population Forecasts dated September 1984 indicate the likelihood of significant increases in the offender population through to at least 1988 as illustrated in Figure 4. An increase in the number of individuals within that population projected to become eligible for release consideration is illustrated in Figure 5. Historical data indicate that, on the average, 48.5% of the federal inmate population reaches first eligibility for parole consideration in each fiscal year. In addition to this segment of the federal inmate population which the National Parole Board must review in each fiscal year, there is another segment of the population, estimated at over 20%, who have passed their parole eligibility date and have not been granted parole or been released on mandatory supervision. Many of these cases will also be considered for release by the Board. If the federal inmate population increases as projected, the numbers of federal inmates eligible for release consideration by the Board will rise proportionately and increasing pressure will be exerted upon Board resources in subsequent years.

Figure 4: Federal Offender Population Forecasts 1983-88*



*1983-84 - Actual Figure

Figure 5: Forecast of Federal Offenders Reaching Parole Eligibility Date, 1983-88*



* 1983-84 - Actual Figure.

2. Initiatives

Having considered the environmental factors, the Board will continue during 1985-86 to place emphasis on continuing to expand upon initiatives in prior years' Expenditure Plans, with particular attention given to areas where there is potential for further increases in operating efficiency and effectiveness, as detailed below.

3. Update on Previously Reported Initiatives

Conditional Release - Long Term Initiatives: Having completed its Future Perspectives Study, the Board will continue to contribute to the Criminal and Correctional Law Reviews which are expected in future years to result in legislative revision. As well, the Board will continue to assist in the development of paroling authority standards in conjunction with the Canadian Criminal Justice Association and the Canadian Association of Paroling Authorities. The Board will also participate in the Ministry of the Solicitor General Secretariat's Decision-Making Research Study in order to further define the role of conditional release in the criminal justice system.

Concern for Violent and Dangerous Offenders: The National Parole Board continues to place the highest priority upon the minimization of risk to society in the conditional release of offenders. Anticipated legislative changes with respect to the control of violent offenders have not occurred; however, the Board is continuing its review of legislation, policy and procedures related to the identification, release planning and supervision of those offenders identified as violent and dangerous in order to ensure the minimization of risk.

Conditional Release - Program Evaluation: The National Parole Board has experienced some difficulty in maintaining its schedule for evaluations according to its long term evaluation plan. This is due mainly to lack of resources available for the completion of evaluations. It is anticipated that the long-term plan may require revision for subsequent years. Results from the evaluation of Gradual Release (Day Parole) may have an impact upon programs in 1985-86; however the extent and nature of such impact cannot be predicted at this time. It is expected that the evaluation of Full Release (Parole) will continue into 1985-86.

Operational Efficiency Improvements: The Board has identified the following goals in this regard for 1985-86:

- the report of the Audit of Corporate and General Management will be reviewed and appropriate follow up determined;
- audits will proceed in line with a revised audit policy and plan;

- the collection and analysis of performance information will continue in order to establish appropriate standards of operational efficiency and effectiveness;

- continued refinements will be made in the Board's Automated Parole Information System based upon a cost benefit analysis and an intercommunication study together with the ongoing recommendations of the Board's Users Committee;

- the findings of the Board's workload study will be reviewed and action taken as appropriate to increase operating efficiency; and

- in the absence of expected legislative changes and consequent program revision in the clemency and criminal records area the Board is continuing to make administrative changes aimed at improving the efficiency of the processing of pardon cases.

4. Program Effectiveness

Criteria for measuring the effectiveness of the National Parole Board's Program must be related to its mandate: to review cases and render decisions with respect to the grant or denial of conditional release; to review applications and make recommendations for the grant of pardons and the exercise of the Royal Prerogative of Mercy; and to formulate conditional release decision-making policy.

The National Parole Board has identified three key result areas (Conditional Release, Clemency and Criminal Records, Policy and Corporate Management) which most aptly reflect its significant tasks and which stand therefore as the basis for accountability.

Conditional Release: Social science and criminological research have developed many methods for measuring various aspects of Conditional Release success. There is, however, neither any consensus as to what is success nor what constitutes a valid and reliable measure of success. It is generally held that early release from prison has at least the direct effect of reducing the potentially debilitating effects of incarceration while assisting in the reintegration of an offender into his community.

Recidivism rates reflect those individuals who are revoked as well as individuals who are returned to prison for commission of a new offence after warrant expiry date. Revocation rates reflect the number of offenders returned to prison by a decision of the National Parole Board either as a result of a breach (including conviction for a new offence) or as an act designed to prevent a breach of conditions of release while under supervision. Revocation and recidivism rates as currently measured are a function of many interrelated factors, only a proportion of which can be affected by National Parole Board policy or

operational procedures. While paroling authorities must be sensitive to gross changes in these rates they must be considered imperfect performance indicators.

Figures 6 and 7 display the outcome of federal full parole and mandatory supervision releases from 1975-76 to 1979-80 based on the study of the status as of June, 1984 of all those offenders released between 1975-76 and 1979-80. Past studies have shown that a four to five year follow up is sufficient to demonstrate revocation and recidivism patterns. (The presentation of this information has been changed from calendar to fiscal-year to be consistent with other reporting in this document).

Figure 6: Recidivism Rates 1975-76 to 1979-80 Actuals

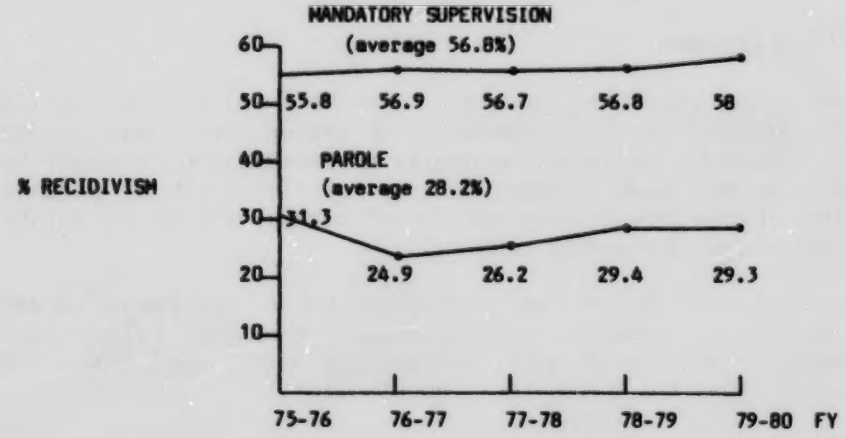
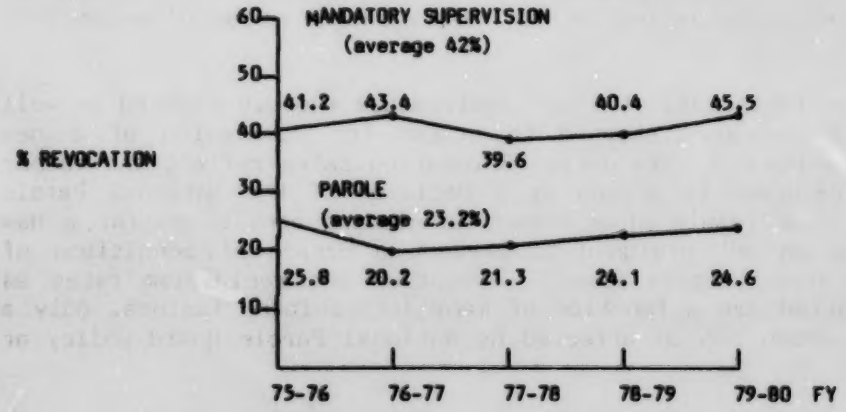


Figure 7: Revocation Rates 1975-76 to 1979-80 Actuals



An important measure of the National Parole Board's operational effectiveness is its ability to comply with the statutory requirements of the relevant legislation and to meet on a timely basis the procedural safeguards provided.

Figure 8 provides data covering the period April 1, 1983 to March 31, 1984, with respect to compliance.

Figure 8: Compliance with Statutory Requirements, April 1, 1983 to March 31, 1984

Regulation	Percentage of Compliance
1. Holding of panel hearings/review prior to parole eligibility date (section 14 15(1))	100%
2. Written reasons for negative parole decision within 15 days of the decision (Section 19(2))	85%
3. Ensuring legal requirement to give 14 days notice of the post-suspension hearing is given when a hearing is requested (Section 20(2)(b))	100%
4. Sending of written notification of parole eligibility date to federal inmates within six months of admission (Section 13)	100%

The Board has not been able to achieve 100% compliance in notifying inmates of negative parole decisions within 15 days of the decision. This has been due to a shortage of resources in this labour intensive area. Attempts are being made to increase operating efficiency in this area to effect a higher percentage of compliance. Additional resources which were granted to the Board by Treasury Board for 1984-85 should assist the Board in meeting its obligations in the conditional release area to the fullest extent possible.

Clemency and Criminal Records: Through the review of appropriate information and the weighing of significant factors the Board formulates recommendations to Cabinet for the granting of pardons and the exercise of the Royal Prerogative of Mercy. The Board is required by the Parole Act to undertake such reviews upon receipt of applications and to formulate recommendations. Indicators of the Board's effectiveness in this area are the average time involved in processing applications and the percentage of applications processed within the optimum timeframe.

Efforts are being made to implement a system to determine the average time involved in processing pardon applications. A sample of this information for January to March 1984 indicates an average

processing time of 15.6 months. It should be noted that approximately 60% of the processing time is consumed in the completion of components of the process, including police inquiries, which fall outside the control of the National Parole Board.

It was anticipated that an optimum timeframe for processing applications for pardon under the Criminal Records Act would be established in conjunction with possible legislative changes in this area. This optimum timeframe has, however, not yet been established. When this timeframe is set the National Parole Board will be in a position to report on the percentage of pardon applications processed within this period of time.

Policy and Corporate Management: The National Parole Board is required to efficiently administer the Parole Act with major emphasis upon the continuing viability of the program in terms of the integrity, quality and independence of its decision-making. In this regard, the National Parole Board considers the capacity to undertake in-depth evaluations of its programs as being of critical importance. The collection and analysis of current and objective information on program performance allows the Board to make resourcing decisions necessary to maximize the achievement of its Objective. National Parole Board programs will be systematically evaluated to ensure the achievement of articulated objectives and the maintenance of policies appropriate to the mandate of the Board (see page 16). Indicators of the Board's effectiveness in this area are the articulation of evaluation findings and the development as appropriate of follow-up strategies.

5. Performance Information/Resource Justification

The National Parole Board has identified corporate objectives in three areas.

- **Conditional Release** - to render conditional release decisions on a timely basis in accordance with statutory requirements and the reduction of undue risk to society;

- **Clemency and Criminal Records** - to review applications and formulate recommendations on a timely basis with respect to the granting of pardons and the exercise of the Royal Prerogative of Mercy; and

- **Policy and Corporate Management** - to analyse and articulate decision-making policy and to efficiently manage the National Parole Board.

The articulation of results and performance standards in these broad areas emphasizes the major responsibilities of the Board, the broad areas within which resources are allocated, and within which results are anticipated.

The National Parole Board has finalized efficiency indicators and is collecting data relating costs to decisions for conditional release and to recommendations for clemency.

The resources required for the timely and responsible analysis of parole applications, and performance reports with respect to those conditionally released, and the rendering of decisions by the Board, is directly related to the number and nature of cases presently at liberty and under the Board's ultimate authority. Resource levels with respect to the achievement of a conditional release result must therefore be calculated on the basis of these factors.

The analysis of resource requirements related to NPB operations with respect to the grant of pardons and the exercise of the Royal Prerogative of Mercy must be calculated upon the volume of applications and their complexity.

Workload statistics are presented here for information and forecast purposes. Figure 9 represents a breakdown of the total number of decisions and recommendations by category made by the Board in four fiscal-years. Figure 10 presents a forecast of the total number of cases under the supervision of the Board by type of release.

Figure 9: Total Conditional Release Decisions and Pardons/Royal Prerogative of Mercy Recommendations, 1980-81 to 1983-84 Actuals

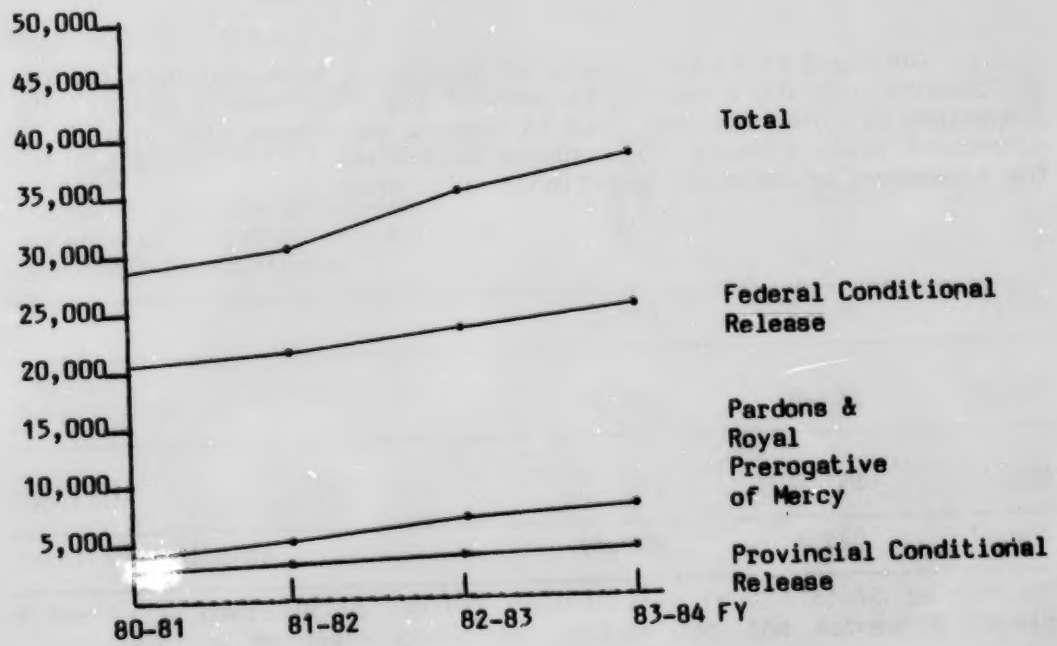
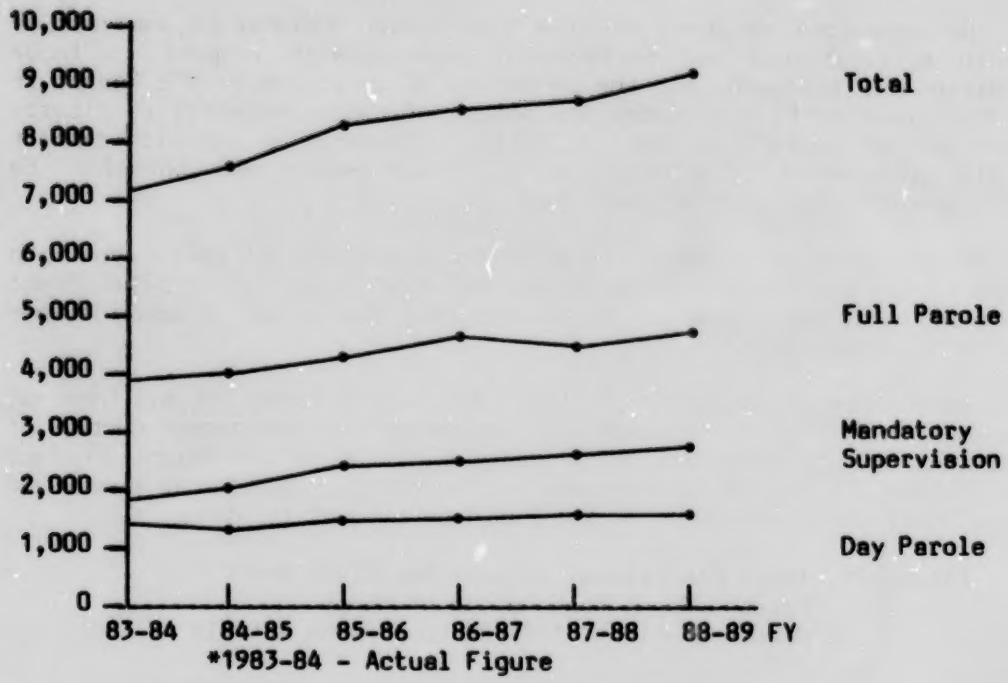


Figure 10: Federal and Provincial Cases Under Supervision by Type of Release, 1983-89*



The Board is in the process of developing base-year data for the performance indicators related to each of its three result areas. The comparison of this base-year data to ongoing experience will provide in subsequent years a basis for resource allocation to the Board and for the assessment of relative operational efficiency.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

National Parole Board expenditures by object are presented in Figure 11.

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	10,698	10,276	9,203
Contributions to employee benefit plans	1,498	1,307	1,359
Other personnel costs	15	35	-
	12,211	11,618	10,562
Goods and services			
Transportation and communications	1,218	1,222	1,110
Information	187	205	114
Professional and special services	997	760	625
Rentals	45	42	76
Purchased repairs and upkeep	116	134	113
Materials, utilities and supplies	165	151	153
All Other Expenditures	-	-	2
	2,728	2,514	2,193
Total operating	14,939	14,132	12,755
Capital*	30	128	1,050
Total expenditures	14,969	14,260	13,805

* The large decrease in capital expenditures from 1983-84 to 1984-85 results from hardware costs in 1983-84 for the Automated Parole Information System.

2. Personnel Expenditures

The National Parole Board is a labour intensive organization, with personnel costs (including statutory contributions to employee benefit plans) constituting 82% of total operating costs.

Figure 12: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Board Members and Executives	43	39	35	50,350 - 96,300	68,014
Scientific and Professional	1	1	2	13,609 - 88,120	-
Technical	2	2	3	10,719 - 63,173	41,616
Administrative and Foreign Service					
Administrative Service	41	27	20	13,912 - 57,987	35,890
Personnel Administration	4	4	5	13,330 - 63,870	37,624
Welfare Programs	30	32	35	14,860 - 57,980	43,173
Financial Administration	5	5	5	13,853 - 57,980	40,762
Program Administration	5	20	26	13,912 - 57,987	32,268
Information Services	3	3	5	13,579 - 57,980	45,523
Other	3	2	1	12,766 - 66,252	38,250
Administrative and Operational Support	174	166	162	12,307 - 48,317	21,587

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Net Program Cost

The Parole Board's 1985-86 Estimates include only authorities to be voted and statutory authorities. When describing the Program on a full cost basis, other costs must be considered.

Figure 13: Net Cost of the Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	**Total Net Cost**	Total 1984-85
National Parole Board Program	14,969	1,432	**16,401**	15,660

The adjustments made to the voted budgetary operating expenditures to arrive at total net cost include services provided without charge by Public Works, ($1,191,000), Supply and Services, ($32,000) and Treasury Board Secretariat ($209,000).

National Research Council Canada

1985–86 Estimates

Part III

Expenditure Plan

2019

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

National Research
Council Canada

Preface

This document contains Expenditure Plans for the two Programs of the National Research Council (NRC): the Scientific and Industrial Research Program and the Scientific and Technical Information Program. It is organized into three chapters. The first provides an introduction to NRC and summarizes both Programs. The other two present the Expenditure Plans for each Program. Extracts from Part II of the Estimates are included in Chapters 2 and 3 to provide continuity with the other Estimates documents.

The Expenditure Plan for the Scientific and Industrial Research Program is divided into three sections, which provide increasing levels of detail. Section I, Program Overview, provides information on the current status of the Program. Section II, Analysis by Activity, provides specific details of results expected in the upcoming Estimates year. Section III provides details of the costs and resources used by the Program and special analyses to explain it more fully.

The Expenditure Plan for the Scientific and Technical Information Program is divided into two sections. Section I presents an overview of the Program and includes a description and information on the background, objectives and planning perspective as well as performance information that forms the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

This document is designed to permit easy access to specific information. The table of contents provides a detailed guide to the contents of each section. Within Section I of the Scientific and Industrial Research Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II.

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Departmental Summary

Role and Responsibilities

The mandate of the National Research Council (NRC) is established by the National Research Council Act, which empowers NRC to undertake, assist, or promote scientific and industrial research. More specifically the Act also authorizes NRC to provide and operate facilities and make them available to industrial firms or to organizations or persons; to establish, operate, and maintain a national science library; to publish and sell or distribute scientific and technical information; to carry on work of an experimental and developmental nature aimed at improving processes, methods, or products in useful arts and manufacturing and for scientific purposes; and to operate and administer federal government astronomical observatories.

In accordance with its mandate, NRC carries out research and development activities in science and engineering in response to economic and social needs. These activities encompass work on the advancement of knowledge, building and construction, energy, the environment, food and forestry, health, industrial technology, public sector research, space, and transportation.

NRC also provides direct technical assistance to industry, and it provides financial assistance to companies undertaking innovative research projects and to firms acquiring technologies developed in government laboratories. NRC establishes and maintains physical standards; operates and makes available national science and engineering facilities as a service to industry, governments, and universities; maintains the national collection of scientific and technical information; and operates a nation-wide network of scientific and technical information services.

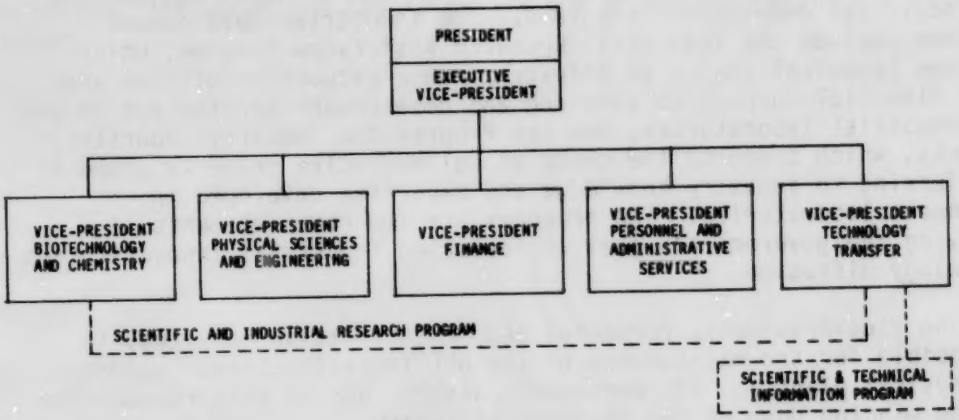
This many-faceted role of NRC is performed within the federal government's overall Science and Technology (S&T) program. NRC resources are included in the Economic and Regional Development Envelope and in the Energy Envelope.

Organization and Programs

NRC is a Crown Corporation (departmental corporation, schedule B as defined by the Financial Administration Act). There is a Council consisting of a President and 21 members appointed by the Governor in Council. Council membership is drawn from industry, universities and government, and includes representation from the various regions of Canada. The Council constitutes a broadly-based body of scientific and management expertise. NRC reports to Parliament through the Minister of State for Science and Technology.

Figure 1 illustrates NRC's organizational structure. The President chairs the Council and is the Chief Executive Officer of the organization.

Figure 1: Organizational Structure of the National Research Council of Canada



The activities of the Scientific and Industrial Research Program and the Scientific and Technical Information Program are the responsibilities of the six Vice-Presidents.

The Executive Vice-President chairs the NRC Management Committee and has responsibility for the Industrial Materials Research Institute in Boucherville, Quebec and the Institute for Optics under development in Quebec City. He is also responsible for External Relations and the Program Evaluation Office.

The Vice-President, Finance, is the Chief Financial Officer. He also has responsibility for the coordination of major capital projects, national facilities external to NRC, the operations of the Computation Centre, and the winding down of the cancelled Institute for Manufacturing Technology in Winnipeg.

The Vice-President, Physical Sciences and Engineering, is responsible for the Divisions of Physics, Microstructural Sciences, Electrical Engineering and Mechanical Engineering, the Herzberg Institute of Astrophysics, the Canada Centre for Space Science, the National Aeronautical Establishment, the Atlantic Research Laboratory in Halifax, and the Institute for Marine Dynamics in St. John's, Newfoundland.

The Vice-President, Biotechnology and Chemistry, has responsibility for the Divisions of Biological Sciences, and Chemistry, the Plant Biotechnology Institute in Saskatoon, and the Biotechnology Research Institute under development in Montreal.

The Vice-President, Technology Transfer, is responsible for the Division of Building Research, the Scientific and Technical Information Program, consisting of the Canada Institute for Scientific and Technical Information and the Canadian Journals of Research, and the NRC industrial development programs. The industrial development programs include the Industrial Research Assistance Program, which provides technical advice to industry from a network of offices and gives financial support to research and development carried out in and for industrial laboratories; and the Program for Industry/Laboratory Projects, which supports the costs of collaborative projects aimed at transferring to industry knowledge and expertise developed in government laboratories. The programs are important elements in achieving the government's goal of fostering industrial innovation and technology diffusion.

The Vice-President, Personnel and Administrative Services, is responsible for the maintenance of the NRC infrastructure, including the physical plant and all personnel matters, and is also responsible for the winding down of the Division of Energy.

Spending Plan

Figure 2 presents the spending plan for the National Research Council and its two programs. All proposed expenditures are budgetary.

Figure 2: NRC Spending Plan ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Scientific and Industrial Research Program	419,209	478,920	(59,711)	(12.5)	2-1
Scientific and Technical Information Program	24,080	22,894	1,186	5.2	3-1
Total Budgetary	443,289	501,814	(58,525)	(11.7)	

Priorities

The federal government has made economic renewal its highest priority. The renewal is to be based on restraints in government spending, a redefinition of the role of government so that it provides a framework for economic growth, and the promotion of greater investment, innovation and international competitiveness. In keeping with these policies the National Research Council will rationalize its activities and eliminate some activities of decreasing cost-effectiveness. NRC will continue to introduce measures that ensure the relevance of NRC

programs to their clients, be they industrial companies, university scientists, or other government departments. Emphasis will be placed on strongly collaborative activities to ensure that all sectors of the Canadian economy are working together towards the common goal of technology diffusion and the effective use of technology in the private sector.

Scientific and Industrial
Research Program
Expenditure Plan

1985-86

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Extracts from Part II of The Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $401,775,000 in support of the 1985-86 Scientific and Industrial Research Program. The remaining expenditures, estimated at $17,434,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Scientific and Industrial Research Program		
5	Operating expenditures	196,647	218,323
10	Capital expenditures	89,989	127,428
15	Grants and contributions	115,139	116,464
(S)	Contributions to employee benefit plans	17,434	16,041
	Total Program	419,209	478,256

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Scientific and Industrial Research Program	
5	Scientific and Industrial Research - Operating expenditures	196,647,000
10	Scientific and Industrial Research - Capital expenditures	89,989,000
15	Scientific and Industrial Research - The grants listed in the Estimates, and contributions	115,139,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						Total	1984-85 Main Estimates
		Budgetary						
	Authorized person-years	Operating	Capital	Transfer payments	Sub-Total	Less: Revenues Credited to the Vote		
National Competence in the Natural Sciences and Engineering	561	35,587	5,250	40	40,877	118	40,759	40,182
Research on Problems of Economic and Social Importance	721	50,785	5,980	9,231	65,996	1,092	64,904	87,734
Research in Direct Support of Industrial Innovation and Development	951	66,954	52,337	74,288	193,579	1,254	192,325	216,313
National Facilities	250	25,297	23,526	28,968	77,791	2,835	74,956	86,699
Research and Services Related to Physical Standards	121	5,913	1,673	-	8,586	253	8,333	8,772
Administrative and Special Support Services	594	40,295	1,433	2,612	44,340	6,408	37,932	38,556
	3,198	225,831	90,199	115,139	431,169	11,960	419,209	478,256

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Section I
Program Overview

A. Highlights

An Integrated Approach to Technology Development and Diffusion: NRC is organizing its programs to ensure the active participation of all sectors in their operation and in the setting of goals. In particular

- A strategic plan has been developed for the Biotechnology Research Institute in Montreal that sets out the organizational structure and the mechanisms for consulting and involving partners in other sectors in the choosing and review of projects and programs. Contract and contribution funding will be used to develop a network of associated groups and laboratories in all sectors. A significant fraction of the staff of the Institute will be guest workers from industry and the universities. The majority of the NRC professional staff will be term employees who will take their acquired expertise to the industrial and university sectors following their terms of employment.

- Similar plans are being developed for the Institute for Optics that NRC has been given government approval to establish in Quebec City at a total capital cost of $16 million. The Institute for Optics is scheduled for completion in 1988.

- The Institute for Marine Dynamics now nearing completion in St. John's, Newfoundland will also encourage the close involvement of the industrial and university sectors.

Support for Private Sector Technology Diffusion: NRC will provide an annual contribution ($500,000 in 1985-86) to support the operation of the National Manufacturing Technology Information Centre and Network, which will be run by the private sector to make the latest information on manufacturing technology available to Canadian industry.

Canadian Astronaut Program: Under the overall program direction of an interdepartmental review board, NRC is responsible for the training of 6 Canadian astronauts, who have been selected from over 4,000 applicants, to participate in missions of the U.S. Space Shuttle. (For further information see page 2-34).

B. Financial Summary by Activity

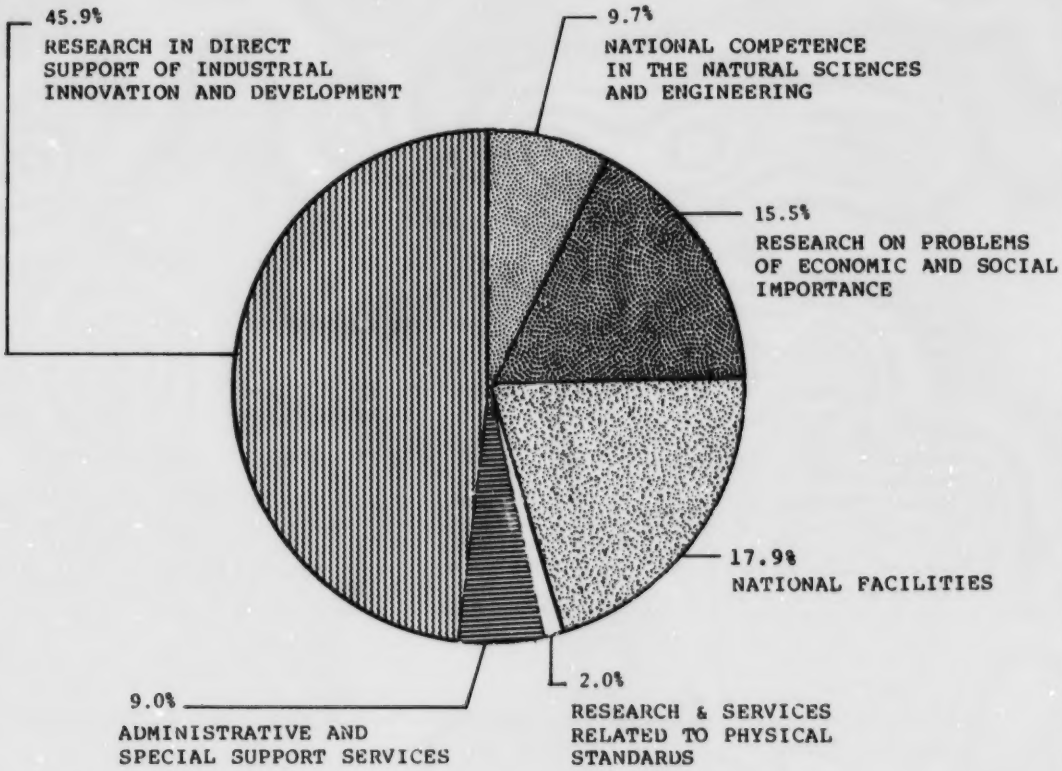
Figure 1: Financial Summary By Activity ($000)

	Estimates 1985-86			Forecast 1984-85			
	Expend.	Revenue Credited to Vote	Net Expend.	Expend.	Revenue Credited to Vote	Net Expend.	For Details See Page
National Competence in the Natural Sciences and Engineering	40,877	118	40,759	40,403	162	40,241	2-19
Research on Problems of Economic and Social Importance	65,996	1,092	64,904	87,727	1,480	86,247	2-23
Research in Direct Support of Industrial Innovation and Development	193,579	1,254	192,325	227,194	1,327	225,867	2-29
National Facilities	77,791	2,835	74,956	85,044	3,301	81,743	2-40
Research and Services Related to Physical Standards	8,586	253	8,333	8,505	276	8,229	2-47
Administrative and Special Support Services	44,340	6,408	37,932	45,281	8,688	36,593	2-50
	431,169	11,960	419,209	494,154	15,234	478,920	
Authorized person-years			3,198			3,323	

The decrease in the 1985-86 requirements from the 1984-85 forecast is made up of the following major items:

- decrease in cash flow of $31.9 million for major capital projects including the Institute for Marine Dynamics, Institute for Manufacturing Technology and the Biotechnology Research Institute.
- decrease of $1.6 million and 29 person-years in X-rays and Nuclear Radiation research.
- decrease of $3.4 million and 10 person-years in Space Science Research.
- decrease of $1.1 million and 15 person-years in environmental quality R&D.
- decrease in Institute for Manufacturing Technology operating resources of $8.7 million and 58 person-years.
- decrease in Energy Panel funding of $32.0 million and 44 person-years.

Figure 2: Percentage Distribution of 1985-86 Estimates (dollars) by Activity



C. Background

1. Introduction

The Scientific and Industrial Research Program is the vehicle through which the National Research Council fulfils its role as the primary research and development organization of the federal government. The Program carries out research and development in the natural sciences and engineering in support of government priorities and goals in science and technology. These goals include the increased adoption of new technologies particularly by industry, increased interaction and collaboration among the various R&D performing and funding sectors, emphasis on the relevance and responsiveness of programs to their clients, and attention to the needs of small firms. These immediate priorities for NRC exist within the context of continuing support for the national scientific and technological infrastructure through such activities as the maintenance of national competence and expertise, the operation of national facilities, work on physical standards, technical work in support of regulatory agencies, and work on problems of social importance.

The Program is designed to complement the activities of those government departments that undertake scientific research in pursuit of their specific missions. For example, NRC conducts little or no research in the field of communications because that research is carried out by the Department of Communications.

The Program also promotes science and engineering. Public interest in and support for science and technology are encouraged through such vehicles as the annual NRC Open House, through publications such as Science Dimension, which describes recent scientific advances in layman's language, and through the publicity associated with particular programs such as the Canadian Astronaut Program.

The NRC industrial support programs are designed to stimulate scientific and engineering research and its application to Canadian economic and social needs. The programs provide financial assistance to companies undertaking innovative research. These programs also improve the technical competence of industry by supporting the transfer of technologies developed in government laboratories and by providing advice in the field to companies with technical problems. The NRC laboratories are also heavily involved in helping Canadian industry to introduce better processes and new products and techniques. Direct assistance to industry is provided through helping companies to solve technical problems, through collaborative projects, and through the contracting of research to industry.

2. Legal Mandate

The National Research Council Act provides the legal mandate for all operations carried out in the Scientific and Industrial Research Program. Under this Act, the Program is mandated to undertake, assist or promote scientific and industrial research.

3. Program Objective

Objective: To create, acquire, and promote the application of scientific and engineering knowledge to meet Canadian needs for economic, regional, and social development.

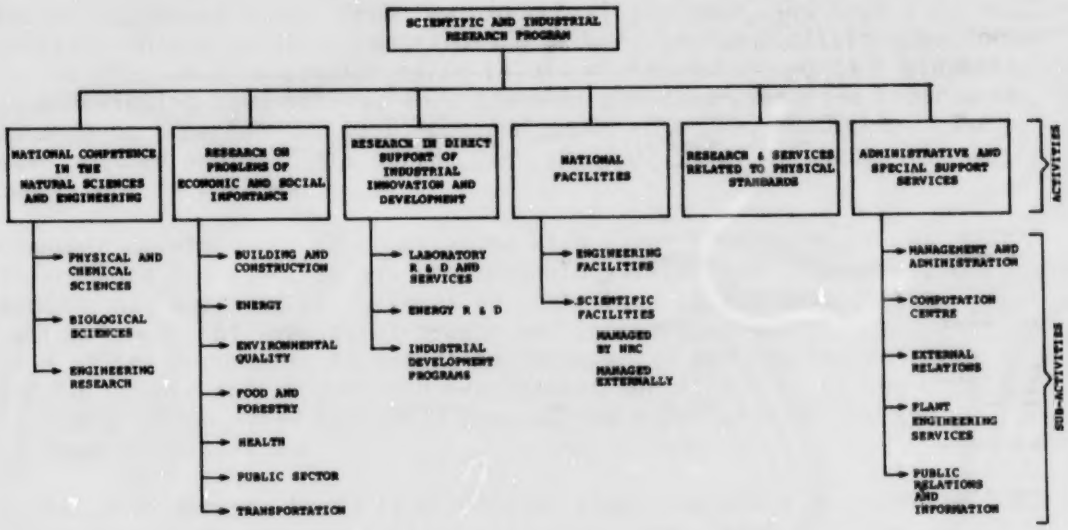
Sub-Objectives:

- to foster a milieu in Canada for the search for new scientific and technical knowledge;
- to promote, contribute to, and provide support for a strong and viable scientific and engineering research and development capability in Canadian industry;
- to develop and maintain a capability to respond rapidly and effectively to forthcoming needs for scientific expertise, engineering know-how and in-depth analysis of problems in science and technology both nationally and internationally;
- to provide and maintain a capability to carry out major scientific and technological research and development programs to meet perceived national needs and priorities;
- to meet Canadian needs for major national facilities for science and engineering; standards and criteria; and
- to contribute to meeting regional needs for research and development in science and technology in a coordinated and effective manner in cooperation with federal and provincial research organizations, universities and local industry.

4. Program Organization for Delivery

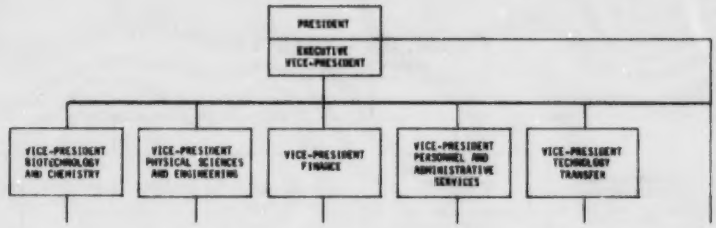
Activity Structure: Figure 3 shows the six activities into which the Program is divided and sub-activities for these activities.

Figure 3: Activity Structure



Organization Structure: The relationship between the organization and the activity structure is shown in Figure 4.

Figure 4: 1985-86 Resources by Organization/Activity ($000) and (P-Y)



							Activity Total	
							$	P-Y
National Competence in the Natural Sciences and Engineering	18,749(261)*	18,421(252)	204(2)		1,731(24)	1,772(22)	40,877	561
Research on Problems of Economic and Social Importance	13,732(165)	22,943(338)		17,343(41)	11,958(177)		65,996	721
Research in Direct Support of Industrial Innovation and Development	16,760(188)	32,063(441)	354(4)	49,573(19)	83,469(182)	11,356(137)	193,579	951
National Facilities		50,709(244)	26,715		367(6)		77,791	250
Research & Services Related to Physical Standards		8,586(121)					8,586	121
Administrative and Special Support Services			8,204(111)	29,269(417)		6,867(66)	44,340	594
Program Total ($)	49,249	132,722	35,477	98,205	97,521	19,995	431,169	3,190
Person Years	614	1,396	117	477	389	225		

* Person-years in parentheses

D. Planning Perspective

1. Environment

The Program operates in an international milieu of rapid technological and social change in which Canada faces increasing competition from other countries for a share of the world economy. Among industrialized countries, Canada suffers from an unfavourable trade balance in technology-based goods, from low productivity growth, and from a decrease in the relative contribution made by the manufacturing sector to the GNP. R&D is considered to be one of the most important elements in alleviating this unfavourable economic situation, and the Program is an important performer, supporter and promoter of R&D in Canada. The size, nature and emphasis of the Program is affected by these conditions as follows:

Economic Development: In cooperation with other government departments and agencies and the technology-intensive industries, the Program has expanded its efforts to contribute to and support the national goals of industrial growth and increased productivity. The role of the Program is to undertake fundamental and applied research and to promote and support the development and diffusion of new or improved technologies that will open up new opportunities for the industrial sector.

Social Development: Rapid technological change is often accompanied by unwanted side-effects such as pollution, new health problems, and threats to public safety. There is an increasing need to preserve and improve the quality of life. The Program assists and complements the activities of government departments that have responsibilities in these areas, and provides relevant scientific and engineering expertise and impartial advice to governments, industry and other organizations.

International Involvement: Many of the areas of research undertaken by the Program are not unique to Canada. A continued awareness of scientific and technical progress must be maintained to ensure competitiveness and to take full advantage of research in other countries. The Program encourages the international exchange of ideas and discoveries in both basic and applied research. Collaboration and participation in such endeavours as the U.S. and European space programs have resulted in significant benefits both to the scientific community and to Canadian industry. Another reason for involvement at the international level is the opportunity it affords Canadian scientists to maintain state-of-the-art knowledge and expertise in their various fields.

2. Initiatives

Biotechnology: The construction of the Biotechnology Research Institute in Montreal is proceeding rapidly and should be close to completion by the end of 1985-86. The total capital cost for construction and equipment will be $58 million. The Institute will house industrially related research programs in pharmaceutical and veterinary products and processes, in industrial and municipal waste processing, and in agrifood, forestry, and chemicals. The common disciplines of biochemical engineering, genetic engineering, cell fusion and enzyme systems will be used in these applications.

The newly completed $6 million expansion of the Plant Biotechnology Institute in Saskatoon will house redirected programs in plant cell technology, plant and microbial productivity, plant products technology, bio-organic chemistry, and plant molecular genetics. Topics will include modification of cell species, nitrogen fixation, and fertilizers.

Industrial Optics: The government has approved the construction and equipping of a $16 million Institute for Optics in the Quebec City region. The Institute is scheduled for completion in 1988. It will concentrate on industrial applications in a field that promises to be as pervasive in its importance as microelectronics. There will be emphasis on the design, fabrication, and testing of optical components and systems, on electro-optics, and on image science including holography. The training of skilled manpower will be a major objective.

The programs of these institutes will interact strongly with the private, university, and provincial sectors to address national needs and priorities.

3. Program Effectiveness

The effectiveness of the Program must be assessed on the basis of how well it fulfils its role of creating, acquiring and promoting scientific and engineering knowledge to meet Canadian needs for economic, regional, and social development. Key factors which must be addressed include the relevance and quality of R&D undertaken, the extent of the Program's efforts to promote R&D work outside the federal government, and the results achieved in transferring new technology from the public to the private sector.

In large part, the Program must work in close cooperation with other government agencies, private industry and other research organizations, both in Canada and abroad, to ensure that its objectives are successfully pursued. Thus, many of the results achieved are the product of cooperative efforts and must be evaluated in that context.

Relevance and Quality of R&D: Because of the high risk factor inherent in research and development and the long time that is typically needed to realize benefits, it is imperative that the areas of research be chosen in a judicious way. Continuous assessment of the quality of research and the progress made is necessary to ensure that funds are directed to those areas which are likely to provide maximum benefits.

All proposals for new resources and new initiatives are subject to ministerial and Cabinet approval and are also subjected to detailed scrutiny in a consultative process with the central agencies. There is a careful examination of the economic, scientific, and technical contents of each proposal; its conformity with government priorities, policies, and processes; and the appropriateness of the associated resource levels.

Before being submitted for consideration by the Cabinet, NRC proposals are given a rigorous examination within the Council. Proposals can originate at the level of the working scientist in NRC's laboratories, at the management level, as a result of studies of specific subject areas by a task force, or from submissions to NRC by external agencies and organizations. All these types of proposal are examined by the NRC Program Selection Committee, a body composed of managers and expert working scientists from all the Council's disciplinary areas. The Committee receives written summaries, interrogates a representative of each proposal, rates the proposal according to established criteria, and makes recommendations to the NRC Management Committee, which in turn submits a report to the Council for its approval.

The relevance and quality of established programs are monitored through a system of committees. Program assessment and advice are provided to NRC management and to the governing Council by Associate and Advisory Committees, which are listed in Section III, Sub-section D. These Committees are composed of scientists, engineers, and managers drawn from industry, government, and the universities.

The quality of work done in NRC laboratories and its relevance to program objectives are subject to examination by a number of Review Committees. Each laboratory Division is examined within a five-year cycle. The members of the Committee are expert in the disciplines under review, and are drawn from organizations outside the Program, even outside the country on occasion. The Chairman of the Review Committee is usually a member of Council. The process is essentially one of peer review. A report is provided to Council on the quality and relevance of the research and the effectiveness of procedures. A year later, Council receives a further report describing actions taken to implement the recommendations of the Review Committee.

The rationale of the Program, its objectives, and its effectiveness in meeting them are examined in retrospect by the Program Evaluation Office in the light of the intended and unintended results achieved by the Program. Each component of the Program is evaluated periodically and a report is submitted to the President. The report may provide a basis for reallocating resources, modifying program objectives and measurement criteria, redesigning a program component, or even eliminating it. The Program Evaluation Office was established in 1982, and has completed several studies.

- A program evaluation study of the Industrial Research Assistance Program (IRAP) reported in March 1984 that over 90% of IRAP funding did not displace money that could otherwise be obtained from other sources. It was found that there was a significant demand for IRAP services that could not be satisfied with currently allocated resources. Clients who had also had R&D support from other federal government programs tended to rate IRAP much better in terms of speed of decision making, simplicity of paperwork and technical advice given. Both clients and IRAP staff identified a need for more interactions with laboratory staff, and for a more systematic effort in staff training and development.

- An evaluation study of the Program for Industry/Laboratory Projects (PILP) reported (March 1984) a need to augment staff expertise in economics and business finance. PILP was reported to have generated technical benefits (for example, enhanced R&D capacity, or even unique capabilities on a world-wide basis) by 90% of client firms. Over the period 1975-81, PILP was found to have a benefit-cost ratio of either 0.5 or 1.1, depending on the method used to assess the actual attribution of benefits. The effect of changes in program delivery introduced in 1981-82 will be investigated in the next evaluation study scheduled for 1987-88.

- A March 1984 program evaluation study of Laboratory Support for Industrial Innovation and Development (INDL) identified a large number of qualitative and quantitative benefits reported both by client firms and by NRC laboratories. The industrial clients rated highly the technical assistance they received, although there was some criticism of the contracting process, and occasionally of slowness of response by NRC.

Promotion of R&D: Another important aspect of the Program's objective is the promotion of R&D outside federal government laboratories. The mechanisms used to achieve this aim include: contributions to industry to promote industrial R&D through the Industrial Research Assistance Program and the Program for Industry-Laboratory Projects;

contributions to universities and non-profit organizations to operate major national facilities for scientific research, such as TRIUMF (the Tri-University Meson Facility) and the CFHT (Canada-France-Hawaii Telescope); contracting R&D to industry, university and other sectors in support of specific areas of R&D such as biotechnology and industrial materials research; and procurement of capital equipment and devices, e.g., the Canada Space Arm (Canadarm) and other space research equipment for collaborative work with NASA and the European Space Agency. A summary of expenditures by external performers from 1981-82 to 1985-86 is shown in Figure 5.

Figure 5: Program Expenditures to External Performers ($000)

Description	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Industrial development programs	72,553	74,527	57,693	51,896	43,462
National facilities	28,968	27,288	25,572	22,792	19,290
Energy R&D	21,869	38,997	28,502	20,093	11,215
Space science program	15,000	14,529	7,819	4,395	3,051
Space technology program	2,819	5,135	911	1,441	4,023
Biotechnology Research	1,378	5,608			
Other	6,256	9,016	5,486	6,782	8,365
Total	148,843	175,100	125,983	107,399	89,406

Technology Transfer and Development: Another measure of the Program's effectiveness is the extent to which new technology is generated in collaboration with industry or transferred from the public to the private sector. Although general indicators demonstrating the overall effect of technology development do not exist, many examples of successful cases are available:

Unmanned Submersible Vehicles: A company in B.C. has captured 50% of the world market for unmanned non-military submersibles. It has sold 101 so far. The tethered remote operated vehicle (one model of 10) was supported in part by IRAP.

Passport Security: Two Ontario companies jointly have announced a breakthrough in passport designs. A novel printing process integrates the photograph image into the document's paper thus making passport forgeries extremely difficult.

New Adhesives from Waste Products: A Quebec company has announced a joint venture to build a $4.5M plant to produce up to 60 tons per day of spray dried lignin based resin for the waferboard industry. These would be blended with phenol formaldehyde.

Improved Level Sensor: An Ontario electronics company has developed an ultrasonic system to measure levels in bins, silos and tanks. Previously it used a U.S. source of technology which was limited to use in silos up to 100 ft in diameter. Now with a 200 ft limit, a significant increase in market potential has opened up especially in grain handling operations.

Postal Coders: An Ontario company has won a $20M contract to supply the Swiss Post Office with 4,700 encoders. The optical character recognition technique invovled was derived in part from an IRAP project.

New Food Testing Technique: An Ontario company has developed a testing method to detect common bacteria in food. This technique gives a turn-around of 1 to 2 days instead of up to 7 days. One of the initial 3 bacteria tests approved for food testing was developed with IRAP support. The concept originally comes from a federal government laboratory. It is one of the most significant microbiological developments in many years.

New Batteries: A company in B.C. has unveiled plans to manufacture long life rechargeable lithium batteries. Several other federal programs have also been involved in assistance of various facets of this technology.

Hydrogen Peroxide: An Ontario company has developed improved electrodes for use in a joint development with Dow Chemical to make hydrogen peroxide. The process is claimed to produce peroxide for on-site production at lower cost than standard methods for use in bleaching pulp and paper.

Embryo Transplants: An Alberta company has developed improved methods for embryo transplants in cattle. Previously a success rate of 1 in 3 only was possible. With an improved technique in the freezing process, success rates of 1 in 2 have resulted.

Improved Jet Engine Seals: An Alberta company had developed metal powders for use as abradable seals in jet engines. Because of their superior temperature performance, they have led two major aircraft engine manufacturers to use them on their production engines. Powders are now also being exported.

Petro Chemical Exploration: An Ontario company has received IRAP support to developed a novel airborne geophysical/geochemical system for oil and gas exploration. It detects hydrocarbon leakage in geochemical "chimneys" found in geological structures.

Section II
Analysis by Activity

A. National Competence in the Natural Sciences and Engineering

Objective

To foster a milieu in Canada for the search for new scientific and technical knowledge and to develop and maintain a capability to respond rapidly and effectively to forthcoming needs for scientific expertise, engineering know-how, and in-depth analysis of problems in science and technology both nationally and internationally.

Resource Summary

This Activity accounts for approximately 9.7% of the net 1985-86 Program expenditures and 17.5% of the person-years. The breakdown of the Activity expenditures is shown in Figure 6.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Physical and Chemical Sciences	**18,747**	**268**	19,762	289	19,794	304
Biological Sciences	**14,221**	**186**	12,529	174	10,652	166
Engineering	**7,909**	**107**	8,112	119	6,251	104
Gross Program cost	**40,877**	**561**	40,403	582	36,697	574
Receipts and revenues credited to the Vote	**118**	**-**	162	-	70	-
Net expenditures	**40,759**	**561**	40,241	582	36,627	574

1985-86 resources include $35.6 million for operating and $5.3 million for capital; 1984-85 resources include $35.9 million for operating and $4.4 million for capital; 1983-84 resource include $32.8 million for operating and $3.8 million for capital.

Description

The research effort for this Activity is undertaken to build and maintain national competence in the natural sciences and engineering, to acquire knowledge, and to gain the understanding that is essential to future applications in science and technology.

Science is the process of developing explanations of initially incomprehensible effects and phenomena. To be acceptable these explanations must successfully predict the existence of other effects arising from the same underlying causes. In this way new understanding and knowledge are gained and new practical applications developed.

The work involves activities that are many and various. Thinking, reading, manipulating materials or living cells in a laboratory, observing with massive radio telescopes or sophisticated electron microscopes, developing mathematical models, processing data in a computer, writing scientific papers, exchanging information and ideas with other scientists - all these and more make up this Activity.

Performance Information/Resource Justification

The standard of excellence set by the participation in basic research by Canadian scientists is an important component of Canada's international status and prestige, but such fundamental understanding is essential to even the most applied research because it is the foundation on which all future applications are based. If Canada is to achieve and maintain a position as a technologically advanced and competitive trading nation, its scientists in every discipline must keep pace with the progress of science by devoting a portion of their time to understanding and contributing to current advances. Knowledge for the sake of knowledge is also knowledge for the sake of survival in an increasingly complex technological world.

The benefits to Canada of this Activity are intangible but real. They include an increased competence in the use of science and technology to solve problems and anticipate national needs and an increased ability to assess new opportunities for Canada. An enhanced international status in science and technology provides Canadian scientists with access to new developments in the laboratories of other countries, and gives Canadian technology a credibility that is esential to successful participation in national and export markets.

In Canada, there is an urgent industrial requirement for basic scientific information related to technological processes. Even high technology companies can afford to spend only a tiny fraction of their efforts on basic R&D, their activities being overwhelmingly concentrated on product development. Basic understanding can be obtained only through the type of long-term research that is not being

performed by industry and that is often not best suited to university programs which are adapted to a turnover of graduate students and which cannot maintain large complementary programs of industrial support and technology transfer.

NRC relies upon peer review through the medium of its Review Committees to assess the quality of its fundamental research (see Section III - D.2). Also much of the justification of this Activity must lie in the products and results of the other Activities that it supports.

A few examples of recent successes are given here to indicate the type and range of work carried out in this Activity:

Discovery of a Third Black-Hole: Theory predicts that under certain conditions a star can collapse under its own weight into such a small space that matter is crushed into a formlessness so dense that even light cannot escape the gravitation pull. Two NRC astronomers and an American colleague have found strong evidence for what is believed to be only the third such black-hole ever discovered in space.

Discovery of Distant Galaxies: An NRC and an American astronomer made a major and surprising discovery in December, 1983, forcing scientists to reassess their concepts of galaxies. The two discovered distant galaxies that emit infrared energy 50 to 300 times greater than the visible light they give off. Until now, the most extreme example of this type of galaxy radiated only about 10 times more infrared than visible light. Galaxies, for the most part, emit as much infrared as visible energy.

Noise Source Identification in Complex Machinery: Research carried out by NRC scientists on sound intensity measurement using two closely spaced microphones is contributing to practical and cheaper ways to identify the sources of noise in complex machinery.

Antioxidation Research: NRC scientists have successfully identified and elucidated chemical mechanisms in deterioration of inorganic and organic materials through oxidation. Based on this understanding, methods and materials have been developed for retarding oxidative degradation of food stuffs, edible oils and plastics leading to considerable commercial and economic benefits.

Tests for Carcinogenicity: NRC research on the mechanism of cell proliferation has led to practical methods for testing the carcinogenicity of substances suspected of causing cancer.

Inorganic Semiconductor materials: NRC scientists studying the preparation and properties of semiconductors have contributed to and acquired fundamental knowledge about the preparation and characterization of gallium arsenide. There is world-wide commerical interest now in the development of micro-circuitry based on thin films of gallium arsenide.

Machine Vision: Engineers and technologists at NRC have developed a machine vision system that could be used to provide information on the position and orientation of a remote object in space. The machine vision system is proving to be a powerful tool, not only for the control of manipulators in space but also for the control of industrial manipulators and robots used in inspection or manufacturing tasks on earth.

Figure 7: Resource Allocation to Disciplines and Areas of Research ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Disciplines/Areas of Research	$	P-Y	$	P-Y	$	P-Y
Physics	2,404	24	3,200	37	3,885	52
Chemistry	6,271	95	6,733	103	6,732	101
Astrophysics	8,726	133	8,531	133	9,177	151
Microstructural sciences	1,346	16	1,298	16	-	-
Biological sciences	14,221	186	12,529	174	10,652	166
Engineering research	7,909	107	8,112	119	6,251	104
	40,877	561	40,403	582	36,697	574

B. Research on Problems of Economic and Social Importance

Objective

The prime objective of this Activity is to provide and maintain a capability to carry out major scientific and technological research and development programs to meet perceived national needs and priorities.

Resource Summary

This Activity accounts for approximately 15.5% of the net 1985-86 Program expenditures and 22.6% of the total person-years. The breakdown of this Activity is shown in Figure 8.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Building and Construction	11,834	172	9,719	146	8,673	150
Energy	25,929	162	50,284	232	45,275	237
Environmental Quality	4,421	51	5,365	66	4,463	64
Food and Forestry	8,580	101	8,025	98	7,031	103
Health	6,405	92	5,998	88	5,848	96
Public Sector	2,199	36	2,094	36	1,727	33
Transportation	6,628	107	6,242	107	5,941	98
Gross Program cost	65,996	721	87,727	773	78,958	781
Receipts and revenues credited to the Vote	1,092	-	1,480	-	615	-
Net expenditures	64,904	721	86,247	773	78,343	781

Explanation of Change

1985-86 resources include $50.8 million for operating, $6.0 million for capital, and $9.2 million for transfer payments; 1984-85 resources include $67.1 million for operating, $11.5 million for capital, and $9.2 million for transfer payments; 1983-84 resources include $60.7 million for operating, $9.8 million for capital, and $8.4 million for transfer payments.

Decrease in resources from 1984-85 to 1985-86 resulted from reduced energy R&D and elimination of the Environmental Secretariat.

Description

R&D carried out in this Activity is aimed at the solution of problems of economic and social importance, including building and construction, energy, environmental quality, food and forestry, health, public sector, and transportation requirements.

Building and Construction: Building and construction R&D, primarily carried out in the Division of Building Research (DBR), is focused on construction problems peculiar to Canada, including permafrost, ice engineering, and the behaviour and performance of buildings and building materials under Canadian climatic conditions. DBR is also responsible for building and construction standards including the National Building Code and the National Fire Code.

Energy: Much of the Energy R&D is performed under the aegis of the Interdepartmental Panel on Energy R&D (PERD); these portions are coordinated by NRC's Division of Energy and are carried out in various NRC divisions and by Canadian industry, universities, and other organizations under contracts or contributions. NRC also provides resources to supplement and complement the R&D conducted and managed under the auspices of PERD.

PERD has assigned to NRC the coordination responsibility for all renewable energy R&D including solar, wind, and biomass energy. NRC also has program management responsibility for R&D related to nuclear fusion, heat pumps, hydrogen and energy storage, and energy conservation in buildings, as well as many sub-programs.

A considerable body of knowledge has now been amassed in most of these areas so the PERD resources will be phased out over a two year period and energy R&D will diminish proportionately. Future work will concentrate on developing areas of partial knowledge, such as fusion, or on areas of immediate need and application, such as tar sands and coal.

Environmental Quality: The Atlantic Research Laboratory and the Division of Chemistry develop methods and produce calibration samples to assist Canadian governments and industry in detecting and measuring, at the level of accuracy required by federal and provincial legislation, minute quantities of toxic metals and chemical substances such as PCB's and dioxins in foods, seawater, marine vegetation and sediments, and other aspects of the environment. The Division of Biology studies the means by which toxic substances inflict metabolic damage and are distributed through environment. Various divisions conduct research in atmospheric and noise pollution.

Food and Forestry: R&D related to food and forestry is conducted primarily by the Plant Biotechnology Institute and the Atlantic Research Laboratory. This work is directed toward developing new and improved crop strains and enhancing their production and utilization.

Health: Health-related R&D includes the development of electronic aids and communication devices for use by the physically handicapped; studies of health problems caused by vibration and sound; the development of medical and clinical devices; and studies of biological responses and control mechanisms related to cancer and toxins. The Divisions of Electrical Engineering, Biological Sciences, and Physics undertake most of this work.

Public Sector: Public Sector R&D is conducted primarily by the Divisions of Physics and Electrical Engineering, and by the National Aeronautical Establishment. Included is work related to air transportation safety and to the development and application of computer-aided learning systems and techniques.

Transportation: The Division of Mechanical Engineering, the National Aeronautical Establishment, and the Institute for Marine Dynamics carry out most of the transportation R&D under this Activity. Major areas encompass surface, air, and marine transportation technologies including transportation systems and power plants, aircraft performance enhancement, aircraft structural and materials behaviour, marine hydrodynamics, and hydraulic studies of rivers, harbours, and offshore structures. Much of the R&D is carried out using NRC's national facilities.

Performance Information/Resource Justification

Building and Construction: Research areas include building technology, building codes and standards, and other areas such as permafrost, avalanche engineering, and tunnelling and underground construction. Figure 9 lists resources allocated to these areas for fiscal years 1983-84, 1984-85 and 1985-86.

Figure 9: Building and Construction R&D Resource Allocation ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Building technology	10,006	147	8,188	122	7,066	124
Codes and standards	1,550	22	1,409	21	1,364	22
Other	278	3	272	3	243	4
Total	11,834	172	9,869	146	8,673	150

Research and development in building technology is carried out both intramurally and under contract. The selection of projects is based on the urgency of demand from the construction industry, coupled with the appropriateness of the work in question for application in Canada. The research subjects include building materials; building structures; geotechnical aspects of building and construction; fire research; energy and services; environmental aspects of buildings, such as noise, comfort and lighting; socio-economic aspects of building and construction; and building performance measurements.

The production and distribution of the National Building and National Fire Codes and related documents provide an important service to local governments, the Canadian construction industry and to the public. NRC provides technical advice to these committees, as well as a secretariat to produce and distribute the codes and their associated documents. Broad input is sought from interest groups across Canada in the preparation of the codes.

Energy: About 91% of the energy expenditures are allocated to projects undertaken by external performers under contract or through contribution agreements, while 9% of the expenditures are for NRC laboratory R&D and management of extramural projects. Intramural R&D projects make use of expertise or facilities within various laboratory divisions.

Resources allocated to NRC through the Interdepartmental Panel on Energy R&D amount to $17.0 million and 30 person-years in 1985-86. PERD supported research by and through NRC is being largely discontinued as part of the government's restraints on program expenditures. The PERD expenditures through NRC in 1985-86 represent commitments to existing contracts and contribution agreements. In addition NRC will provide $8.9 million to carry out continuing research in areas of work of immediate need and application.

Included in the resources allocated to this sub-activity are $9.0 million of contributions employed for the following purposes:

International Energy Agency Implementing Agreements: International collaborative R&D work is supported under the aegis of the International Energy Agency for the development and exchange of information relating to energy conservation and renewable energy. NRC participates on behalf of Canada in R&D Implementing Agreements that relate to all major NRC energy R&D activities.

Institut de recherche d'Hydro-Québec (IREQ) - Magnetic Confinement Fusion Research and Development Program: Contribution to IREQ to develop a magnetic confinement fusion research and development facility in support of the national fusion program. The national fusion program is aimed at scientific awareness and industrial preparedness with respect to fusion energy systems for Canada, in cooperation with national and international organizations.

Research on Materials for Fusion: Contribution to Ontario Hydro for collaborative R&D in fusion materials research. The specific objective is to establish a technical capability in tritium handling which will serve as a base for Canadian industry to exploit international markets in tritium technology.

The Institute of Man and Resources for Operation of the Atlantic Wind Test Site: The purpose of the contribution is to provide a facility for testing and evaluating the performance of wind energy systems. Standards for the safety, performance, reliability and durability of wind energy systems may also be proposed and verified at this facility.

Manitoba HVDC (High Voltage Direct Current) Research Centre: This contribution is provided to support the development of a new generation of HVDC simulator for use in the design of large electric power stations and distribution systems. Technological advancement in this field will assist Canadian industry.

Environmental Quality: Research areas in this category include:

- dispersion of pollutants; and
- reaction of living organisms to toxic compounds.

Food and Forestry: Research areas in this category include:

- development of new and improved crop strains; and
- enhanced crop production and utilization.

Health: Research areas in this category include:

- electronic aids and devices for the physically handicapped;
- development of medical and clinical devices; and
- biological responses and control mechanisms related, e.g., to cancer and toxins.

Public Sector: Research areas in this category include:

- air transportation safety; and
- computer-aided learning (CAL).

Transportation: R&D is conducted in the areas of air, marine, and surface transportation. Figure 10 lists resources allocated to these areas for fiscal years 1983-84, 1984-85, and 1985-86. Most of the work is performed within the NRC laboratories.

Figure 10: Transportation R&D Resource Allocation ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Area of R&D	$	P-Y	$	P-Y	$	P-Y
Air transportation	3,354	56	3,180	56	2,310	40
Marine transportation	1,457	26	1,361	26	1,964	29
Surface transportation	1,817	25	1,701	25	1,667	29
	6,628	107	6,242	107	5,941	98

R&D projects carried out under air transportation include investigations of the aerodynamics, performance, stability, control, and operations of airborne vehicles; airborne navigation and remote sensing; operating loads and life of aircraft; fatigue of materials and structures; aerodynamic measurement and analysis techniques; engine analysis; and performance verification.

Marine transportation R&D projects include mooring forces on large vessels; computer modelling and simulation of marine passages, structures, and vessels; model testing of ocean structures, platforms, oil rigs, and ice-breaking and ice-transiting vessels; and hydraulic studies of rivers, estuaries, harbours, and offshore structures.

Surface transportation R&D projects include surface vehicle technology; computer modelling and simulation of surface vehicles and structures; analysis of vehicle dynamics; and drag reduction techniques for surface vehicles.

C. Research in Direct Support of Industrial Innovation and Development

Objective

The prime objectives of this Activity are to promote, contribute to and, provide support for a strong and viable scientific and engineering capability in Canadian industry; to contribute to meeting regional needs for research and development in science and technology in a coordinated and effective manner with federal and provincial research organizations, universities, and local industry; and to provide and maintain a capability to carry out major scientific and technological research and development programs to meet perceived national needs and priorities.

Resource Summary

This Activity accounts for approximately 45.9% of the total 1985-86 Program expenditures and 29.7% of the total person-years. The breakdown of this Activity is shown in Figure 11.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Laboratory R&D and Services	100,815	769	125,705	774	60,955	653
Energy R&D	12,194	68	19,672	68	13,435	76
Industrial Development Programs	80,570	114	81,817	114	63,217	92
Gross Program cost	193,579	951	227,194	956	137,607	821
Receipts and revenues credited to the Vote	1,254	-	1,327	-	503	-
Net expenditures	192,325	951	225,867	956	137,104	821

Explanation of Change

1985-86 resources include $66.9 million for operating, $52.3 million for capital, and $74.3 million for transfer payments; 1984-85 resources include $80.4 million for operating, $68.8 million for capital, and $78.0 million for transfer payments; 1983-84 resources include $58.5 million for operating, $23.7 million for capital, and $55.4 million for transfer payments.

Decrease in resources from 1984-85 to 1985-86 resulted from the cancellation of the Institute for Manufacturing Technology and reduction in energy R&D.

Description

This Activity consists of the performance and promotion of research, development and related activities for the advancement of technology required for industrial development, including technology transfer, financial assistance, cooperative projects and technical services aimed directly at strengthening the research, development and innovative capacity of industry in Canada.

The three main components of this Activity are: R&D and associated industrial support work conducted and/or managed by NRC's laboratories; industrial support for energy-specific projects; and the major programs of industrial R&D support, namely, IRAP and PILP.

Laboratory R&D and Services: All NRC laboratory divisions are involved in conducting R&D and managing R&D contracts aimed at the development of industrial products and processes; in technology transfer to industry; and in providing scientific and technical information and advice to Canadian industry. Laboratory industrial R&D is broadly based, and includes the fields of industrial technology, advanced manufacturing technology, transportation, biotechnology, and space technology.

As well, a considerable amount of work is carried out by the various laboratories of NRC to develop measurement and test methods, conduct testing for industry, and provide calibration services for equipment used for monitoring and measuring the performance of industrial equipment and processes.

Energy R&D: The NRC Division of Energy is responsible for coordinating all federal government research on renewable energy that is funded through the Interdepartmental Panel on Energy R&D (PERD). The Division of Energy also coordinates all PERD funded R&D carried out by scientists and engineers in NRC's disciplinary Divisions, and manages a large volume of energy research contracts with Canadian industry and universities. The disciplinary Divisions provide some additional resources to supplement the PERD-funded R&D and to carry out some research activities in complementary areas. The PERD funded R&D is now being phased out as part of the government's restraints on program expenditures.

Industrial Development Programs: This sub-activity includes the Industrial Research Assistance Program (IRAP) and the Program for Industry/Laboratory Projects (PILP).

IRAP's objectives are to enhance the research and development capabilities of Canadian industry, and to facilitate its access to current technology. The program is designed to increase the scope and calibre of research done in Canadian firms by providing financial contributions and technical assistance for selected research projects expected to lead to significantly new or improved products or services.

It is also aimed at increasing the effective use of state-of-the-art technology by Canadian firms in their solving of specific problems as well as in developing new and improved products, processes, systems, and materials.

PILP is designed to transfer technology from government and university laboratories to industry for commercial exploitation. A key feature of PILP is the extensive collaboration between scientists and selected companies in commercializing the research results.

Performance Information/Resource Justification

Laboratory R&D and Services: Research and development conducted by NRC laboratories in support of industry provides the basis for new industrial products and processes. Consequently, the major outputs of this sub-activity are new and improved knowledge, understanding, techniques, and technologies that contribute to industrial innovation and development in Canada.

As well as providing technical input to many PILP and IRAP projects, the laboratories also offer daily technical support to Canadian industry in many different ways. A survey conducted for NRC by a consultant found that in 1982-83 NRC laboratories had about 2,000 formal and informal interactions with approximately 1,100 companies through such mechanisms as collaborative activities, research contracts, and technology transfer projects, and in addition dealt with over 21,000 technical enquiries from industry of varying degrees of complexity.

Expenditures and person-years allocated by NRC laboratories to industrial research are shown in Figure 12.

Figure 12: Laboratory R&D Expenditures in Support of Industrial Innovation and Development ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Laboratory	$	P-Y	$	P-Y	$	P-Y
Building Research	2,905	48	2,870	48	2,752	52
Electrical Engineering	5,311	88	5,034	87	4,898	88
Mechanical Engineering	10,571	169	9,759	167	8,736	152
National Aeronuatical Establishment	9,169	97	11,195	94	7,701	106
Industrial Materials Research Institute	12,323	137	10,933	137	10,391	91
Chemistry	4,944	56	6,706	49	3,442	44
Physics	2,622	33	2,490	32	2,429	36
Biotechnology Laboratories	36,184	120	43,841	96	14,828	71
Institute for Manufacturing Technology	7,441	-	27,576	44	5,092	2
Institute for Optics	7,800	-	-	-	-	-
Other	1,545	21	5,301	20	686	11
Total	100,815	769	125,705	774	60,955	653

A small sampling of the research work currently in progress within each laboratory are listed in Figure 13.

Figure 13: Examples of Industrial Research By NRC Laboratories in support of Industrial Innovation and Development

Laboratory	Research Areas
Atlantic Research Laboratory	• Materials and processes in ore extraction and metal making
Electrical Engineering	• Software and facilities for computer-aided design and manufacturing systems, and technologies for interactive computer graphics • Prosthetic equipment: development of prototypes

Mechanical Engineering	• Interactive computer modelling and simulation of industrial processes • Industrial instrumentation and microprocessors • Application of fluid and plasma dynamics to industrial processes • Gas turbine technology and testing
Industrial Materials Research Institute	• Plastics technology and performance testing • Industrial ceramics • Non-conventional metallurgy and metals technology
National Aeronautical Establishment	• Wind-tunnel investigations and wind effects on structures • Aerodynamic investigations of aircraft and surface vehicles • Structures and materials tests and analyses • Aircraft instrumentation and sensors • Machine Vision • Wind engineering
Chemistry	• Inorganic semiconductors • Corrosion research • Laser photochemistry • Degradation and stabilization of polymers
Physics	• Acoustical measurements and standards for loudspeakers • Photogrammetry: automation and instrument development
Biotechnology Laboratories	• Production of methane from organic wastes • Mechanisms of genetic transformation and expression • Fermentation technology • Alkaloid production from plant cell cultures

Canadian Astronaut Program: Six Astronauts were selected to fly aboard the U.S. Space Shuttle as payload specialists to conduct Canadian experiments including the Space Vision System Experiment and the Space Adaptation Syndrome Experiment. The six candidates began training for the missions in January, 1984.

NASA has given Canada one spot on each of three Space Shuttle missions. The first mission flew in October, 1984. The second is scheduled for spring 1986, and the third for fall 1986. Dr. Marc Garneau was selected as the crew member for the first mission with Dr. Robert Thirsk as the backup. Dr. Garneau conducted several experiments during the October mission in space technology, space science and the life sciences. The area of space technology involves important development tests for the NRC Space Vision System experiment to be flown on a later mission; space science studies will deal with the physical characteristics of the space environment and of the earth's upper atmosphere; and the life sciences component includes several Space Adaptation Syndrome experiments as preparation for more detailed investigations on a future flight.

Energy R&D: Many of the resources for energy R&D projects conducted and managed by NRC are allocated from the energy envelope based on priorities set by the Interdepartmental Panel on Energy R&D and its various task and program committees. In addition, NRC provides resources directly from its own appropriations for R&D in supplementary and complementary project areas consistent with its objectives and sub-objectives under this sub-activity. PERD supported R&D is being phased-out.

The energy project areas include wind energy systems, tar sands, coal, and transportation, including vehicle aerodynamics and engine performance.

The outputs of the Energy R&D sub-activity include the development of new and improved devices, techniques, processes, systems, and products. Examples of current projects include:

- development and testing of a large capacity vertical axis wind turbine in collaboration with l'Institut de recherche d'Hydro-Quebec;
- hydraulic energy;
- aeroacoustics of fans and blowers;
- coal beneficiation;
- truck aerodynamic drag; and
- tar sands.

Included in the resources allocated to the energy R&D is a $4.5 million contribution for the Institut de recherche d'Hydro-Québec - Large Capacity Vertical Axis Wind Turbine Program. The purpose of this contribution is to construct and evaluate the design, fabrication, and

operation of a prototype megawatt-scale vertical axis wind turbine and to generate performance and economic data that will establish the basis for using such devices in electrical utility networks. The contribution represents an equal sharing with Hydro-Québec of the costs of this cooperative project.

Industrial Development: The resources allocated to this sub-activity are utilized primarily by the Industrial Research Assistance Program (IRAP) and the Program for Industry/Laboratory Projects (PILP).

IRAP: IRAP provides support for research and technological innvoation in Canadian industry in two main ways. First, technical information, guidance, and assistance is provided for increasing companies' technological awareness, helping solve their technical problems, and encouraging their use of new technology. And second, financial contributions and technical assistance are provided for specific research projects to be conducted in, or on behalf of, incorporated companies.

Assistance in the first category is provided under two program components. These are IRAP-C, a Field Advisory Service to Canadian companies, maintained by a network of technical specialists across Canada; and IRAP-F, a Technical Information Service that assists Canadian firms to solve specific technical problems by drawing on scientific and engineering expertise in NRC, other government laboratories, universities, research institutes, and various private laboratories, as well as on the scientific and technical literature in NRC's Canada Institute for Scientific and Technical Information. These services are particularly appropriate to small companies or those with limited technical facilities, staff, or library facilities.

Assistance in the second category is provided under four program components as a means of better targetting NRC's support. The IRAP-H component provides support to small companies for employing university or technical college undergraduates hired for up to four months to solve specific technical problems. The IRAP-L component provides support of up to $4,500 to small firms for contracting for Laboratory Investigations with research institutes, universities, or consulting firms to solve specific or engineering problems. The IRAP-M component provides support of up to $30,000 to small companies for undertaking short-term, small R&D projects. The IRAP-P component provides support to larger companies for longer-term R&D projects.

Allocation of IRAP contributions to each of the six components and operating resources for Field Advisory Service and Technical Information Service are shown in Figure 14.

Figure 14: Allocation of IRAP Resources ($Millions)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	$	$	$
Contributions to:			
Field Advisory Service (IRAP-C)	5.5	6.0	3.9
Technical Information Service (IRAP-F)	1.0	1.6	1.3
Firms employing undergraduates (IRAP-H)	4.3	4.5	3.7
Laboratory investigations (IRAP-L)	4.8	6.0	3.0
Small projects (IRAP-M)	7.7	6.8	5.0
Large projects (IRAP-P)	24.0	25.3	25.4
Total contributions	47.3	50.2	42.3
IRAP-C Operating expenditures and (P-Y)	3.6(50)	3.1(50)	1.85(32)
IRAP-F Operating expenditures and (P-Y)	0.9(15)	0.8(15)	1.0(15)

Field Advisory Services (IRAP-C) are delivered both by NRC staff members and by personnel of Provincial Research Organizations, research institutes, and other organizations with which NRC has made contribution arrangements. The Field Advisory Service operates from 20 centres across Canada. Requests from industry for assistance under IRAP-F may also be channeled through these offices. The number of responses to enquiries and consultations provided to industry through IRAP-C and IRAP-F are shown in Figure 15.

Figure 15: Field Advice and Technical Information Enquiries and Consultations provided to Industry

	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Number of enquiries and consultations	40,000	36,000	37,965

Financial contributions and the provision of appropriate technical expertise to industry under IRAP-H, IRAP-L, IRAP-M, and IRAP-P are arranged on a project-specific basis depending upon individual needs. The number of projects and the amounts provided through each of the four categories of financial assistance are shown in Figure 16.

Figure 16: IRAP Financial Assistance To Canadian Companies ($Millions)

	Forecast 1984-85		Actual 1983-84		Actual 1982-83		Actual 1981-82	
IRAP Component	Number of Projects	$	Number of Projects	$	Number of Projects	$	Number of Projects	$
Firms employing undergraduates (IRAP-H)	1,170	4.5	911	3.7	373	1.8	428	1.9
Lab. investigations (IRAP-L)	2,500	6.0	1,131	3.0	404	1.0	90	0.3
Small projects (IRAP-M)	434	6.8	342	5.0	302	4.1	252	3.5
Large projects (IRAP-P)	230	25.3	236	25.4	252	24.6	253	20.5
	4,334	42.6	2,620	37.1	1,331	31.5	1,023	26.2

Figure 17 shows the distribution of funds and projects between small and other firms under the four IRAP components listed in Figure 16 for the past four years.

Figure 17: Distribution of IRAP Contributions to Firms by Size ($Millions)

	Forecast 1984-85		Actual 1983-84		Actual 1982-83		Actual 1981-82	
	Projects	$	Projects	$	Projects	$	Projects	$
IRAP-H								
Small firms	1,100	4.2	861	3.5	331	1.6	359	1.5
Medium & Large firms	70	0.3	50	0.2	42	0.2	69	0.4
IRAP-L								
Small firms	2,500	6.0	1,131	3.0	404	1.0	90	0.3
Medium & Large firms	-	-	-	-	-	-	-	-
IRAP-M								
Small firms	430	6.7	337	4.9	302	4.1	252	3.5
Medium & Large firms	4	0.1	5	0.1	-	-	-	-
IRAP-P								
Small firms	130	14.0	129	13.9	144	12.7	113	12.3
Medium & Large firms	100	11.3	107	11.5	108	11.9	140	8.2

PILP: Financial assistance to facilitate the transfer of technology from NRC, other federal government laboratories, and universities to industry for commercial exploitation is available to Canadian-based companies through contracts and contributions. This assistance is provided on a project-specific basis that involves close collaboration between the recipient company and the government or university scientists or engineers to help ensure an effective transfer of the technology.

Proposals received from client companies are evaluated against a set of criteria designed to determine such factors as the economic and social benefit to Canada, level of risk, market potential, company abilities, and contribution to regional development.

Projects are generally supported from the conceptual stage through to prototype or pilot-plant development within the company in order to provide a clear indication of whether the technology can result in a commercially viable product or service. Contribution arrangements involve cost sharing between PILP and the company.

The annual expenditures and number of projects supported by PILP from 1981-82 to 1984-85 are shown in Figure 18. PILP contributions and contract resources for 1985-86 are $25.3 million.

Figure 18: PILP Annual Expenditures ($000)

	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Expenditures	24,307	15,339	16,996	16,044
Number of active projects	195	144	140	173

IRAP and PILP Administrative Support: Administrative, co-ordination and liason expenditures for PILP and IRAP are shown in Figure 19

Figure 19: PILP and IRAP Administrative Support Expenditures ($Millions) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84		Actual 1982-83	
	P-Y	$	P-Y	$	P-Y	$	P-Y	$
Administrative support	45	3.5	45	3.3	45	2.6	45	2.4
Total expenditures	114	80.6	114	81.8	92	63.2	90	56.6
% Amt.		4.3		4.0		4.1		4.2

D. National Facilities

Objective

The objective of this Activity is to meet Canadian needs for major national facilities for science and engineering.

Resource Summary

This Activity accounts for 17.9% of the net 1985-86 Program expenditures and 7.8% of the total person-years. A breakdown of this Activity is shown in Figure 20.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Engineering Facilities	20,975	137	28,692	127	33,203	107
Scientific Facilities						
Managed by NRC	27,848	113	28,664	123	21,345	120
Managed externally	28,968	-	27,688	-	25,572	-
Gross Program cost	77,791	250	85,044	250	80,120	227
Receipts and revenues credited to the Vote	2,835	-	3,301	-	945	-
Net expenditures	74,956	250	81,743	250	79,175	227

Explanation of Change

1985-86 resources include $25.3 million for operating, $23.5 million for capital, and $29.0 million for transfer payments; 1984-85 resources include $24.1 million for operating, $33.2 million for capital, and $27.7 million for transfer payments; 1983-84 resources include $19.3 million for operating, $35.2 million for capital, and $25.6 million for transfer payments.

Decrease in resources from 1984-85 to 1985-86 resulted from the cancellation of the Rocket and Balloon Facilities, X-rays and Nuclear Radiation research and reduced cash-flow requirement for the construction of the Institute for Marine Dynamics.

Description

Engineering Facilities: Facilities are operated and maintained by NRC primarily for use by industry and governments in testing the design of models and prototypes and in confirming the performance of full-scale machines, systems, and structures. Transportation equipment (including aircraft, railway equipment, ships, and road vehicles as well as their propulsion systems) accounts for most of the applications of these facilities, along with fixed and floating coastal and offshore structures. Facilities are also available for assessing certain aspects of building performance. The major facilities include:

- wind tunnels;
- airborne facilities;
- railway test facilities;
- marine testing facilities;
- gas dynamics test facilities;
- hydraulics facilities;
- engine test facilities;
- low temperature test facilities; and
- a fire research field station.

A description of these facilities is provided in Section III, Supplementary Information, (page 2-64).

Scientific Facilities - Managed by NRC: Facilities are operated and maintained by NRC primarily for conducting fundamental research in physics, astrophysics, and space science. These facilities provide the scientific community in Canada with specialized equipment and installations needed in the search for new knowledge. The major scientific facilities are:

- Dominion Astrophysical Observatory, Victoria, B.C.;
- Algonquin Radio Observatory, Algonquin Park, Ontario;
- Dominion Radio Astrophysical Observatory, Penticton, B.C.;
- Acoustic Facilities, Ottawa; and
- Cooperative International Facilities for Space Science.

A description of these facilities is provided in Section III, Supplementary Information (page 2-66). Their operation includes the provision of operating personnel, data reduction services, and advice on the design, implementation and interpretation of specialized experiments and tests; and the selection and scheduling of these experiments and tests. The maintenance by NRC includes routine servicing and repairs, as well as the introduction of updated electronic and mechanical hardware and occasionally the reconfiguration of major portions of the facilities themselves to meet continually changing test methods.

Scientific Facilities - Managed Externally: Facilities in this category are used for carrying out fundamental research in physics and astrophysics. Operation and maintenance of these facilities are conducted by dedicated managing organizations. NRC supports the operations through annual financial contributions. The facilities are:

- the Tri-University Meson Facility (TRIUMF), Vancouver, B.C.; and
- Canada-France-Hawaii Telescope (CFHT), Mauna Kea, Hawaii

For details of these facilities see page 2-67.

Performance Information/Resource Justification

Engineering Facilities: Engineering research and test facilities are used for the testing of model and prototype aircraft, railway equipment, ships, and road vehicles to assess and improve their structural strength, aerodynamics, and handling characteristics; the testing of full-scale vehicles and their components and power plants to confirm their performance and to identify areas for improvement; the testing of model harbour and offshore breakwaters, drill rigs, and other marine structures to assess their performance, stability, and durability; and the testing of building structures and materials to prevent and reduce fire damage. Usage of the facilities by industry and governments frequently requires the development and application of new test methods and continually more precise means of recording and monitoring data. As part of its own useage of the facilities, NRC conducts research to develop these new methods, and collaborates with outside users to help apply these and other new methods to their testing requirements.

Resources required for these facilities and the extent of facility utilization by and for external users is detailed in Figure 21.

Figure 21: Utilization of Engineering Facilities for External Users

Facility	1985-86 Resources ($000)	1985-86 Resources P-Y	Estimated Utilization by and for external users (percent) 1983-84	Estimated Utilization by and for external users (percent) 1982-83
Wind tunnels	6,423	42	85	85
Airborne facilities	1,277	21	82	77
Railway test facilities	552	6	84	84
Institute for Marine Dynamics	8,692	38	(1)	(1)
Gas dynamics test facilities	1,402	3	85	90
Hydraulics facilities	764	6	70	70
Engine test facilities	417	6	100(2)	100(2)
Low temperature test facilities	591	4	100(3)	100(3)
Fire research field station	371	6	5	5
Other engineering facilities	486	5	87	90
	20,975	137		

(1) Under construction
(2) No. 4 test cell (icing facility)
(3) Helicopter spray rig

Scientific Facilities - Managed by NRC: These Scientific facilities are provided to NRC and other researchers.

Facilities for Space Research: These facilities relate to international collaborative projects with NASA and other international organizations and foreign countries. The operation of rocket and balloon launching facilities will be phased out in 1985-86.

The cost, significant outputs, and milestones of the space science research program for 1985-86 are listed in Figure 22. Launch and completion schedules are subject to considerable variation because successful completion depends upon the ability of all participating members to discharge their undertakings on schedule.

Figure 22: Space Science Outputs for 1985-86

Component	1985-86 Resources $(000)	1985-86 Resources P-Y	Specific Outputs and Milestones for 1985-86
Cooperative International facilities	15,735	13	
i) Shuttle Instruments			Development contracts to industry in progress. First Shuttle flight scheduled for 1988-89.
ii) Viking Satellite Instruments			Flight model of Canadian instrument completed Launch of Viking-Spot (Sweden- France) satellite scheduled for mid 1985.
iii) Data Analysis Network; Canadian Auroral Network			Analysis Network development contract complete, network operational. Auroral Network instrument contracts complete, network installation in progress.
iv) Microgravity Experiments			Material processing cooperative flight with Sweden scheduled for early 1986. Materials processing Shuttle flight scheduled for mid 1986.
v) UARS Satellite Instrument			Instrument development contract to industry in place. UARS launch (NASA) scheduled for 1989.
vi) EXOS D'Satellite Instrument			Instrument development contract to industry in place. EXOS D launch (Japan) scheduled for 1989.

vii) HILAT Satellite Ground Station			The Canadian data receiving ground station for the U.S. HILAT satellite is scheduled to begin operation.
Rocket & Balloon Facilities	2,480	7	Being phased out in 1985-86.

Astrophysical Facilities: The astrophysical facilities of the Herzberg Institute of Astrophysics are made available to researchers outside the Program for research in astronomy and astrophysics. Extensive collaboration takes place among facility users, both internal and external, in the design and conduct of experiments; in the interpretation of data; and in improving the methods and systems used at the facilities. The utilization of these facilities by and with external researchers is shown in Figure 23. The decline in the use of the Algonquin Radio Observatory should be reversed by the program of refurbishment that is currently being completed.

Figure 23: Utilization of Astrophysical Facilities for External Researchers

Facility	1985-86 Resources $(000)	P-Y	Estimated Utilization by and with External Researchers (percent) 1983-84	1982-83	1981-82
Algonquin Radio Observatory (ARO)	5,500	44	50*	25	28
Dominion Astrophysical Observatory	2,459	28	54	50	50
Dominion Radio Astrophysical Observatory	1,134	13	85	85	50
Total	9,093	85			

* Data based on partial year. The 46-meter telescope at ARO was shut down for a major overhaul for several months during 1983-84.

Scientific Facilities - Managed Externally: The operations of the Tri-University Meson Facility (TRIUMF) and the Canada-France-Hawaii Telescope (CFHT) are the responsibility of the TRIUMF Board of Management and of the CFHT Corporation respectively.

TRIUMF: This facility is used by particle physics and nuclear researchers from universities, federal and provincial institutes, other research organizations in Canada, and researchers from abroad. The details are available in the TRIUMF annual report.

Canada-France-Hawaii Telescope (CFHT): The CFHT was scheduled for use on 302 nights in 1983, the remaining nights being devoted to various engineering tasks. The distribution of observing time in 1983 among astronomers sponsored by the three collaborating partners was as follows:

- NRC (Canada) 43.7%
- CNRS (France) 44.4%
- University of Hawaii (U.S.A.) 11.9%

The annual reports of the CFHT Corporation provide more detailed information on scientific activities at the facility.

E. Research and Services Related to Physical Standards

Objective

To meet Canadian needs for physical standards in science and engineering.

Resource Summary

This Activity accounts for 2.0% of the net 1985-86 Program expenditures and 3.8% of the total person-years. Activity expenditures and person-years are shown in Figure 24.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Gross Program cost	8,586	121	8,505	135	8,107	142
Receipts and revenues credited to the Vote	253	-	276	-	111	-
Net expenditures	8,333	121	8,229	135	7,996	142

1985-86 resources include $6.9 million for operating and $1.7 million for capital; 1984-85 resources include $7.4 million for operating and $1.1 million for capital; 1983-84 resources include $7.2 million for operating and $0.9 for capital.

Description

Pursuant to its role in support of the Weights and Measures Act, NRC provides national reference-level measurement standards for Canadian governments and their regulatory agencies, consumer and industrial organizations, universities, and other scientific and technical communities in Canada, as well as to the Canadian public. These standards are maintained as the key elements in a national infrastructure which is essential to ensure sufficient measuring accuracy in trade and commerce, manufacturing, health, occupational safety, and other components of the national economic and social system. The primary standards of time, mass, length, electrical resistance and voltage, temperature, and luminous intensity, as well as a large number of derived physical standards, are maintained by NRC's Division of Physics. Standards related to high voltage electricity and

to electromagnetics are maintained by the Division of Electrical Engineering. Standards related to force and acceleration are maintained by the National Aeronautical Establishment. Standards related to fluid viscosity are maintained by the Division of Mechanical Engineering.

This Activity comprises work in the setting of standards, whereby methods and procedures are developed in order to maintain world-class levels of measuring accuracy for Canada; and the calibration of meters and instruments used by NRC clients to make precise measurements.

Work in the setting of standards is closely correlated with the work of other national standards laboratories around the world and with the Bureau international des poids et mesures (BIPM). The calibration of measuring instruments derives from these primary standards and is provided to Canadian industry, universities, and government agencies. Fees are charged for these calibrations.

Performance Information/Resource Justification

Standards: The level of effort required by NRC in setting standards is governed primarily by the need to keep pace with ongoing changes in fundamental measuring technologies. These changes are introduced periodically as a result of decisions by the BIPM, over which NRC has no direct control. The frequency and degree of these changes influence the intensity and duration of NRC workloads. Resources are allocated to this work on the basis of maintaining an acceptable rate of progress in converting to new standards while continuing to provide services related to standards and to conduct research into methods of improving existing standards.

Calibrations: Resources allocated to these areas are determined by the need to adapt primary standards to the specific measurement needs of Canadian industry, government departments and regulatory agencies, and universities; and by the need to meet demands for calibrations and measurement services. The number of calibrations and measurements performed is shown in Figure 25.

Figure 25: **Number of Calibrations and Measurements Performed by the Division of Physics**

Sector Served	1983 Number Performed	1982 Number Performed	1981 Number Performed
Industry	297	277	321
Governments	58	76	61
Universities	8	26	24
Total	363	379	406

F. Administrative and Special Support Services

Objective

To provide management, administrative and special support services to both programs of the National Research Council.

Resource Summary

This Activity accounts for 9.0% of the net 1985-86 Program expenditures and 18.6% of the total person-years. A breakdown of this Activity is shown in Figure 26.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Management and Administration	19,927	269	20,634	302	17,693	292
Computation Centre	4,204	56	4,145	56	2,867	58
External Relations	1,516	9	1,498	9	1,301	9
Plant Engineering Services	16,764	230	16,345	230	17,525	245
Public Relations and Information	1,929	30	2,659	30	2,508	30
Gross Program cost	44,340	594	45,281	627	41,894	634
Receipts and revenues credited to the Vote	6,408	-	8,688	-	4,477	-
Net expenditures	37,932	594	36,593	627	37,417	634

1985-86 resources include $40.3 million for operating, $1.4 million for capital, and $2.6 million for transfer payments; 1984-85 resources include $41.6 million for operating, $1.4 million for capital, and $2.3 million for transfer payments; 1983-84 resources include $37.2 million for operating, $2.7 million for capital, and $2.0 million for transfer payments.

Description

Management and Administration: Includes the Executive Offices, the Council Secretariat, Internal Audit Services, Administrative Services, Financial Services, Employee Relations, Personnel Services, Program Evaluation Office and Program Services Secretariat.

External Relations: The Bureau of International Relations arranges international collaborations and exchanges and administers grants in support of international affiliations. The office for Relations with Universities promotes increased collaboration between NRC and Canadian universities.

Computation Centre: The Computation Centre provides computing services to the NRC laboratories, the Canada Institute for Scientific and Technical Information (CISTI), the National Library and the Natural Sciences and Engineering Research Council (NSERC).

Plant Engineering Services: The Plant Engineering Services Branch is responsible for the operation and maintenance of NRC buildings and facilities.

Public Relations and Information: The Public Relations and Information Service Branch is responsible for promoting public awareness and understanding of NRC activities.

Performance Information/Resource Justification

Figures 27 and 28 show the ratio of Administrative and Special Support Services to NRC totals. It should be noted that this activity provides support to both the Scientific and Industrial Research Program and the Scientific and Technical Information Program.

Figure 27: Ratio of Administrative and Special Support Services to Total Person-years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Scientific and Industrial Research Program	3,198	3,323	2,545
Scientific and Technical Information Program	251	245	245
Total	3,449	3,568	2,790
Administrative and Special Support Services	594	627	634
Percentage of Total	17.2	17.6	22.7

Figure 28: Relationship of Administrative and Special Support Services ($000) to Total Expenditures

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Scientific and Industrial Research Program	419,209	478,920	376,662
Scientific and Technical Information Program	24,080	22,894	19,842
Total	443,289	501,814	396,504
Administrative and Special Support Services	37,932	36,593	37,417
Percentage of Total	8.6	7.3	9.4

In addition, the following grants are administered:

International Affiliations Grants: The grants include: affiliation fees paid by NRC to those organizations of which NRC is the Canadian adhering member; grants to non-federal government employees to serve as official delegates at General Assemblies or scientific and technical working groups of international and non-governmental organizations of which NRC is the Canadian adhering member; and grants to cover expenses for scientists selected for collaborative research under a reciprocal agreement with le Centre national de recherche scientifique de France. In 1985-86 the grants will amount to $583,000.

Grants to Municipalities in Lieu of Taxes: Pursuant to the Municipal Grants Act, NRC pays grants to those municipalities in which it owns real property and receives municipal services. The amount by municipality is shown in Figure 29.

Figure 29: Grants to Municipalities

City	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	$	$	$
Halifax, & Halifax County, N.S.	134,400	127,000	34,090
Boucherville, P.Q.	192,000	289,000	33,000
Gloucester, Ont.	960,000	900,000	1,279,339
Osgoode, Ont.	5,800	5,000	3,207
Nepean, Ont.	18,300	17,000	22,251
Ramsay, Ont.	67,200	60,000	54,320
Saskatoon, Sask.	134,400	120,000	35,000
District of Saanich, B.C.	124,800	105,000	85,000
Province of British Columbia (for unorganized areas)	7,700	5,000	3,500
St. John's Nfld.	324,400	-	-
Other	-	-	293
Total	1,969,000	1,628,000	1,550,000

Support of Scientific and Engineering Conferences-Contributions: Contributions are provided to support scientific and engineering international conferences held in Canada. The number of conferences supported and the amounts contributed are shown in Figure 30.

Figure 30: Contributions to Conferences

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions ($)	60,000	60,000	40,000
Number of conferences supported	10	10	11

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The Scientific and Industrial Research Program expenditures by object are presented in Figure 31.

Figure 31: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	124,542	125,840	111,776
Contributions to employee benefit plans	17,434	16,041	15,785
Goods and services			
Transportation and communications	11,174	11,932	9,455
Information	1,947	2,492	2,025
Research and development contracts	18,087	42,225	27,184
Other professional and special services	16,909	17,845	17,224
Rentals	5,049	6,293	3,334
Purchased repair and upkeep	5,431	5,510	5,418
Utilities, materials and supplies	25,063	28,085	23,542
Other operating expenditures	195	195	38
Total operating expenditures	225,831	256,458	215,781
Capital			
Salaries and wages	117	112	-
Professional and special services	935	2,545	2,293
Construction and acquisition of land, buildings and works	34,610	51,027	34,664
Construction and acquisition of machinery and equipment	54,537	66,773	38,743
Other capital			544
Total capital	90,199	120,457	76,244

Transfer payments	115,139	117,239	91,358
Gross budgetary expenditures	431,169	494,154	383,383
Receipts and revenues credited to the Vote	11,960	15,234	6,721
Net budgetary expenditures	419,209	478,920	376,662

2. Personnel Expenditures

Personnel expenditures account for 62.9% of the total operating expenditures for the Scientific and Industrial Research Program. This includes statutory contributions to employee benefit plans. Figure 32 below provides a breakdown of person-year requirements by Activity. Figure 33 shows the the person-years and average annual salary by category.

Figure 32: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
National Competence in the Natural Sciences and Engineering	561	582	574
Research on Problems of Economic and Social Importance	721	773	781
Research in Direct Support of Industrial Innovation and Development	951	956	821
National Facilities	250	250	227
Research and Services Related to Physical Standards	121	135	142
Administrative and Special Support Services	594	627	634
Program total	3,198	3,323	3,179

Figure 33: Authorized Person-Years and Average Annual Salary Provision by Category

	Authorized Person-Years			Current* Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Executive	8	8	6	62,600	96,300	82,860
Senior Management	36	36	34	57,200	75,000	71,652
Scientific and Professional						
Research Officers and Research Council Officers	1,077	1,169	1,141	22,322	68,666	51,503
Librarians	9	7	8	20,036	50,725	35,101
Administrative and Foreign Service						
Administrative Services	54	44	47	16,144	55,650	34,887
Information Services	26	26	25	17,901	51,592	38,120
Personnel Administration	19	18	18	14,820	63,870	44,244
Program Administration		3	2	22,855	51,591	
Translation	6	4	3	15,715	43,726	32,449
Computer Systems Administration	63	59	58	16,804	58,986	40,516
Financial Administration	18	16	14	25,828	56,100	42,449
Purchasing Services	28	28	24	16,560	53,456	38,212
Technical						
Technical and Development Officers	946	962	931	14,299	48,922	34,361
Draftsmen and Photographers	43	41	46	15,507	34,061	27,775
Administrative Support						
Clerical	296	285	285	12,852	31,742	22,860
Secretarial	154	153	157	12,636	26,563	21,521
Data Processing	27	23	22	12,872	32,814	23,443
Operational	284	279	282	11,657	38,390	25,226
Casuals and others	99	109	101	-	-	25,818

* Differences in salary range due to NRC being a separate employer

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows the salary ranges by occupational groups at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Capital expenditures constitute 21.5% of the total Program expenditures. Figure 34 provides an analysis of the capital expenditures for the type of asset to be acquired.

A listing of major capital projects is shown in Figure 35.

Figure 34: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Construction			
Construction of new buildings and facilities	25,582	38,632	30,263
Renovations or extensions to existing buildings and facilities	9,580	12,546	5,906
Total construction	35,162	51,178	36,169
Equipment			
Equipment for new buildings and facilities	23,950	35,539	14,065
Other equipment	31,087	33,740	26,010
Total equipment	55,037	69,279	40,075
Total capital	90,199	120,457	76,244
Less receipts and revenue credited to the Vote	210	210	245
Budgetary capital	89,989	120,247	75,999

Figure 35: Major Capital Projects ($000)

Projects by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Year Requirements
Research in Direct Support of Industrial Innovation and and Development					
Biotechnology Research Institute - Quebec	61,000	57,743	33,550	21,293	2,900
Institute for Research in Optics - Quebec	-	16,000	1,000	7,800	7,200
Chemical Engineering Facility - Ontario	4,560	4,635	3,969	666	-
Extension to Biological Sciences Lab. - Ont.	6,520	6,595	974	4,190	1,431
Advanced Teleoperator System - Ontario	118,186	118,186	115,117	2,819	250
Communications Network for Industrial Development Program - Ontario	-	431	-	431	-
Solid Source Mass Spectrograph - Ontario	-	416	-	416	-
Controlled Energy Dispersive X-ray Analyser - Ontario	-	250	-	250	-

Projects by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Year Requirements
Research in Direct Support of Industrial Innovation and Development (cont'd)					
Institute for Manufacturing Technology - Manitoba	41,400	31,700	24,763	6,937	
National Facilities					
Institute for Marine Dynamics - Nfld (formerly Arctic Vessel and Marine Research Institute)	55,604	55,604	51,802	3,802	-
Propulsion Systems for Transportation - Ont.	3,989	3,989	2,747	1,242	-
Refurbishing Algonquin Radio Observatory - Ontario	6,560	6,550	500	2,000	4,050
Refurbishing Icing Tunnel - Ontario	825	825	456	369	-
Railway Fatigue and Wear Facility - Ontario	300	294	171	123	-
Roll-in Roll-out Test Facility for 5ft., High Speed Wind Tunnel - Ontario	-	3,410	360	1,720	1,330
Support Facilities-Dominion Astrophysical Observatory - B.C.	-	2,731	15	425	2,291

4. Transfer Payments

The Grants and Contributions given under the Scientific and Industrial Research Program are listed in Figure 36.

Figure 36: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Administrative and Special Support Services			
International Affiliations	583	583	409
Grants to Municipalities in accordance with the Municipal Grants Act	1,969	1,628	1,550
Contributions			
National Competence in the Natural Sciences and Engineering			
Centre Européen pour la recherche nucléaire (CERN)	40	100	-
Research on problems of economic and social importance			
International Energy Agency Implementing Agreements	140	208	224
Institut de recherche d'Hydro-Québec-Magnetic confinement fusion research and development program	6,760	6,455	5,267
Contribution for research on materials for fusion	1,575	1,486	869
The Institute of Man and Resources for operation of the Atlantic Wind Test Site	200	200	200
Manitoba HVDC Research Centre-High Voltage DC Transmission on Nelson River	347	334	209
Canadian Rehabilitation Council for the Disabled	209	194	185
Research in Direct Support of Industrial Innovation and Development			
Assistance toward applied research and improvements in technology to Canadian industry	40,843	42,583	37,103

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Research in Direct Support of Industrial Innovation and Development (Con't)			
Contributions to provincial research organizations and research institutes to provide technical information and field services	6,437	7,637	5,251
Program for Industry-Laboratory Projects	21,934	20,968	9,456
Institut de recherche d'Hydro-Québec Large capacity vertical axis wind turbine program	4,548	5,019	3,599
National manufacturing technology centre and network	500	200	-
International Energy Agency implementing agreements	26	21	-
Extramural Performers under the Bio-technology Research Program	-	1,575	-
National Facilities			
Canada's share of the costs of the Canada-France-Hawaii Telescope Corporation	2,253	2,166	2,362
Universities of Alberta, British Columbia, Simon Fraser and Victoria in support of TRIUMF Project	26,715	25,522	23,210
Administrative and Special Support Services			
Support of scientific and engineering conferences	60	60	40

B. Cost Analysis

The Scientific and Industrial Research Program's 1985-86 Estimates include only those expenditures to be charged to the NRC's voted appropriations and statutory payments. Other cost items as well as revenue must be included when considering the actual costs to operate the Program. Figure 37 shows the total net cost of the Program obtained by adding the cost of accommodation provided without charge by Public Works and NRC and other services provided without charge by other departments, and by deducting receipts and revenues earned by this Program.

Figure 37: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Receipts and Revenue	Total Net Cost	Total 1984-85
National Competence in the Natural Sciences and Engineering	40,877	3,537	44,414	118	44,296	43,896
Research on Problems of Economic and Social Importance	65,996	4,568	70,564	1,092	69,472	91,101
Research in Direct Support of Industrial Innovation and Development	193,579	6,004	199,583	1,254	198,329	231,870
National Facilities	77,791	1,577	79,368	2,835	76,533	83,313
Research and Services Related to Physical Standards	8,586	768	9,354	253	9,101	9,077
Administrative and Special Support Services	44,340	3,760	48,100	6,408	41,692	40,530
	431,169	20,214	451,383	11,960	439,423	499,787

Other costs in Figure 37 include:

Accommodation by Public Works and NRC	= $17.56 million
Employer's share of health and unemployment insurance premiums paid by the Treasury Board	= $ 2.15 million
Employee Compensation under Workman Compensation Acts paid by the Department of Labour	= $ 0.18 million
Cheque issue cost by Dept. of Supply and Services	= $ 0.32 million

C. Revenue Analysis

Receipts and revenues earned and credited to the Program expenditures are summarized in Figure 38.

Figure 38: Revenues and Recoveries by Type ($000)

Revenue Type	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Testing, standardization and other scientific services	5,192	6,146	226
Computational services to the National Library and others	5,866	7,685	5,858
Sale of NRC publications	360	400	361
Others	542	1,003	276
Total Program	11,960	15,234	6,721

Others include monies received as adjustments to prior year's expenditures, conference registeration fees and miscellaneous revenues and recoveries.

D. Additional Information

1. National Facilities

Engineering Facilities: NRC operates a number of major national engineering facilities to support engineering R&D in selected areas of national need and priority. A brief description of the major facilities follows:

Wind Tunnels: The National Aeronautical Establishment (NAE) operates and maintains a number of wind tunnels as national facilities for use by industry and government. The three principal tunnels are a 2m by 3m low-speed wind tunnel, which began operations in the early 1940s; a 1.5m by 1.5m trisonic blowdown tunnel, which was commissioned in 1962; and a 9m by 9m low-speed tunnel, which was commissioned in 1970. Major industrial users of these facilities are the aircraft manufacturing companies but there is increasing demand from other users for wind engineering studies on buildings and bridges, for developing urban core wind profiles, for measuring the wind drag of surface vehicles such as trucks and cars, and for other applications.

Airborne Facilities: The National Aeronautical Establishment operates and maintains test facilities mounted in specially configured aircraft, for use, primarily by Canadian aircraft manufacturers and government departments, in simulating the performance of new aircraft design features; in investigating hazardous aircraft operating conditions or failure occurrences; in conducting detailed studies of turbulence and other atmospheric conditions; in testing navigation systems; and in testing other flight-related conditions, systems, and equipment. The facilities include a flight mechanics airborne simulator, two atmospheric studies aircraft, and a remote sensing and navigation systems aircraft.

Railway Test Facilities: The Division of Mechanical Engineering operates and maintains national test facilities for use in rail-related research by railway operators, car and locomotive builders, railway users, and government regulators on problems related to lubrication, car dynamics, structures, and other specialized subjects. This research is aimed at improving the performance of locomotives, rolling stock, and related equipment; and reducing wear, damage to cargo, and the incidence of train derailments. The facilities currently include a curved track simulator, a vibration test facility, a vehicle squeeze frame, and an impact test ramp. A wheel, brake, and bearing test rig is under development to permit the study of fatigue and failure of these components under controlled conditions.

Marine Testing Facilities: NRC provides national facilities in marine hydrodynamics for use by Canadian researchers in fields such as marine propulsion, manoeuvering, seakeeping, hydrodynamics, ocean environment, and Arctic modelling techniques. The main facilities currently operating in Ottawa are a towing tank, a manoeuvring basin, and a cavitation tunnel, with associated computer-based equipment for data gathering and analysis.

The growing offshore activity on Canada's east coast and Arctic regions has expanded the requirement for facilities and related expertise in all aspects of naval architecture and marine engineering, especially as applied to northern and ice-covered waters. As a result the Institute for Marine Dynamics is being established in St. John's, Newfoundland, and is expected to be fully operational by 1985-86. The Ottawa-based capabilities will be transferred to the new Institute, which will provide Canadian industry, governments, and universities with facilities and technical support needed for the design, development, and construction of vessels and fixed structures for operation on or below ice-covered waters, and for conducting model tests on all types of vessels and on fixed structures operating on or below ice-covered waters. The main facilities will be an ice towing tank, an open water towing tank, a computer-controlled model-making facility, and associated data gathering systems, design offices, and machine shops.

Gas Dynamics Test Facilities: The Gas Dynamics Test Facilities of the Division of Mechanical Engineering are centered around a very large air compressor and exhauster plant that generates the high volume air and gas flows needed in gas dynamics testing and research. This research focuses on the dynamics of very high temperature gases flowing through machinery, and is done largely by Canadian manufacturers in developing and testing gas turbine engines and aeronautical, marine, and railway equipment and power plants. The testing facilities include combustion facilities, a propulsion tunnel, and an altitude test chamber.

Hydraulics Facilities: The national facilities maintained and operated by the Hydraulics Laboratory of the Division of Mechanical Engineering include the Deep Water Wave Basin and the Coastal Wave Flume.

The Deep Water Wave Basin provides for scale model testing of ocean engineering structures intended for use in deep water. The associated wave machines generate long and short crested waves that simulate the wind and wave environments necessary for the accurate performance appraisal of off-shore oil drilling rigs, production platforms, etc.

The Coastal Wave Flume is provided for the simulation of coastal or shallow water conditions. The major problem areas are shoreline erosion and sedimentation as well as the effect of waves and currents on coastal structures such as breakwaters and other harbour facilities.

Engine Test Facilities: The Division of Mechanical Engineering operates and maintains facilities consisting of a calibrated gas turbine test cell, an engine icing test cell, and an anechoic test cell for use by Canadian industry and governments in monitoring and improving the performance of gas turbine aircraft engines. The testing capabilities include the measuring of such factors as thrust and fuel consumption, the effect on in-flight performance of passing through icing clouds, and the operating noise levels of these engines. Testing at the facilities is a means of accurately simulating flight conditions, and is among the Transport Canada flight certification procedures for aircraft engines.

Low Temperature Test Facilities: The Division of Mechanical Engineering operates and maintains national facilities for conducting tests on various types of machinery, primarily transportation equipment, under controlled low-temperature conditions. The facilities are used by Canadian aircraft and vehicle manufacturers, railways, and government departments and agencies. One of the three facilities is a climatic engineering test facility, a large chamber built to accommodate locomotives, railway and subway coaches, off-road vehicles, and building modules and other large structures. It can provide temperatures as low as -43°C, winds over 60 km/hr, snowfall up to 3 cm/hr, and freezing rain conditions. A second facility is the helicopter icing facility, a spray rig used to test the effectiveness of de-icing systems on full size helicopters that are flown under the continuous spray. The third facility, an icing tunnel, is used by Canadian industry and governments to test aircraft components and other equipment under low temperature conditions.

Fire Research Field Station: The Division of Building Research operates and maintains a facility located at Carleton Place, Ontario for use by government departments, regulatory agencies, and Canadian building and furniture supply manufacturers. It permits full-scale studies of the generation and spread of fire and smoke, both from room-to-room and floor-to-floor in houses, mobile homes, and high-rise buildings, and allows testing the effectiveness of fire retardant materials and extinguishing systems. The facility consists of a large hangar-like structure, 30m by 60m by 12m high; a ten-storey high-rise structure; and associated data gathering and workshop support service areas.

Scientific Facilities - Managed by NRC:

Facilities for Space Science: The Canada Centre for Space Science coordinates and plans space science activities at the national and international level, including the provision of scientific instrumentation and systems for flights on NASA's Space Shuttle and on satellites launched by other countries.

Astrophysical Facilities: The Herzberg Institute of Astrophysics (HIA) operates and maintains the Dominion Astrophysical Observatory (DAO) in Victoria, B.C., the Dominion Radio Astrophysical Observatory (DRAO) at Penticton, B.C., and the Algonquin Radio Observatory (ARO) in Algonquin Park, Ontario.

The DAO facility is an optical observatory that provides three telescopes for use by Canadian scientists (including HIA staff) in astronomical research. The detection and data processing systems include spectrographs, computers, and measuring engines. The facility is also used for processing data obtained at the Canada-France-Hawaii Telescope. DAO is a world centre of excellence in the design of large telescopes and the polishing of large mirrors. Work done at the observatory includes research into supernovas, interstellar matter, stellar atmospheres, and black holes. The DRAO facility provides two radiotelescopes for detecting and analyzing radio waves from space. Work at the observatory includes studies of the distribution and velocity of gases in order to determine the structure and evolution of objects such as galaxies and supernova remnants. The ARO facility is the major Canadian radio observatory. It possesses the largest fully steerable parabolic reflector in North America. Work at this observatory includes research into the distribution and formation of molecules in space, and studies of quasars and distant galaxies.

Other Scientific Facilities: The Division of Physics operates and maintains an acoustics facility used for research into sound reproduction and human hearing. Among the more applied uses of this facility are the testing and calibration of high-fidelity loudspeakers by Canadian industry.

Scientific Facilities - Managed Externally: There are two relatively large national scientific facilities which receive funding from the Federal Government through NRC: the Canada-France-Hawaii Telescope (CFHT) and the Tri-University Meson Facility (TRIUMF).

Canada-France-Hawaii Telescope: The CFH telescope is jointly sponsored by the National Research Council of Canada, le Centre national de la recherche scientifique of France, and the University of Hawaii. To carry out the construction of the telescope and its subsequent operation, the three founding members entered into a tripartite agreement and formed a non-profit Corporation incorporated in the State of Hawaii. According to the terms of the agreement, construction costs of the telescope were equally shared by Canada and France, with the University of Hawaii contributing local facilities and services. Observation time on the completed telescope is shared by the partners in the proportions of 44, 44, and 12 per cent respectively. Payment of the NRC share of operating costs is in the form of a contribution to the Canada-France-Hawaii Telescope Corporation.

Tri-University Meson Facility: TRIUMF is a world class centre for research in intermediate energy physics and related disciplines. It is located on the campus of the University of British Columbia, Vancouver, and operated as a joint venture by the University of British Columbia, Simon Fraser University, the University of Victoria and the University of Alberta. The central feature is a uniquely designed sector-focused cyclotron that accelerates negative hydrogen ions to an energy of up to 500 MeV in a continous mode. The unique design permits the extraction of proton beam through as many as six separate ports for experiments with protons, mesons and neutrons in a highly diversified program of basic and applied research.

The land, buildings and some administrative services have been provided by the universities; the accelerator, beam lines, experimental equipment and operations have been funded by the federal government. AECB was the responsible federal agency from the founding of TRIUMF in 1968 until March, 1976. NRC assumed responsibility at that time. Funds for operating, maintaining, and developing the facility are provided by NRC by means of an annual contribution. The research program is funded largely by granting agencies such as NSERC and to a lesser extent by NRC and external supporters of the applied program such as AECL, the B.C. Cancer Foundation, and NOVATRACK Inc.

2. NRC's External Review Mechanisms

NRC has always relied heavily on the constituencies that it serves for advice on the content and application of its laboratory research, services and information programs. To ensure the availability of expert external advice NRC has traditionally used a wide variety of mechanisms, including Council itself, committees of Council, symposia, and special studies. In recent years, the Council has taken positive action to focus this process of evaluation and apply it more systematically to all laboratory activities by supplementing the existing external advisory committees with an additional mechanism for external review, namely the Review Committees of Council. All told, there are almost a thousand external experts involved each year in providing advice and comment through the medium of Review, Associate, and Advisory Committees. Very briefly, the various committee mechanisms are summarized below:

Review Committees: These committees, generally chaired by a Council Member, and composed of members mainly from industry and universities, are convened for a limited time with the following general mandate:

- to review the research and service activities of selected components of NRC in relation to the role and objectives of NRC;

- to assess the overall quality, effectiveness and future promise of these activities; and

- to make recommendations to Council concerning the future direction and future level of effort of these activities.

Special tasks can be added to the terms of reference of a particular Review Committee. NRC senior management is available to the Committee before, during or after the actual review to clarify the extent of the review and to respond to any questions which may arise.

Associate Committees of Council: The network of Associate Committees continues to provide an effective means of coordinating scientific activities across the country, as well as contributing to the exchange and dissemination of scientific knowledge. An Associate Comittee may concern itself with an immediate or short-term problem, or it may have a continuing responsibility in a particular area of science or engineering. There are currently 26 Associate Committees of Council:

- Associate Committee on Agricultural and Forestry Aviation
- Associate Committee on Astronomy
- Associate Committee on Biotechnology
- Canadian Committee on Building Research
- Associate Committee on Consulting Engineering and Technology Transfer
- Canadian National Committee on Earthquake Engineering
- Associate Committee on the Occupational Application of Ergonomics Research
- Canadian Committee on Fats and Oils
- Canadian Committee on Forest Fire Management
- Associate Committee on Geotechnical Research
- Associate Committee on Hydrology
- Associate Committee on Instructional Technology
- Associate Committee on Machinery Noise
- Associate Committee on Meteorites
- Associate Committee on the National Building Code
- Associate Committee on the National Fire Code
- Associate Committee on Propulsion
- Associate Committee on Research and Development for Rehabilitation of the Disabled
- Associate Committee on Research for the Fire Services
- Associate Committee on Research for Shoreline Erosion and Sedimentation
- Associate Committee on Scientific Criteria for Environmental Quality
- Associate Committee on Solar Energy
- Associate Committee on Standards of Physical Measurements
- Associate Committee on Space Research
- Associate Committee on Toxicology
- Associate Committee on Tribology

Advisory Committees: Although similar in some respects to Associate Committees, Advisory Committees are less general in their mandate and are established to advise NRC primarily on laboratory activities. There are currently 11 Advisory Comittees:

- Atlantic Advisory Committee
- Advisory Committee on Aerodynamics
- Advisory Committee on Energy
- Advisory Committee on Fusion-related Research
- Advisory Committee on the Institute for Manufacturing Technology
- Advisory Committee on Research with Human Subjects
- Advisory Committee on the Industrial Materials Research Institute
- Committee on International Scientific and Technological Affiliations
- Advisory Board on Scientific Publications
- Advisory Board on Scientific and Technical Information
- Advisory Board on TRIUMF

Scientific and Technical
Information Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $23,015,000 in support of the 1985-86 Scientific and Technical Information Program. The remaining expenditures, estimated at $1,065,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Scientific and Technical Information Program		
20	Program expenditures	23,015	23,222
(S)	Contributions to employee benefit plans	1,065	900
	Total Program	24,080	24,122

Votes-Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Scientific and Technical Information Program	
20	Scientific and Technical Information - Program expenditures and contributions	23,015,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
		Budgetary						
	Authorized Person-Years	Operating	Capital	Transfer Payments	Sub-total	Less: Revenues Credited to the vote	Total	
Scientific and Technical Information	251	29,803	220	78	30,101	6,021	24,080	24,122

Section I
Program Overview

A. Highlights

In 1985-86 the Scientific and Technical Information Program plans:

- to perform studies and gather data necessary for implementing policy and operational changes aimed at ensuring in the area of document delivery the optimum level of service possible in the face of a predicted increase in workload of more than 10%;

- to continue to maintain a base of scientific and technical information that reinforces and supplements other collections so that the Canadian industrial and research community requirements for scientific and technical documentation can be supplied 90% of the time from Canadian sources and within an acceptable time frame for utilization; and

- to support a predicted 8% increase in the number of printed pages for the Canadian Journals of Research.

B. Financial Summary

Figure 1: Financial Summary ($000)

Activity	Estimates 1985-86			Forecast 1984-85		
	Expend.	Revenue Credited to Vote	**Net Expend.**	Expend.	Revenue Credited to Vote	Net Expend
Scientific and Technical Information	30,101	6,021	**24,080**	27,007	4,113	22,894
Authorized person-years			**251**			245

C. Background

1. Introduction

The activities and associated resources comprising the Scientific and Technical Information Program include the publishing of the Canadian Journals of Research and the operation of the Canada Institute for Scientific and Technical Information (CISTI).

Publication of scientific journals within NRC began in 1929 when the first Canadian Journal of Research was published. The Program now supports 13 titles. Promotion of the journals over the last few years has increased their visibility, improved sales, and attracted additional submissions.

The purpose of CISTI is to satisfy the needs of the Canadian scientific, engineering and health service communities for scientific and technical information.

CISTI has focused its attention on the development and application of electronic techniques to expedite and facilitate the retrieval and dissemination of information. Sources of information have been continually developed in close cooperation with all major libraries in Canada. These sources together with associated services have been designed to complement and supplement local collections and also to provide an essential backup to the information services provided by CISTI's staff of information specialists. The collections of university, federal, provincial and industrial libraries are linked and made available on a national basis. To this extent, Canadian scientific and technical communities have ready access to the contents of the different publications and journals that constitute the vast majority of the world's scientific and technical literature.

2. Legal Mandate

The National Research Council Act provides the legal mandate for all operations carried out in the Scientific and Technical Information Program.

3. Program Objective

Objective: To promote and provide for the use of scientific and technical information by the people and government of Canada to meet Canadian needs for economic, regional and social development.

Sub-Objectives:

- to develop and maintain a national resource in scientific and technical information that can respond to national needs and priorities;
- to provide and maintain services associated with scientific and technical information to meet the needs of the people and government of Canada;
- to coordinate the resources of the National Research Council with those of other information transfer institutions both national and international, and participate in the development and maintenance of scientific and technical information networks; and
- to provide and maintain a capability and carry out research into the need for and methods of accomplishing the transfer of scientific and technical information in response to user needs.

4. Program Description

The Scientific and Technical Information Program contributes to the overall NRC mandate by operating a nation-wide network of scientific and technical information services and by providing information services in support of all NRC-related activities. In support of the program objective, "to promote and provide for the use of scientific and technical information" there is a wide spectrum of activities that can be divided into two main functions: the publishing of the Canadian Journals of Research, and the provision of information services by the Canada Institute for Scientific and Technical Information (CISTI).

NRC provides the editorial and publishing functions for 13 world-class scientific periodicals known collectively as the Canadian Journals of Research. These journals publish research papers and notes authored and refereed by scientists in many disciplines, who may work in laboratories anywhere in Canada or in other countries.

The development and maintenance of the CISTI national collection includes the selection, acquisition, analysis, storage, retrieval and transfer of published and machine-readable scientific and technical information regardless of the language or country of origin. Journals are the most important form of publishing. Next in importance are conference proceedings and books. Subscriptions to over 22,000 journal titles are maintained, and approximately 1,400 new titles are added each year. The collection also grows by some 20,000 books and 13,000 conference proceedings annually. The present collection has evolved over the last 50 years and would be extremely difficult, if not impossible, to develop today since many publications are printed in limited numbers and soon become out-of-print.

Each item received is recorded in various catalogues, indexes and reference systems, and is stored, ready to be retrieved for loan, photocopy or reference and subsequently reshelved. Journals and other periodical literature are bound into sets to preserve them during frequent use.

In addition to print and microform, the collection also contains machine-readable data in the form of indexes, abstracts and evaluated data that is used as a source for computer-based information services. As well as serving as a reference to the CISTI collection in a particular subject area, these databases identify the international information available on a subject.

Through its national Canadian Selective Dissemination of Information (CAN/SDI) service, CISTI continuously alerts subscribers to the existence of recent papers covering their specific fields of interest. This service is augmented by the Canadian On-Line Enquiry (CAN/OLE) service which allows retrospective searching of large bibliographic files via computer terminals located across Canada. Hence, users are able to search the world's scientific and technical literature very quickly to determine what has been recently published in all major fields of science and technology.

The Canadian Scientific Numeric Databases (CAN/SND) service, consisting of a machine-readable collection of critically evaluated scientific numeric data and computer programs, allows researchers to search, retrieve and manipulate data in a wide range of theoretical and experimental applications.

The Health Sciences Resource Centre within CISTI is used to coordinate, strengthen and make readily available existing medical literature and information resources throughout Canada. Access to biomedical information in the Medical Literature Analysis and Retrieval (MEDLAR) system databases of the U.S. National Library of Medicine is also available through the Health Sciences Resource Centre. In addition, the Centre answers health-related reference questions.

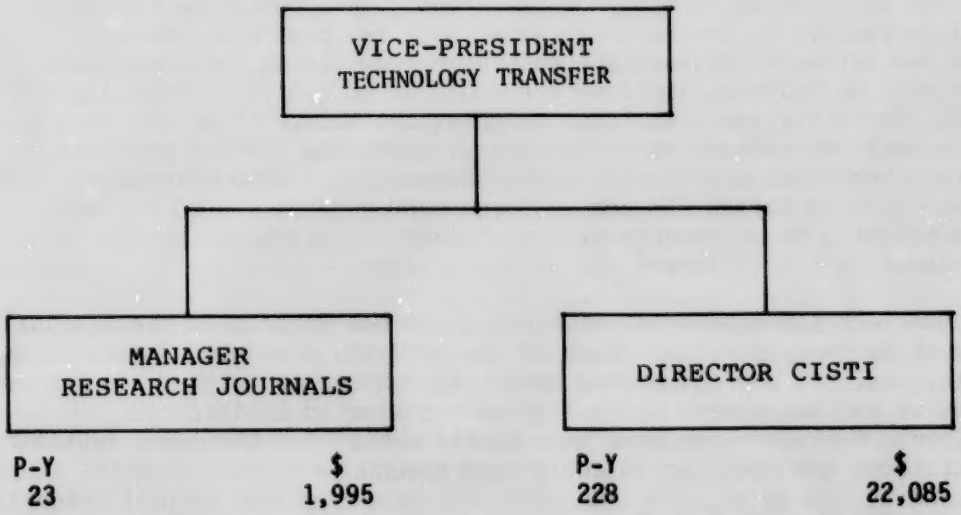
CISTI provides several other accessory and coordinating services which are national in scope. Some of these services are: a computerized inventory of federally funded research carried out at all Canadian universities; the provision of English or French versions of foreign-language scientific papers; the maintenance of a Reference and Research staff to answer requests for scientific and technical information and to carry out literature searches and compile bibliographies; and a referral centre for seekers of scientific and technical information.

CISTI branches have developed in parallel with the NRC laboratories they serve. As a result, a full range of information services is provided in direct support of laboratory activities to all research, technical and administrative staff. These branches are vital to the scientific and engineering staff of NRC in providing access to CISTI's central collection and services, to current research, and to scientific and technical developments.

5. Program Organization for Delivery

The Program is sub-divided into two operations, namely CISTI and the Research Journals. The breakdown of resources by organizational components is shown in Figure 2.

Figure 2: 1985-86 Resources by Organization/Component ($000 and Person-Years



The Vice-President, External Relations, has overall responsibility for the Program. The Director of CISTI is responsible for the design and implementation of the CISTI program, and the Manager of the Research Journals is responsible for the publication of the 13 research journals.

D. Planning Perspective

1. Environment

The following factors significantly affect the direction and nature of the Scientific and Technical Institute (STI) Program.

Canadian Research and Development: The level of activity and the nature of scientific and technological activities in Canada directly affect both the demand for services provided by the STI Program and the level of cooperative efforts required to coordinate a national network of STI services.

The increasing level of R&D activity in Canada, particularly in the industrial sector, as well as increasing emphasis on information, continues to generate increased demand for STI services. This increase in overall demand, combined with increases in specialized requirements and a proliferation of systems, products and applicable technology, continues to present challenges to the Program in maintaining a balance between demand and service in an environment of constant change and limited resources.

Technological Climate: In the 1960s, spectacular technological changes and rapid advances in the telecommunications field gave new and powerful tools to large-scale library operations that offer convenient and reliable services to a national clientele.

The application of modern information technology has affected a large percentage of the work processes over the past two decades. These new automated storage and retrieval services depend on systems which must be refined, improved and modified according to changing user needs. These systems also incur on-going costs associated with storage of the machine-readable records. Use of automated systems provides greater throughput per hour of work. However, use also translates into longer learning curves for new employees and a greater need for on-going training to accomodate system changes and maintain staff competence in the efficient use of the systems.

One increasingly important function of the Program is the national document delivery service. Much of the activity consists of retrieving copying, mailing and reshelving materials. These activities are labour intensive so that modern technology offers limited assistance. Electronic mail services have made access easier for the user, raising expectations and encouraging additional demand.

Economic Climate: Coping with an average overall growth approaching 20% is exceedingly difficult under current economic constraints. This situation is compounded by restraint measures in other sectors that result in demands for more customized service from the national centre.

2. Initiatives

Studies will be initiated and data gathered related to internal operations in an attempt to optimize resources available to respond to demand for documents, a service that continually experiences rapid growth. New technology, such as electronic mail, has facilitated access by the user on a 24-hour per day basis.

The studies to be initiated in 1985-86 are being designed to ensure that the realities of the mid-80's are reflected in operational routines and policies and that the Institute is realizing the maximum benefit from technology presently available or technologies that can be modified or adapted to assist with the delivery of STI to client groups. In addition to these studies, work will continue on the application of technologies developed in other sectors for the solution of problems in the information storage and dissemination sector. Systems will be modified and machine-readable files expanded to facilitate use. By so doing, some users can become more self-sufficient and the Program services can concentrate more on sectors less equipped or otherwise less capable of helping themselves.

3. Program Effectiveness

Overall Program effectiveness is the degree to which user demand can be satisfied. Since this is the only national program with a mandate "to promote and provide for the use of scientific and technical information" the Program must respond to a national demand represented by discrete requests from organizations or individuals.

$$\text{Satisfaction Rate} = \frac{\text{Items Supplied}}{\text{Items Requested}} \times 100\%$$

The Satisfaction Rate above is the principal measure of effectiveness for the collection, maintenance and document delivery activities. Based on an international comparison, NRC has set for itself the goal of 90% from all Canadian sources within five working days.

In the case of other services, the standard measures of effectiveness include reliability of computer supported systems, turnaround times on customized searches, and client satisfaction. In addition, three advisory groups, namely the Advisory Board on Scientific and Technological Information, the Advisory Committee on the Health Sciences Resource Centre, and the Advisory Committee on Automated Storage and Retrieval Services, provide advice and guidance on the effectiveness of present services and the need for modifications or enhancements. Growth in the use of all services and an almost total lack of complaints related to the services for which the client is billed are indicators of effectiveness and relevance of the activity.

4. Performance Information/Resource Justification

The overall performance of the CISTI national collection can be measured by its ability to respond to an ever increasing demand from a constantly changing profile of users whose demands vary with ever changing national concerns.

Figure 3: Profile of User Requests

	1983-84	1982-83	1981-82	1980-81
Industry	42%	48%	44%	45%
Government	37%	30%	34%	33%
University	21%	22%	22%	22%

The percentage of items requested that can be located in the CISTI collection or in another location in Canada is an indication of the effectiveness of the collection policy.

Figure 4: Collection Performance

	1983-84	1982-83	1981-82	1980-81
Number of requests	239,225	220,484	197,930	183,985
Located in CISTI collection	75.4%	74.9%	73.4%	75.5%
Located in other Canadian collections	14.4%	14.6%	15.2%	14.8%
Located in Canada overall	89.8%	89.5%	88.6%	90.3%

On-line Retrieval Systems: The program has developed and now maintains an on-line storage and retrieval system as a means of making available to Canadians nationwide the machine-readable data it creates related to the CISTI collection and the machine-readable data it acquires as part of the national collection. The system, called Canadian On-Line Enquiry (CAN/OLE), has experienced constant growth as measured by a steady increase in the number of users and the time they use the system (connect hours).

Figure 5: CAN/OLE Utilization

	1983-84	1982-83	1981-82	1980-81
Connect hours	11,400	8,968	7,476	6,324
Subscribers	713	533	436	353
Size of file (millions of citations)	16	14	11	11

For the Canadian health sciences community, CISTI has established a network of service centres connected to the information storage and retrieval system (MEDLARS) offered by the U.S. National Library of Medicine under a special agreement negotiated by CISTI. All training and customer support is performed by CISTI. This suite of files complements the files covered by CAN/OLE.

Figure 6: MEDLARS Utilization

	1983-84	1982-83	1981-82	1980-81
Connect hours	8,303	6,543	6,252	4,924
Subscribers	192	167	152	110
Size of file (millions of citations)	8.0	7.6	6.9	6

For the scientist and engineer working with data, the Canadian Scientific Numeric Databases (CAN/SND) service offers a suite of files containing critically evaluated data that can be manipulated in an on-line environment.

Training courses in the use of CAN/OLE, MEDLARS, and CAN/SND are offered in Ottawa and major centres across Canada. The courses cover the scope of files available, a detailed explanation of system features and hands-on training in use of the systems.

A listing of files presently available is included in Supplementary Information, Sub-section D.

Current Awareness: One of the initial automated services, Canadian Selective Dissemination of Information (CAN/SDI), complements the on-line services by offering on a regular basis a listing of recently published items of potential interest. The user prepares a profile of his interests which is searched against appropriate subject-oriented files. Relevant references are sent to the user weekly, bi-monthly or monthly. As user interests change, so do the profiles. Over the past four years, subscribers have increased from 2,179 to 2,445.

Customized Services: A question and answer service is available. Staffed by six qualified librarians, this service prepares bibliographies, locates factual data, performs on-line searches and identifies centres of expertise and experts.

Figure 7: Customized Services Utilization

	1983-84	1982-83	1981-82	1980-81
Literature searches	872	977	976	1,021
Other questions	4,321	3,620	2,737	2,823

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	7,636	6,946	6,607
Contributions to employee benefit plans	1,065	900	929
Goods and services			
Transportation and communication	452	375	302
Information	2,471	2,678	2,111
Computer and data processing	4,316	3,318	2,782
Other professional and special services	1,850	1,422	1,193
Rentals	3,012	2,032	1,573
Purchased repair and upkeep	243	170	59
Books, periodicals and other publications		8,550	7,272
Other utilities, materials and supplies	8,758	414	367
Total operating expenditures	29,803	26,805	23,195
Capital			
Construction and acquisition of machinery and equipment	220	124	232
Transfer payments	78	78	78
Gross budgetary expenditure	30,101	27,007	23,505
Receipts and revenue credited to the Vote	6,021	4,113	3,663
Net budgetary expenditure	24,080	22,894	19,842

2. Personnel Expenditures

Personnel expenditures account for 29.2% of the total operating expenditures for the Scientific and Technical Information Program. This includes the statutory contributions to employee benefit plans. Figure 9 shows the person-years and annual salary by category.

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current* Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Senior Management	2	2	2	57,200 75,000	71,743
Scientific and Professional					
Research Officers and Research Council Officers	8	8	7	22,322 68,666	51,480
Librarians	67	65	67	20,036 50,725	36,001
Administrative and Foreign Service					
Administrative Services	9	9	9	16,144 55,650	32,209
Information Services	18	16	16	17,901 51,592	31,853
Program Administration				22,855 51,591	
Translation	2	2	2	15,715 43,726	37,200
Computer Systems Administration	8	7	5	16,804 58,986	40,090
Financial Administration	3	3	3	25,828 56,100	32,063
Purchasing Services	1	1	1	16,560 53,456	36,446
Technical					
Draftsmen	1	1	1	15,507 34,061	17,892
Administrative Support					
Clerical	117	117	112	12,852 31,742	21,711
Secretarial	7	6	7	12,636 26,563	21,977
Operational	4	4	4	11,657 38,390	22,269
Casuals and others	4	4	4	- -	18,250

* Differences in salary range due to NRC being a separate employer

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The current salary column shows the salary range by occupational category at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual

increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

A contribution is made to the Canadian Film Institute to maintain a collection of science films and video materials and to operate a distribution service for government departments and for the scientific community in Canada.

Figure 10: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contribution			
Canadian Film Institute	78	78	78

B. Cost Analysis

The Scientific and Technical Information Program's 1984-85 Estimates include only those expenditures to be charged to NRC's voted appropriations and statutory payments. Other cost items as well as revenue must be included when considering the actual costs to operate the Program. Figure 11 shows the total net cost of the Program by adding the cost of accommodation provided without charge by Public Works and NRC and other services provided without charge by other departments and deducting receipts and revenues credited to this Program.

Figure 11: Net Cost of Program for 1985-86 ($000)

Activity	1985-86 Expenditures	Add Other Costs	Total Cost	Deduct Receipts and Revenue	Total Net Cost	Total 1984-85
Scientific and Technical Information	30,101	2,384	32,485	6,021	26,464	25,141

Other costs in Figure 11 include:

Accommodation by Public Works and NRC	= $2,177,000
Employer's share of health and unemployment insurance premiums paid by the Treasury Board	= $ 169,000
Employee Compensation under Workman Compensation Acts paid by the Department of Labour	= $ 14,000
Cheque issue cost by the Department of Supply and Services	= $ 24,000

C. Revenue Analysis

Receipts and revenues credited to the Program are summarized in Figure 12.

Figure 12: Sources of Revenue ($000)

Revenue Source	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Proceeds from sales of Canadian Journals of Research and other publications	2,190	1,985	1,786
Services			
Canadian on-line enquiry	1,097	649	511
Canadian selective dissemination of information	1,344	467	458
Inter-library loan	612	602	503
Health Sciences Resource Centre	615	364	367
Reference	147	34	30
Other	16	12	8
Program total	6,021	4,113	3,663

D. Other Information

1. Databases available through CAN/SDI

Bibliographic database	Printed publication(s)	Producer	Number of Issues per year	CAN/SDI centre
AGRICOLA	Bibliography of Agriculture National Agricultural Library Catalog	U.S. Department of Agriculture (U.S.A.)	12	Agriculture Canada
ASFA	Aquatic Sciences and Fisheries Abstracts	Cambridge Scientific Abstracts (U.S.A.)	12	CISTI
BIOSIS Previews	Biological Abstracts Biological Abstracts/RRM	BioSciences Information Service (U.S.A.)	48	CISTI
CA Search -mainly organic chemistry	Chemical Abstracts	American Chemical Society (U.S.A.)	26	CISTI
CA Search -mainly inorganic chemistry	Chemical Abstracts	American Chemical Society (U.S.A.)	26	CISTI
CANCERLIT	————	National Cancer Institute (U.S.A.)	12	CISTI
Chemical Titles	Chemical Titles	American Chemical Society (U.S.A.)	26	CISTI
COMPENDEX	Engineering Index Monthly	Engineering Information Inc. (U.S.A.)	12	CISTI
EI Engineering Meetings		Engineering Information Inc.(U.S.A.)	12	CISTI
ERIC	Resources in Education Current Index to Journals in Education.	National Institute of Education (U.S.A.)	24	National Library of Canada
FSTA	Food Science and Technology Abstracts	International Food Information Service (Federal Republic of Germany)	12	Agriculture Canada
GEOREF	Bibliography and Index of Geology Bibliography and Index of Micropaleontology	American Geological Institute(U.S.A.)	12	Geological Survey of Canada
INIS	INIS Atomindex	International Atomic Energy Agency (Austria)	12	Atomic Energy of Canada Limited-Research Company
INSPEC	Physics Abstracts Electrical & Electronics Abstracts Computer & Control Abstracts	Institution of Electrical Engineers (U.K.)	24	CISTI
MARC	National Union Catalog L.C. Proof Slips	Library of Congress (U.S.A.)	52	National Library of Canada
MEDLINE	Index Medicus Index to Dental Literature International Nursing Index	National Library of Medicine (U.S.A.)	12	CISTI
METADEX	Metals Abstracts	Americal Society of Metals (U.S.A.)	12	CANMET
NTIS	Government Reports Announcements and Index	National Technical Information Service (U.S.A.)	26	CISTI
SCI	Current Contents ISI Science Citation Index ISI Non-Journal Literature	Institute for Scientific Information (U.S.A.)	52	CISTI
SSCI	Current Contents ISI Social Sciences Citation Index	Institute for Scientific Information (U.S.A.)	52	National Library of Canada

TOXLINE	Toxicity Bibliography Pesticides Abstracts International Pharmaceutical Abstracts Abstracts on Health Effects of Environmental Pollutants Chemical Abstracts TOX/TIPS Government Reports Announcements and Index	National Library of Medicine (U.S.A.)	12	CISTI

2. Databases on CAN/OLE

Code	Database	Producer	Coverage	Number of Records as of April 1983
BA	BIOSIS Previews	BioSciences Information Service (U.S.A.)	1972/78	1,712,000
BA79	BIOSIS Previews	BioSciences Information Service (U.S.A.)	1979-	1,292,000
CAC	CA Condensates	American Chemical Society (U.S.A.)	Jul 1973/76	2,277,000
CAS77	CA Search	American Chemical Society (U.S.A.)	1977/81	2,201,000
CAS82	CA Search	American Chemical Society (U.S.A.)	1982-	535,000
COAL	Coal Research	IEA Coal Research Technical Information Service (1)	Jul 1979-	52,000
EI	Compendex	Engineering Information Inc. (U.S.A.)	1970-	1,166,000
EIM	EI Engineering Meetings	Engineering Information Inc. (U.S. A.)	Jul 1982-	121,000
GEOREF	Geological Reference File	American Geological Institute (U.S.A.)	1960-	789,000
INIS	INIS Atomindex	International Atomic Energy Agency, Austria (2)	May 1970-	737,000
INSP	INSPEC: Physics, Electrical and Electronics, and Computer and Control Abstracts	Institution of Electrical Engineers (U.K.)	1970-	1,922,000
NTIS	Government Reports Announcements and Index	National Technical Information Service (U.S.A.)	1964-	913,000
AOSI	Alberta Oil Sands Index	Alberta Research Council	1970-	7,400
CANUCS	Union List of Serials in the Social Sciences and Humanities held by Canadian Libraries	National Library of Canada	--	29,000
CODOC	Cooperative Document Project	CODOC Document Group (Guelph)	Pre-Confederation	709,000
ELIAS	Environment Libraries Automated System	Environment Canada	1976-	32,000
IEC	Directory of Federally Supported Research in Universities	National Research Council Canada	1971/72-	109,000
MICROLOG	Microlog Index	Micromedia Ltd.	1979-	9,000
OON	CISTI Catalogue	National Research Council Canada	1978-	184,000
OONL	CAN/MARC (Canadian Machine-Readable Cataloguing)	National Library of Canada	1973-	192,000
OOT	Canadian Transportation Documentation System	Transport Canada	1960-	102,000
UNION	Union List of Scientific Serials in Canadian Libraries	National Research Council Canada	--	51,000

(1) Contains Canadian input from the Canada Centre for Mineral and Energy Technology.
(2) Contains Canadian input from Atomic Energy of Canada Limited.

3. Databases on MEDLARS (Medical Literature Analysis and Retrieval System)

Database	Subject(s)	Producer	Coverage	Records as of March 1983	Updates(1)
AVLINE	Biomedical Audiovisual Programs	National Library of Medicine (U.S.A.)	1976-	11,363	W
BIOETHICSLINE	Bioethics	Kennedy Institute of Ethics, Georgetown University	1973-	14,288	Q
CANCERLIT	Cancer	National Cancer Institute (U.S.A.)	1963-	339,565	M
CANCERPROJ	Cancer Research Projects	National Cancer Institute (U.S.A.)	1978/81	21,117	Q
CATLINE	U.S. National Library of Medicine Monograph Catalogue	National Library of Medicine (U.S.A.)	1965-	500,665	W
CHEMLINE	Chemical Dictionary	National Library of Medicine/Chemical Abstracts Service (U.S.A.)	--	558,043	B
CLINPROT	Clinical Cancer Protocols		--	3,685	Q
HEALTH	Health Administration Planning	National Library of Medicine/American Hospital Association (U.S.A.)	1975-	227,881	M
HISTLINE	History of Medicine	National Library of Medicine/History of Medicine Div. (U.S.A.)	1970-	52,856	Q
MEDLINE	Clinical Medicine, Biomedical Research, Nursing, Dentistry	National Library of Medicine (U.S.A.)	1966-	4,006,593	M
MESH VOC	Medical Subject Headings	National Library of Medicine (U.S.A.)	--	46,650	A
NAME AUTHORITY	U.S. National Library of Medicine Name Authority File	National Library of Medicine (U.S.A.)	--	142,814	M
POPLINE	Population	Population Information Program, Johns Hopkins University and Center for Population and Family Health, Columbia University (U.S.A.)	1970-	109,001	M
RTECS (Registry of Toxic Effects of Chemical Substances)	Toxicity Data	National Institute for Occupational Safety & Health (U.S.A.)	1979-	57,085	Q
SDILINE	Current Update to MEDLINE	National Library of Medicine (U.S.A.)	Current Month	25,219 (Approx.)	M
SERLINE	U.S. National Library of Medicine Serial Catalogue	National Library of Medicine (U.S.A.)	--	40,760	M
TDB (Toxicology Data Bank)	Toxicity Facts and Data	National Library of Medicine (U.S.A.)	--	4,021	Q
TOXLINE	Toxicology	National Library of Medicine (U.S.A.)	1965-	2,816,481	M

(1) Updates A-Annual
B-Biomonthly
M-Monthly
Q-Quarterly
W-Weekly

4. Journals published by the Canadian Journals of Research

Canadian Journal of Biochemistry and Cell Biology
Canadian Journal of Botany
Canadian Journal of Chemistry
Canadian Journal of Civil Engineering
Canadian Journal of Earth Sciences
Canadian Journal of Forest Research
Canadian Journal of Genetics and Cytology
Canadian Geotechnical Journal
Canadian Journal of Microbiology
Canadian Journal of Physics
Canadian Journal of Physiology and Pharmacology
Canadian Journal of Zoology
Computational Intelligence, an international journal

Natural Sciences and Engineering Research Council of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Natural Sciences and Engineering
Research Council of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts, provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $294,813,000 in 1985-86 for Natural Sciences and Engineering Research Council. The remaining expenditures, estimated at $679,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)		1985-86 Main Estimates	1984-85 Main Estimates
	Natural Sciences and Engineering Research Council		
25	Operating expenditures	10,123	8,313
30	Grants	284,690	271,531
(S)	Contributions to employee benefit plans	679	508
	Total Program	295,492	280,352

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Natural Sciences and Engineering Research Council	
25	Natural Sciences and Engineering Research Council - Operating expenditures	10,123,000
30	Natural Sciences and Engineering Research Council - The grants listed in the Estimates	284,690,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)

	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Grants and Scholarships				284,690	284,690	271,531
Administration	148	10,592	210		10,802	8,821
	148	10,592	210	284,690	295,492	280,352

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 25 - Operating expenditures	5,726,000	7,118,000	6,142,515
Vote 30 - The grants listed in the Estimates	234,013,000	274,621,000	274,620,999
Statutory - Contributions to employee benefit plans	381,000	424,000	424,000
Total Program	240,120,000	282,163,000	281,187,514

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Natural Sciences and Engineering Research Council does not plan any major change in either the nature or the direction of its Program in 1985-86. The emphasis will be on continuing the general direction set out in the Council's first Five-Year Plan, while maintaining an appropriate balance in the funding of the various interrelated program elements.

The Council is planning the following changes and adjustments for 1985-86:

- increased operating grant support for young researchers, for first-time applicants and for selected disciplines at an additional cost of $7.1 million (see page 16);
- expanding the industry-oriented cooperative R&D activities and R&D manpower programs at an additional cost of $1.4 million: support for the National Microelectronics Facility is scheduled to decline by $7.6 million and, as a result, the overall budget for the University-Industry Program will show a net decline of $6.2 million (see page 17);
- a small increase in the number of postdoctoral and university research fellowships at an additional cost of $2.1 million (see page 15);
- a decrease in various research-related activities will reduce expenditures by $1.1 million (see page 17);
- a further decrease in the number of research infrastructure grants resulting in a net reduction of $0.3 million (see page 17); and
- expansion of selected developmental activities at an additional cost of $0.8 million (see page 17).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Grants and Scholarships	284,690	282,254	2,436	21
Administration	10,802	9,308*	1,494	29
	295,492	291,562	3,930	
Authorized person-years	148	138	10	

* Includes $54,000 in employee benefits not specified in Supplementary Estimates

Explanation of Change: The financial requirements for 1985-86 are 1.3% or $3,930,000 higher than the 1984-85 forecast expenditures. The increase in each activity is the result of:

Administration:

- wage and salary increases — $132,000
- increases in operating costs and authorized person-years — $1,362,000

Grants and Scholarships

- a reduction in the budget available for grants and scholarships — ($5,856,000)
- inflation allowance — $8,292,000

Explanation of 1984-85 Forecast: The 1984-85 forecast is $11,210,000 or 4% higher than the 1984-85 Main Estimates of $280,352,000 (see Extracts from Part II of the Estimates, page 4). The difference is the additional resources being sought through Supplementary Estimates:

- $10,723,000 for increased grants and scholarships;
- $487,000 for increased administrative costs and authorized person-years.

B. Recent Performance

1. Highlights

In 1983-84 the Council launched two major new initiatives and achieved significant progress in strengthening and expanding its priority programs as a result of the supplementary funding totalling $40.6 million that was authorized for the program of Grants and Scholarships during the year:

- Increased numbers of students, postdoctoral fellows and young research fellows received support for university-based research training and career development. The total investment in research manpower awards exceeded the amount shown in the 1983-84 Main Estimates by 6.2 million (see page 18);

- Funding in support of discipline research and strategic research activities was $8.0 million higher than the amount shown in the 1983-84 Main Estimates. In addition to the necessary adjustments for cost increases, special emphasis was given to providing significantly increased support for the most promising researchers, for new researchers entering the system for the first time, and for selected disciplines that are of increasing importance to Canada or are growing rapidly;

- The launching of a new program of university-industry interface initiatives and the establishment of the new national microelectronics network was accompanied by new funding of approximately $7.2 million (see page 18);

- The industry-based research manpower awards were transferred to the new university-industry program. Actual expenditures were lower than estimated and the resulting budget reduction amounted to $1.4 million;

- Expenditures on developmental initiatives were $0.6 million lower than initially estimated;

- The major change occurred in the funding for equipment purchase and for infrastructure support. Instead of the estimated net reduction of $1.6 million, Council was able to increase the actual funding by $22.7 million over the estimated amount by allocating in excess of 55% of the total supplementary funding to this category (see page 18); and

- Funding in support of general research activities was $1.5 million below the initially estimated amount.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-1984		
	Actual	Main Estimates	Change
Grants and Scholarships	274,621	234,013	40,608
Administration	6,567	6,107	460
	281,188	240,120	41,068
Person-Years	101	97	4

The difference between actual expenditures and Main Estimates consists of additional resources, totalling $41,068,000, approved through Supplementary Estimates to provide increased grants and scholarships and to meet the associated increase in administrative costs (see pages 22 and 29).

C. Background

1. Introduction

The Natural Sciences and Engineering Research Council of Canada is a federal departmental corporation consisting of a president and not more than 21 other members appointed by the Governor in Council for terms normally not exceeding three years.

The Council reports to Parliament through the Minister of State for Science and Technology, who is designated by the Governor in Council to act as the Minister for purposes of the Council's founding Act. Other agencies in the science and technology area are the National Research Council of Canada, the Science Council of Canada and the Ministry of State for Science and Technology.

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The Council is involved primarily in the support of research and research training activities in the natural sciences and engineering. It does this through the provision of grants and scholarships, mainly but not exclusively, in Canadian universities and affiliated institutions.

The Council is one of three federal research granting councils; the other two are the Medical Research Council and the Social Sciences and Humanities Research Council. The latter two Councils report to Parliament through different Ministers.

2. Legal Mandate

The Natural Sciences and Engineering Research Council was established on 1 May, 1978, when Part III of the Government Organization (Scientific Activities) Act, 1976 was proclaimed.

The following extract from the Act describes the legal mandate of the Council, including its functions and powers:

"It is the function of the Council to:

- promote and assist research in the natural sciences and engineering other than the health sciences; and
- advise the Minister in respect of such matters relating to such research as the Minister may refer to the Council for its consideration.

The Council, in carrying out its functions, may:

- expend, for the purposes of the Act, any money appropriated by Parliament for the work of the Council, or received by the Council through the conduct of its operations; and
- publish and sell or otherwise distribute such scholarly, scientific and technical information relating to the work of the Council as the Council considers necessary."

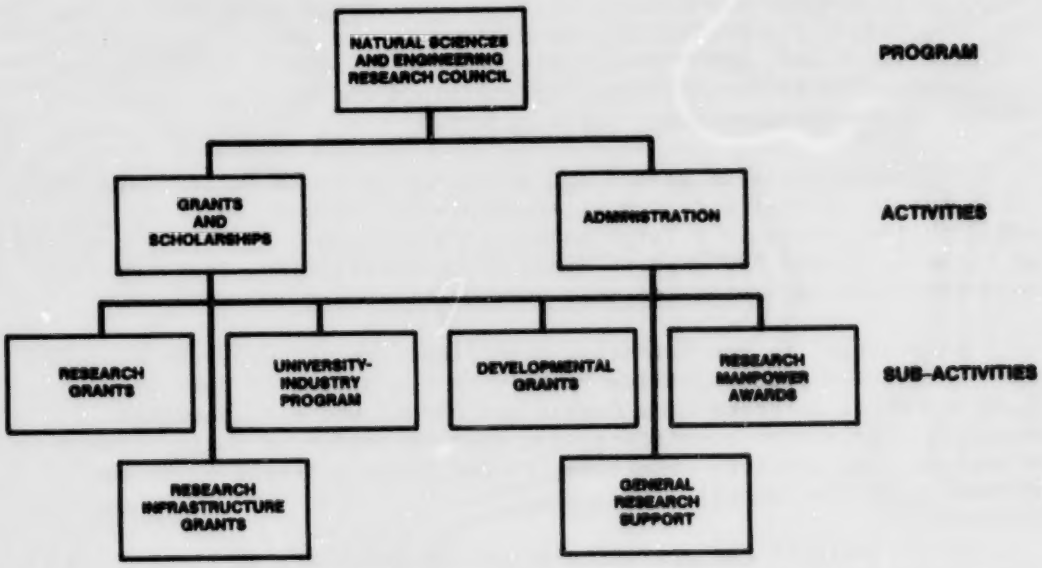
3. Program Objective

The general objective of the Natural Sciences and Engineering Research Council is to promote and support the development and maintenance of research and the provision of highly qualified manpower in the natural sciences and engineering.

4. Program Organization for Delivery

Activity Structure: The Natural Sciences and Engineering Research Council has identified two activities which best describe its operation: Grants and Scholarships, and Administration. The Grants and Scholarships Activity is broken down further into six sub-activities: Research Grants, Research Infrastructure Grants, University-Industry Program, Developmental Grants, General Research Support, and Research Manpower Awards. These are described in greater detail in Section II, Analysis by Activity. Figure 3 illustrates the activity structure.

Figure 3: Activity Structure



Organization Structure: Within the general policy framework and the budget envelope approved by Cabinet, the Natural Sciences and Engineering Research Council has ultimate responsibility for setting priorities, allocating budgets, developing appropriate support mechanisms, selecting grants and awards, determining the value of grants and awards, and disbursing the funds.

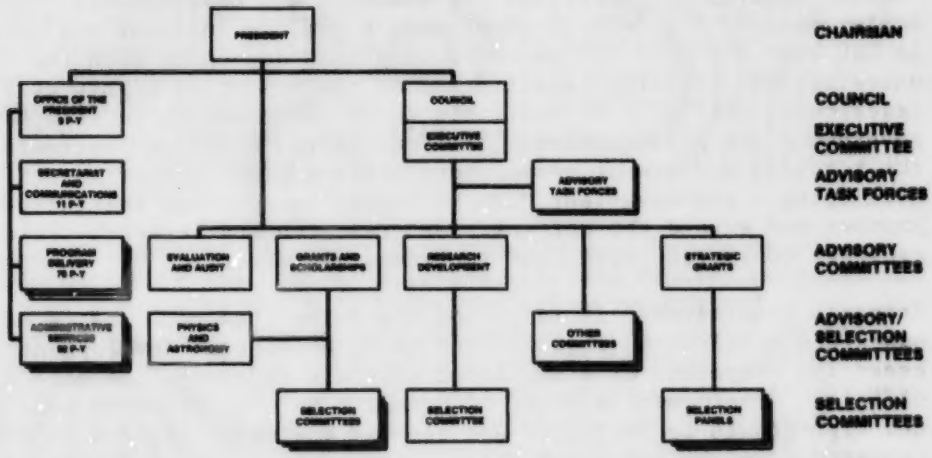
To effectively perform these tasks and to liberate the Council from the day-to-day administration of its programs, the Council has delegated some of its responsibilities to a network of committees as illustrated in Figure 4. The permanent or advisory committees advise and assist the Council in all policy, budgetary and, where applicable, operational matters pertaining to the specific programs for which responsibility has been delegated by the Council. Chaired by a Council member, these committees are composed of Council members and non-Council members from universities, industry and government. They are responsible for making recommendations to the Council on policies and priorities and, where applicable, to the President on grants and scholarships to be made from a pre-determined budget allocated by the Council to the program under their purview.

Recommendations on grants and scholarships to be awarded are made following an extensive review of applications through the peer adjudication process. A large number of selection committees, composed of between 400 and 500 experts drawn from universities, industry and government are appointed for this purpose.

In addition to the selection committees appointed by the Council, the peer review process relies heavily on the advice of some 2,500 to 3,000 external referees from Canada and abroad who are consulted annually. Selection committees also provide advice on policy issues to a permanent or advisory committee, to the Council itself or to the President of the Council.

As a result of the operation of this network of committees whose membership is renewed on a regular basis, the Council arrives at its final budget allocations through an iterative process. The preliminary allocations projected in the Estimates reflect the Council's priorities and intentions, but these are modified and refined at various times throughout the year on the basis of increasingly more accurate information on the actual requirements, taking account of the volume and quality of applications as assessed by the selection committees.

Figure 4: Resources by Organization/Activity ($000)



						TOTALS
GRANTS AND SCHOLARSHIPS		220,308	3,462	28,733	32,187	294,690
ADMINISTRATION	10,802					10,802
	10,802	220,308	3,462	28,733	32,187	295,492

The resources of the Grants and Scholarships Activity are shown in Figure 4 by the committee that reviews and selects the grants and has the authority, delegated by the Council, to make recommendations to the President on the grants and scholarships to be awarded from those resources.

The resources shown for the Administration Activity represent the operational cost of the work of the Council, its committees and its staff. Council staff provide advice, assistance and support to the Council and to all its committees in the planning, management, evaluation and administration of the Council's programs.

The Council has final authority over all matters pertaining to the management and administration of its programs and resources. However, in accordance with the NSERC Act, the President of Council is the Chairman of the Council and the Chief Executive Officer responsible for directing the work and the staff of Council.

D. Planning Perspective

1. Environment

Federal Government Priorities for Research and Development: Achievement of the federal government's goal to increase the investment in R&D over the next few years is very much dependent upon the universities' research capacity and on the number of highly skilled researchers that will be available to do the research in industry, government and universities. The Council has developed estimates of the required numbers of researchers under various scenarios and is developing a new Five-Year Plan proposing various new initiatives to improve and expand the universities' research and research-training capacity consistent with that increased R&D effort.

Economic Conditions: There is now a growing consensus that a major and sustained emphasis on research and on technological development is an essential component of a sustained economic recovery. The more efficient development and use of Canada's natural resource base and the new high-growth technologies are seen as the major factors in such recovery. But behind those growth factors lies the challenge of providing the necessary numbers of highly-trained people. The supply of highly qualified research manpower is a critical factor in Canada's technological and economic future.

The research and technology intensive sectors of the economy appear to be coming out of the last economic recession at a much faster pace than the resource-based industries or the more traditional manufacturing firms. Nevertheless, it is expected that industry as a whole will attain eventually the growth rates in R&D spending that were seen prior to the economic downturn. For the medium and longer term, it is anticipated, therefore, that the demand for highly trained researchers in the economy will increase rapidly and the universities will then be called upon to provide those researchers.

Federal/Provincial Relations: The renegotiations of the Established Program Financing arrangements and possible changes in the federal transfers in the area of post-secondary education are raising jurisdictional and financial matters which may affect the role of the Council.

Government restraint: The Council's programs provide grants in aid of research and research training and as such, they are intended to cover only a portion of the total costs associated with the university research effort. Traditionally, some direct costs and all indirect costs are paid by the universities from their own operating budgets. Because of the very tight financial situation in many universities, it is becoming increasingly difficult for them to maintain their traditional share of the total funding. Pressures on the Council to support more of the direct and indirect costs have increased and are anticipated to keep growing. This will reduce the effective levels of funding available for research and research-training activities through the Council.

The Council's first Five-Year Plan still stands as the basic planning document for the Council's initiatives and funding priorities, and serves as a gauge by which to judge the effectiveness and consistency of the Council's actions and expenditures. Although the program received significant funding increases during the first four years of the Plan, some of these increases were either temporary or not large enough to allow the Council to introduce all the new initiatives and the growth envisaged in the original Plan. As a result, it is becoming increasingly difficult for the Council to adhere closely to the priorities and courses of action outlined in the original Plan. Although the 1985-86 budget shows an increase in the number of dollars, the purchasing power is less than the 1984-85 budget as a result of inflation. Therefore, the plans and expenditure projections for the upcoming year reflect the government's response to fiscal restraint as well as the Council's attempt to preserve as much as possible the major priorities of the Plan, especially the training of highly qualified manpower. The Council's actions and budget allocations must be viewed, therefore, in the framework of the issues and objectives identified in the Plan and in the context of the available resources.

2. Initiatives

To meet the program objectives and to preserve the priorities of the Five-Year Plan, the Council is planning to take the following actions in 1985-86, all of which will require internal re-allocation of existing resources.

Increasing the supply of highly qualified research manpower: The highly qualified manpower initiatives within this area fall into three broad categories, each of which serves a different purpose.

- The provision of a useful research experience in universities and selected industrial firms during the summer to undergraduate students in order to promote research as a challenging career alternative and to attract more students into postgraduate training (Undergraduate Summer Research Awards). The Council plans to maintain this career introduction program at approximately the same level as last year.

- The provision of a basic stipend to all highly recommended applicants for postgraduate scholarships and postdoctoral fellowships to support their full-time pursuit of advanced research training and development in universities (Postgraduate Scholarships, 1967 Science and Engineering Scholarships, Postdoctoral Fellowships). It is anticipated that the number and the cost of the Postgraduate Scholarships will remain approximately, at last year's level. However, in view of the expected increase in the number of applications for postdoctoral fellowships in 1985-86, the program may require an increase in the number of new fellowships which, in addition to increased commitments for renewal applications, may require additional funding of about $1.5 million. This would bring the total expenditures on postdoctoral fellowships to $4.7 million. The total net increase in expenditures in support of research training and development will amount to $1.8 million.

- The provision of extra opportunities to a select number of the best young researchers to launch and advance their research careers in universities (University Research Fellowships). Fifty new awards are planned in addition to the 279 awards currently held in universities. This increase, plus the effect of attrition from the program, will increase the total cost of this special career development program slightly by $0.3 million.

The overall increase in the Research Manpower Awards program is estimated at $2.1 million (see Figure 5, page 21).

Increased Research Grants:

- minor adjustments and the continuation of a special allocation to provide selective budget increases to various Grant Selection Committees at a cost of $3.3 million; and

- the provision of adequate support for new researchers entering the Discipline Research Grants system for the first time and for new university research fellowship holders at a net additional cost of $3.8 million.

The projected increase in the total budget for discipline research activities and strategic research projects is $7.1 million (see Figure 5, page 21).

Changes in the University-Industry Program:

- the Council is continuing with the implementation of a major technology development and training initiative in the area of microelectronics. The special funding provided in 1983-84 has enabled the Council to proceed with the establishment of Part I of the National Microelectronics Facility. Funding for this special initiative is scheduled to decrease by $7.6 million next year because the facility will be nearing completion; and

- the budget for joint university-industry activities, including the industry-based research manpower programs, is projected to increase by $1.4 million (or about 10%).

The total budget for the University-Industry Program is projected to decline by $6.2 million (see Figure 5, page 21) as a result of the phasing down of the support for the National Microelectronics Facility which will be close to completion.

Reduction in funding of research equipment and increased support for infrastructure services:

- the equipment budget is projected to decrease further by $0.7 million, and thus the budget available for equipment purchase will remain at an extremely low level in 1985-86. Unless the Council's overall financial situation improves soon, the budget allocations for future years will have to be reviewed and changed significantly to ensure an adequate equipment budget in future years; and

- increased support for infrastructure support services, such as equipment maintenance and technical support, will require an additional $0.4 million.

The total budget available for research equipment and infrastructure support services will decline by about $0.3 million from the 1984-85 level (see Figure 5, page 21).

Other Changes:

- the budget for Developmental Grants will increase by $0.8 million next year, mainly in support of development of research in francophone universities, small universities and forestry schools (see Figure 5, page 21); and

- expenditures in the various general research support programs will show a reduction of approximately $1.1 million, mainly in the support for publications grants and conference grants (see Figure 5, page 21).

3. Update on Previously Reported Initiatives

The supplementary funding received in 1983-84 has enabled the Council to continue with the implementation of Year 4 of the Five-Year Plan and launch two major new initiatives.

The budget available for research equipment purchases and for infrastructure support services, which had to be set at a very low level at the beginning of the year because of a lack of funds, received the major portion of the additional funding. As a result, the funding rates for equipment applications and infrastructure support applications reached a level which was regarded by the Council as very appropriate in view of the high quality of the applications received (see Figure 6, page 22).

The research manpower programs also benefitted significantly from the additional funding. The Council's investment in Canada's young research talent increased by 18% (or $6.2 million) over the initial Main Estimates level (see Figure 6, page 22).

Finally, the additional funding enabled the Council to launch major initiatives within a new University-Industry Program:

- The new University-Industry Program is designed to promote and support increased collaboration between university researchers and private industry. It represents a major expansion of the Council's activities at the university -industry interface. The new program consists of three major components: Cooperative R&D Activities, (including the former PRAI program), Scholarships and Fellowships (including the former industry-based research manpower awards) and University-Industry Links. The major component, the Cooperative R&D Activities, supports miscellaneous jointly-funded efforts with industry, such as R&D projects, shared equipment and facilities, industrial research chairs and exchanges of researchers.

- The second major initiative is the establishment of a nation-wide microelectronics facility managed by the Canadian Microelectronics Corporation. The facility consists of a computer-linked network of workstations covering many universities. The special workstations are used for the design and testing of very large scale integrated circuits by professors and students. The major purpose of the network is to train the large number of design experts required by industry.

4. Program Effectiveness

The effectiveness of the programs of the Natural Sciences and Engineering Research Council must be viewed in the context of the Council's general objective, which is "to promote and support the development and maintenance of research and the provision of highly qualified manpower". Seen in this light, the Council's results and contributions do not lend themselves easily to quantification and objective measurement.

To overcome this difficulty and to ensure the ongoing as well as the longer term effectiveness of its programs and operations, the Council has adopted an operational and organizational structure that relies heavily on ongoing external input, feedback and advice on policies and programs and on peer review and peer adjudication of grants and awards made in national competitions.

As discussed in the section on organization structure, the Council operates a granting system based on peer review through an interlocking multi-level committee structure with extensive external membership. As a result of this committee structure, which involves directly many members of the research community, and the extensive person-to-person interactions of Council staff and committee members with the researchers, feedback on the Council's decisions regarding priorities, budget allocations, grant selection results and funding practices is immediate, very direct and very effective. Therefore, measures to ensure the effectiveness of the Council's policies and programs are built into the operations of the Council and form an integral part of the organizational structure.

The Council also conducts special reviews of important issues that have major policy or expenditure implications. Examples of special reviews conducted by external experts are the Manpower Task Force, the Task Force on Research Equipment, the Ad-Hoc Committee on Research Computing, the Task Force on Research Infrastructure and the Task Force on Eligibility. The results of these special reviews normally produce changes in the Council's policies, programs or procedures. The reports including the recommendations are distributed to the research community for comment and reaction prior to submission to the Council.

In addition to these measures, the Council conducts systematic and regular effectiveness evaluations of its programs under the auspices of a permanent committee of the Council called the Program Evaluation and Audit Committee. The Committee will be looking at four basic program evaluation issues: Program Rationale, Impact and Effects, Objectives Achievements, and Alternatives. In particular, the Committee will be evaluating the changes that have occurred in the Council's programs and impacts as a result of the significant program expansions and expenditure increases during the first four years of the Council's Five-Year Plan.

The focus of the Council's first formal evaluation study were the Project Research Applicable in Industry (PRAI) and Senior Industrial Fellowship (SIF) programs. The major conclusions of this study were summarized in Part III of the 1984-85 Main Estimates.

Currently nearing completion is an evaluation of NSERC's manpower programs. This study is also being conducted by independent consultants.

The results of the study should provide the Council with an understanding of the impacts of its programs vis-à-vis training and provision of highly qualified manpower for Canada's university, government and industry laboratories and research facilities. A preliminary report presenting the major findings and conclusions is now being drafted by the consultants for submission to the Council in the near future. The Council will report on the research manpower program evaluations in detail next year.

Section II
Analysis by Activity

A. Grants and Scholarships

Objective

To promote and support the development and maintenance of research and the provision of highly qualified manpower in the natural sciences and engineering.

Resource Summary

The Grants and Scholarships Activity accounts for approximately 96.3% of the total 1985-86 program expenditures of the Natural Sciences and Engineering Research Council. In Figure 5, this activity is broken down into its six sub-activities.

Figure 5: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Research Grants	184,558	177,487	160,103
Research Infrastructure Grants	16,938	17,227	45,821
University-Industry Program	16,231	22,409	13,756
Developmental Grants	4,903	4,107	3,672
General Research Support	11,801	12,899	11,083
Research Manpower Awards	50,259	48,125	40,186
	284,690	282,254	274,621

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Past Financial Performance

Figure 6: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Research Grants	160,103	152,107	7,996
Research Infrastructure Grants	45,821	23,082	22,739
University-Industry Program	13,756	7,895	5,861
Developmental Grants	3,672	4,314	(642)
General Research Support	11,083	12,598	(1,515)
Research Manpower Awards	40,186	34,017	6,169
	274,621	234,013	40,608

The changes result from the large increase in funding received through supplementary estimates. In excess of 50% of the increase was allocated by the Council to research equipment purchases and technical support services, while the support for research manpower training, for discipline-based and strategic research activities and for the new university-industry program also received major increases.

Description

The Natural Sciences and Engineering Research Council's Program of Grants and Scholarships awards grants and scholarships to selected individuals and groups in support of research, highly qualified manpower training and research-related activities. The program can be described in terms of its six operational sub-activities: Research Grants, Research Infrastructure Grants, University-Industry Program, Developmental Grants, General Research Support and Research Manpower Awards.

Research Grants: These grants are awarded to individuals and groups for expenses in support of research activities.

The overall goal of the Research Grants Sub-activity is to promote and support the development and maintenance of excellence in research for the creation and application of knowledge and the training of research manpower in the natural sciences and engineering. Within this sub-activity, the Council supports a whole spectrum of research ranging from pure research, to applied research, to developmental work. In addition, most of the research training takes place through the research supported within this sub-activity, and a significant portion of the research equipment needed by the researchers is purchased out of the research operating grants awarded under the various programs within this sub-activity.

Research Infrastructure Grants: These grants are awarded to individuals, groups and institutions to support the acquisition of research equipment and the development of major research facilities, and to support their effective use, operation and maintenance.

In addition to the equipment grants, other grants within this sub-activity are the infrastructure support grants. They provide support for the maintenance and operation of major research equipment facilities, but they also provide support for the maintenance of non-capital major research resources such as specialized technical support.

University-Industry Program: This program supports a wide range of activities that promote collaboration between university researchers and Canadian industry. The program consists of various jointly funded initiatives such as cooperative R&D programs, shared equipment and facilities, industrial research chairs, scholarships and fellowships, affiliations and workshops. Although the program is new as a separate and identifiable unit within the Council's program structure, many components of this new program were transferred from other programs, such as project research applicable to industry from Research Grants and the industry-based research manpower awards from the Research Manpower Awards sub-activity.

A special initiative within the University-Industry Program is the National Microelectronics Facility managed by the Canadian Microelectronics Corporation. The facility consists of a multi-university computerized network of stations for the design and testing of very large scale integrated circuits.

Developmental Grants: These are grants in support of selected manpower, infrastructure and research initiatives, negotiated with individuals, groups and institutions to ensure more balanced development of the research and research-training capability in selected regions, institutions, disciplines and fields of research.

On the basis of after-the-fact analyses of the Council's program expenditures within the Research Grants, Research Manpower Awards and Research Infrastructure Grants sub-activities, it may become apparent that researchers in certain universities, disciplines or fields of research consistently receive a relatively lower share of the funds provided by the Council.

If it appears in those cases that there is a potential for accelerated development of the existing research and research-training capability, the Council may decide to establish a special developmental program to improve that capability. At the present time the Council has identified three major segments within the university research community that have a requirement but also the potential for accelerated development. The programs identified by the Council are:

- development of research in francophone universities in Quebec and in the small universities;

- special assistance to small universities through isolation supplements; and

- development of research in forestry.

General Research Support: This sub-activity consists of grants provided to university presidents in support of local research, research infrastructure and research manpower initiatives and other research-related efforts, and grants to support scientific conferences and publications, travel, international programs and other miscellaneous or special endeavours.

Research Manpower Awards: These grants consist of undergraduate awards, scholarships and fellowships provided to students, postdoctoral fellows and scientists and engineers in universities for advanced study or research and professional development.

Performance Information/Resource Justification

The performance and the resource justification of the Grants and Scholarships Activity must be viewed in the context of the Council's legal mandate and the framework within which policy, priority and funding decisions are made.

Within a general policy framework and an overall budget envelope approved at the macro-level by a policy committee of Cabinet for the Program as a whole, the Council's responsibilities and the results of the Council's actions fall into four major key areas:

- the setting of priorities for funding and the allocation of budgets at the micro-level;

- the development of appropriate support mechanisms;

- the selection of grants and awards to be funded and the determination of the amount of the grant and award; and

- the disbursement of funds.

In support of its overall long-term objective, which is "to promote and support the development and maintenance of research and the provision of highly qualified manpower in the natural sciences and engineering", the Council has identified the following medium-term goals:

- to increase the supply of highly-trained Canadian researchers in the natural sciences and engineering;

- to update obsolete scientific equipment in universities so as to improve the level and productivity of research efforts and to train postgraduate students with state-of-the-art technology;

- to direct a larger share of the research budget to activities having a direct relevance to identified area of national concern; and

- within the context of the above, to expand and improve the Council's major program of "free" or "curiosity-driven" discipline research which is largely unique to the university community and which is essential for any balanced program of national research effort.

In order to achieve those medium-term goals, the Council has identified the following funding priorities and strategies for each of the sub-activities.

Research Grants: Continued emphasis on the development and long-term maintenance of a balanced national capacity for research and research training, and on further improvements in the level and quality of the discipline-based and targeted research and research-training effort, through the provision of appropriate operating support to the best researchers and best research projects.

Research Infrastructure Grants: Improvement in the rate of replacement of outdated research equipment and, if possible, expansion of the research equipment base, as well as more effective and efficient use of the available research infrastructure resources, through the allocation of an appropriate budget share to the provision of research equipment and infrastructure support for the best researchers and research groups.

University-Industry Program: Improved interactions between university researchers and industry and increased transfer of knowledge and research results from universities to industry, through the provision of a range of flexible mechanisms that encourage joint efforts and joint funding.

Developmental Grants: Ongoing identification of the need for development of the research and research training capacity in selected areas, identification of the potential for development, and negotiation of developmental initiatives and selection of particular researchers, research groups or research proposals to be supported at certain levels of effort.

General Research Support: Maintenance of a limited degree of flexibility and discretionary funding for research and research training activities given to the president of each participating university through the provision of a formula-based general research grant; development and maintenance of miscellaneous national and international activities in research and research-related areas deemed necessary and appropriate by the Council.

Research Manpower Awards: Increased supply of highly qualified research manpower through the provision of (a) direct financial support to assist an increasing number of students and postdoctoral research trainees in acquiring the appropriate research training and research experience, and (b) special opportunities for further career development to the best young research talent.

Figure 7 presents details of the actual, forecast and estimated expenditures broken down by the various sub-activities and by major groupings of program components within those sub-activities.

The past and present funding priorities of the Council are reflected in the actual and forecast expenditures for 1983-84 and 1984-85. It should be stressed that the expenditure breakdown estimated for 1985-86 represents preliminary plans and tentative funding projections of the Council. Because the majority of the grant and scholarship applications for 1985-86 are received and processed in October, November and December of 1984, the detailed information on the volume and quality of the applications required to determine firm budget allocations is not available at this time of the year. Firmer budget allocations can be made within the overall priority framework by the Council in January 1985 when the volume of applications is known and estimates of the probable overall quality of those applications can be made. Following the review meetings of the selection committees during the competition week in February 1985, definite budget allocations are approved within the Council's expenditure framework by the President before the start of the new fiscal year. Throughout the year, all budget allocations are continuously updated and fine-tuned to reflect changing circumstances, requirements and opportunities.

Although the estimates for 1985-86 are subject to change as explained above, the expenditure patterns during the three years shown in Figure 7 are representative of the Council's priorities: large increases in research manpower support (25% over 1983-84) and significant increases in the level of regular research and research training effort supported within the Research Grants Sub-activity (15.3% increase). However these increases are accompanied by a large reduction (63% from the 1983-84 level) in the acquisition of research equipment funded through the Research Infrastructure Grants Sub-activity. The significant decrease in research equipment funding must be corrected in future years. However, for 1985-86, the Council feels

that it must maintain the growth in its highly qualified research manpower programs and it is operating on the expectation that supplementary funds will become available to permit a proper level of equipment investment.

Figure 7: Details of Grants ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Number of Grants 1983-84
	$	$	$	No.
Research Grants				
Discipline Grants	151,951	144,900	131,463	6,179
Strategic Grants	32,187	32,187	28,256	503
EWR Steacie Memorial Fellowships	420	400	384	8
Sub-total	184,558	177,487	160,103	6,690
Research Infrastructure Grants				
Equipment	3,842	4,495	35,597	552
Infrastructure Support	13,096	12,732	10,224	116
Sub-total	16,938	17,227	45,821	668
University-Industry Program				
R&D Activities	10,285	9,608	3,048	51
Scholarships/Fellowships	5,646	5,053	3,295	546
Other Activities	300	7,748	7,413	1
Sub-total	16,231	22,409	13,756	598
Developmental Grants	4,903	4,107	3,672	133
General Research Support	11,801	12,899	11,083	696
Research Manpower Awards	50,259	48,125	40,186	4,404
	284,690	282,254	274,621	13,189

Figure 8 provides further details on the results of the grant selection process in 1983-84 as reflected in the breakdown of the actual expenditures and numbers of grants by scientific or engineering discipline in the Discipline Grants component within the Research Grants Sub-activity.

Figure 8: Details of Research Grants, 1983-84 ($000)

	Discipline Grants					
Committee	Individual Grants		Group Grants		Total Grants	
	No.	$	No.	$	No.	$
Animal Biology	359	7,702	8	156	367	7,858
Cell Biology and Genetics	344	9,180	8	245	352	9,425
Plant Biology	242	5,950	8	133	250	6,083
Population Biology	329	7,223	6	221	335	7,444
Psychology	342	5,722	10	168	352	5,890
Chemistry	505	14,923	11	304	516	15,227
Physics	395	8,926	7	588	402	9,514
Nuclear Science	38	1,347	54	3,746	92	5,093
High Energy Physics	1	16	20	3,940	21	3,956
Space and Astronomy	134	2,881	6	324	140	3,205
Chemical and Metallurgical Engineering	338	7,123	5	128	343	7,251
Civil Engineering	343	6,648	6	132	349	6,780
Electrical Engineering	373	7,042	7	268	380	7,310
Mechanical Engineering	291	5,908	11	385	302	6,293
Industrial Engineering	96	1,453	5	71	101	1,524
Earth Sciences	493	9,783	2	52	495	9,835
Computing and Information Science	321	5,341	3	42	324	5,383
Pure and Applied Mathematics	585	4,916	3	25	588	4,941
Statistical Sciences	182	1,433	--	--	182	1,433
Interdisciplinary	37	658	4	85	41	743
Grants to University Research Fellows	225	3,941	--	--	225	3,941
Collaborative Special Project Grants	--	--	20	2,291	20	2,291
Other	1	34	1	9	2	43
Total Discipline Grants	5,974	118,150	205	13,313	6,179	131,463

B. Administration

Objective

To provide management and administrative support to the Grants and Scholarships Activity.

Resource Summary

Expenditures for the Administration Activity will account for about 3.7% of the Council's total budget in 1985-86.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	10,802	148	9,308	138	6,567	101

Of the total expenditures, 50.3% are for personnel, 19.0% for transportation and communications, and 30.7% for other costs. The increase in the 1985-86 requirements results from increased operating costs as a result of increases in the size and scope of the Council's programs, as well as from the effect of inflation on salaries and wages.

Past Financial Performance

Figure 10: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Personnel			
Salaries and wages	3,095	2,933	162
Other personnel costs	424	381	43
Goods and services			
Transportation and communications	1,219	1,065	154
Information	282	520	(238)
Professional and special services	1,218	1,028	190
Rentals	101	89	12
Purchased repair and upkeep	14	18	(4)
Utilities, materials and supplies	72	56	16
All other expenditures	--	1	(1)
Total operating	6,425	6,091	334
Capital	142	16	126
	6,567	6,107	460

Description

The Administration Activity includes all operations in support of the granting process required to ensure the effective functioning and operation of Council and its committees, and the provision of administrative support by Council staff.

The Administration Activity is composed of the following components:

Office of the President: Executive management of all aspects of the Council's programs, operations and resources on behalf of the Council.

Secretariat and Communications: The provision of secretariat services for the Council and its senior committees; planning and implementation of the Council's public information activities; administration of general promotion grants programs.

Planning and Budgeting Directorate: The provision of planning, budgeting and allocations services for the Council and all committees.

Research Grants Direccorate: The development, modification and management of the programs of Discipline Grants, Research Infrastructure Grants and Developmental Grants; management and administration of the peer review and award selection process; day-to-day management of the granting process.

Research Manpower Directorate: The development, modification and management of the Research Manpower programs, management and administration of the review and award selection process; day-to-day management of the granting process.

Targeted Research Directorate: The development, modification and management of Strategic Grants, the University-Industry Program and the national microelectronics facility (Canadian Microelectronics Corporation); management and administration of the review and grant selection process; day-to-day management of the granting process.

Evaluation and Information Systems Directorate: Planning and management of program evaluation activities; development, modification and maintenance of information and data processing systems.

Finance and Administration Directorate: The provision of financial, personnel and administrative services; planning and implementation of the Council's official language, privacy and access to information policies; organization of site visits for selection committee members.

Other Functions: This component includes miscellaneous activities such as the work of a senior visiting research officer and a special adviser attached to the President's Office.

Performance Information/Resource Justification

The level of resources required for the Administration Activity is determined on the basis of the workloads of committees and staff in the various sub-activity components and on the basis of the level of advice, assistance and services required by Council and its committees to plan, administer and evaluate effectively its policies, programs, grants and expenditures. Various new program initiatives introduced in recent years, have resulted immediately in significant workload increases in the program development and management area. However, the workloads in the corporate service functions such as Council's secretariat and in the financial, program evaluation and data processing areas are now experiencing major increases.

Figure 11 shows the ratio of overhead costs to the Program total. The ratio has increased from 1983-84 to 1985-86 and is now at a level of 3.7%.

Figure 11: Ratio of Administration Expenditures to Total Program Expenditures ($ millions)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Program expenditures	295.5	291.6	281.2
Administration expenditures	10.8	9.3	6.6
Percentage of total	3.7	3.2	2.3

The major reason for the increase in the ratio of overhead costs to total program expenditures is that the new programs and program expansions introduced in recent years are much more labour-intensive than the existing programs, requiring higher levels of person-years and operating resources. Also, the Council moved away from the National Research Council campus and is now operating independently having to pay for many services that used to be provided free of charge by the National Research Council.

Section III
Supplementary Information

A. Analysis by Object

1. Transfer Payments

The Council receives annually in excess of 18,000 applications for grants and scholarships (including requests for the next instalment of multi-year awards) and makes in excess of 13,000 awards following review and evaluation of the quality of the applications by the peer review committees in national competitions as discussed earlier. The decisions on most grants and awards are made in February and March immediately prior to the start of each fiscal year. Therefore, the Council cannot, at this stage of the budgetary cycle, provide a list of those grants and awards that will be made in the upcoming year. However, each year the Council publishes a report on all grants and scholarships awarded in the preceding fiscal year.

In order to provide additional information on the Council's programs, a breakdown of selected expenditures in 1983-84 for equipment and highly qualified manpower awards is given in Figures 12 and 13. The breakdown of expenditures in the Discipline Grants area were given in Figure 8.

Figure 12: Details of Research Infrastructure Grants, 1983-84 ($000)

Committee	Equipment and Infrastructure Grants					
	Equipment Grants		Major Equipment Grants		Infra-structure Grants	
	No.	$	No.	$	No.	$
Animal Biology	37	977			2	61
Cell Biology	62	1,560	3	574	4	98
Plant Biology	31	895	3	482		
Population Biology	29	539			4	113
Psychology	24	407			1	76
Chemistry	65	2,769	13	2,972	9	237
Physics	32	1,304	5	997	5	232
Nuclear Science	7	283	1	160	10	4,187
High Energy Physics			1	271		
Space and Astronomy	10	375	2	426	9	521
Chemical and Metallurgical Engineering	50	1,805	4	992	7	218
Civil Engineering	23	909	4	794	7	255
Electrical Engineering	39	1,506	2	382	6	98
Mechanical Engineering	25	1,008	1	221	2	37
Industrial Engineering	3	84			1	20
Earth Sciences	36	1,150	3	668	6	208
Computing and Information Science	14	797	1	166	9	540
Pure and Applied Mathematics	1	19				
Statistical Sciences	2	30			4	83
Interdisciplinary	2	42			1	18
	492	16,459	43	9,105	87	7,002
Grants and Scholarships			17	10,033	29	3,222
Totals	492	16,459	60	19,138	116	10,224

The category "Equipment" in Figure 12 includes equipment items costing between $7,000 and $100,000. The category "Major Equipment" covers all items costing between $100,000 and $275,000, while "Major Installations" include all equipment and facilities costing in excess of $275,000. The latter category often represents multi-disciplinary and national or regional facilities to be acquired or constructed over a number of years.

Figure 13 presents details on the values of the stipends and on the numbers of research manpower awards held during the year as well as the total expenditures.

Figure 13: Details of Research Manpower Awards, 1983-84

	Value of Award	Total Expenditures	
	Approximate $	No.	$000
University-based Awards			
Undergraduate Summer Research Awards	2,860	1,494	4,177
Postgraduate Scholarships	11,100	2,422	24,733
1967 Science and Eng. Scholarships	16,700	107	1,652
Postdoctoral Fellowships	22,250	156	3,162
Research Fellowships	29,000	225	6,462
Total		4,404	40,186

Previous figures provided detailed information on the expenditures and the numbers of awards within the various sub-activity components or, for selected sub-activity components, a breakdown was provided by scientific or engineering disciplines.

Figure 14 and 15 provide information on the breakdown of expenditures by primary field of application or primary area of relevance of the research and research training activities undertaken within the Strategic Grants and Discipline Grants components.

Figure 14 shows the breakdown of the numbers of grants and expenditures in each of the strategic areas identified by the Council.

Figure 14: Details of Strategic Grants, 1983-84 ($000)

	Operating Grants		Equipment Grants		Total	
Strategic Area	No.	$	No.	$	No.	$
Energy	116	7,066	19	756	135	7,822
Environmental Toxicology	61	3,010	4	60	65	3,070
Oceans	48	2,617	5	165	53	2,782
Communications and Computers	44	3,179	4	296	48	3,475
Food-Agriculture	80	4,109	8	204	88	4,313
Open	45	3,141	6	312	51	3,453
Biotechnology	59	3,246	4	95	63	3,341
	453	26,368	50	1,888	503	28,256

The results of the research and research training activities supported by the Council through the Discipline Research Grants cover the entire spectrum from the discovery of very fundamental and abstract knowledge to the experimental development of products and processes.

Figure 15 shows the distribution of Discipline Grants by area of socio-economic activity where the research results are likely to find primary application. This Figure indicates that in 1983-84, in excess of 50% of the research dollars that could be assigned to an area was for research directly relevant to one or more identified areas of socio-economic interest. The other 50% involved the general category of "advancement of knowledge". However, it should be noted that about one-third of that research also had a degree of direct relevance to at least one identified area.

Figure 15: Details of Discipline Grants, 1983-84 ($000)

Primary area of Application of Research	Number of Grants	Expenditures
Agriculture, fisheries, forestry, food	450	9,696
Energy	342	7,590
Environment: management, protection, restoration	264	5,108
Solid earth, hydrosphere and atmosphere: exploration and exploitation	270	5,554
Health	348	6,887
Construction: urban and rural planning	269	5,483
Social development and services	215	3,078
Industrial productivity and development	566	11,265
Transport and telecommunications	192	3,634
Space and aeronomy	43	1,334
Northern development	39	842
General advancement of knowledge	2,781	56,251
Total assigned distribution	5,779	116,722
Not assigned	400	14,741
Total distribution	6,179	131,463

2. Expenditures by Object

The expenditures by object are presented in Figure 16.

Figure 16: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	4,853	4,323	3,095
Other personnel costs	679	562	424
Goods and services			
Transportation and communications	2,004	1,695	1,219
Information	780	671	282
Professional and special services	1,866	1,617	1,218
Rentals	163	130	101
Purchased repair and upkeep	91	74	14
Utilities, materials and supplies	156	100	72
Total operating	10,592	9,172	6,425
Capital	210	136	142
Transfer payments	284,690	282,254	274,621
Total expenditures	295,492	291,562	281,188

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3. Personnel Expenditures

The staff resources and associated personnel costs are presented in Figure 17.

Figure 17: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	11	11	8	50,350-96,300	65,529
Administrative and Foreign Service					
Administrative Services	13	12	11	13,912-57,987	36,737
Financial Administration	4	4	4	13,853-57,980	39,934
Information Services	4	4	4	13,579-57,980	38,313
Program Administration	28	25	22	13,912-57,987	37,367
Computer Services	3	3	2	18,766-61,433	35,658
Administrative Support					
Clerical and Regulatory	42	39	26	12,932-31,743	23,183
Secretarial, Stenographic, Typing	26	24	21	12,636-31,946	20,335
Other	3	3	3		20,558
Casual and Term Employees	13	12	10		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

Net Program Cost

The Council's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items to be considered are some refunds of previous years' grant monies to the Consolidated Revenue Fund and services provided without charge by other departments, such as accommodation provided by the Department of Public Works, certain personnel services provided by the National Research Council, and various services provided by the Department of Supply and Services and by the Treasury Board.

Figure 18: Net Cost of the Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Services Provided Without Charge	Receipts Credited To Revenue	Net Cost	Total 1984-85
Natural Sciences and Engineering Research Council Program	295,492	1,133	(250)	296,375	291,916

The adjustments made to the voted budgetary expenditures to arrive at the total net cost include services provided without charge by the National Research Council ($66,000), Supply and Services ($10,000) Public Works ($958,000) and Treasury Board ($99,000) and estimated refunds to the Consolidated Revenue Fund ($250,000).

Northern Pipeline Agency Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

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Northern Pipeline Agency
Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are Extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,285,000 in the fiscal year 1985-86 in support of the Northern Pipeline Agency. The remaining expenditures, estimated at $157,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Northern Pipeline Agency		
115	Program expenditures	1,285	3,488
(S)	Contributions to employee benefit plans	157	301
	Total Program	1,442	3,789

Votes - Wording and amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Northern Pipeline Agency	
115	Northern Pipeline Agency - program expenditures	1,285,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Total	
Regulation of the Construction of the Alaska Highway Gas Pipeline	11	1,442	1,442	3,789

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriation	Actual Use
	$	$	$
Budgetary			
Vote 5 - Northern Pipeline Agency - Program Expenditures	5,150,400	5,150,400	4,983,884
Statutory - Contributions to Employee Benefit Plans	426,000	426,000	426,000
Statutory - Refunds of amount credited to revenue in previous years	-	4,500	4,500
Total Program-Budgetary	5,576,400	5,580,900	5,414,384

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Since the southern portions of the pipeline and the facilities required to transport Canadian gas to markets in the United States have been completed (see page 10), the major goal of the Northern Pipeline Agency in 1985-86 is:

- to maintain a skeleton organization as required by legislation pending resumption of pipeline construction; and
- to facilitate any pre-construction activities that may be necessary.

All costs of the Northern Pipeline Agency are recoverable from Foothills Pipe Lines (Yukon) Ltd.

2. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Regulation of construction of the Alaska Highway Gas Pipeline	1,442	3,789	(2,347)
Person-years	11	30	(19)

On May 1, 1982 the sponsoring companies in the United States and Canada announced their decision to delay completion of the pipeline to 1989. Accordingly, the Northern Pipeline Agency has significantly reduced its resource requirements and has moved to a stand-by status until construction recommences. As shown in the Resource Summary from Inception (page 14), all costs are fully recoverable.

B. Recent Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	Actual 1983-84	Main Estimates 1983-84	Change
Regulation of construction of the Alaska Highway Gas Pipeline	5,414	5,576	(162)
Person-years	63	75	(12)

The underutilization of person-years resulted from a successful effort on the part of the Northern Pipeline Agency to move to a stand-by status until a decision is made to complete the construction of the Alaska Highway Gas Pipeline. During 1983-84, the Agency closed its Vancouver and Fort Nelson offices and at year-end, was in the process of closing the Whitehorse office and relocating the Calgary office to smaller quarters.

C. Background

1. Introduction

The Northern Pipeline Agency was created to oversee the planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline Project by the Foothills Group of Companies. The Agency was designed to function as a "single window" to streamline and expedite the approval process. This allows for the many federal acts which apply to the construction of the pipeline in Canada to be administered by a single regulatory authority - the Northern Pipeline Agency.

The powers of the National Energy Board are exercised within the Agency by the Designated Officer.

2. Legal Mandate

The Northern Pipeline Agency was established by Act of Parliament in April 1978 in accordance with the Agreement between Canada and the United States of September 1977. The international joint agreement committed both governments to the efficient and expeditious construction of the Alaska Highway Gas Pipeline.

3. Program Objective

The objective of the Program is "to facilitate the efficient and expeditious planning and construction of the Alaska Highway Gas Pipeline in a manner consistent with the best interests of Canada as defined in the Northern Pipeline Act".

4. Program Organization for Delivery

Activity Structure: The Northern Pipeline Agency is presented as one Activity: Regulation of Design and Construction of the Alaska Highway Gas Pipeline.

Organization Structure: The Northern Pipeline Agency reports to Parliament through the Minister responsible for the Agency.

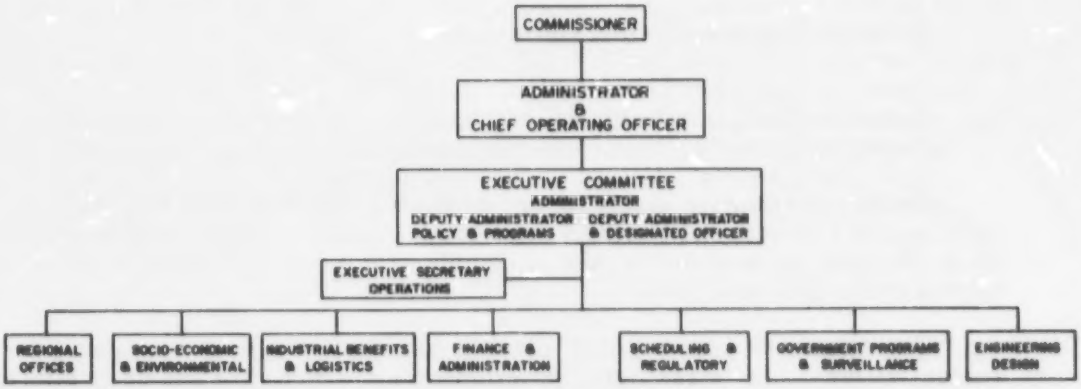
Offices of the Northern Pipeline Agency are located in Ottawa and Calgary. The Commissioner of the Agency who serves on a part-time basis is located in Ottawa. The operational headquarters is located in Calgary. It is headed by an Administrator and Chief Operating Officer, who also serves as Deputy Administrator and Designated Officer, and a Deputy Administrator, Policy and Programs. During the period of reduced activity the Deputy Administrator, Policy and Programs has been seconded to another government department on a part-time basis. Other members of staff in the Calgary office represent the minimum requirement to maintain an organization.

All formal communications between the operational headquarters of the Northern Pipeline Agency and industry, the general public, other government bodies and the Foothills Group of Companies are handled by the Executive Secretary, Operations who reports to the Administrator in Calgary.

There are two federally appointed advisory councils made up of business people, natives and others who are representatives of their communities in northern British Columbia and the Yukon Territory. The councils report directly to the Minister responsible for the Agency.

Figure 3 illustrates the multidisciplinary aspects of the Agency. Many of these functions are not staffed pending resumption of construction of the pipeline.

Figure 3: Organization



5. Program Description

The Program is described in Part II of the Estimates as follows: to carry out and give effect to the Agreement of September 20, 1977 between Canada and the United States; to facilitate the efficient and expeditious planning and construction of the pipeline, taking into account local, regional and national interests, including those of the native people, and carrying out federal responsiblities in relation to the pipeline; to facilitate consultation and co-ordination with the governments of the provinces and the territories; to maximize social and economic benefits while minimizing any adverse social and environmental effects; to advance national economic and energy interests and to ensure the highest possible degree of Canadian participation in all aspects of the planning, construction and procurement for the pipeline.

The Alaska Highway Gas Pipeline Project is a large diameter pipeline system designed to transport natural gas across a Canadian land bridge from the North Slope of Alaska to the lower 48 states. Provision is made in the design to accommodate Canadian gas from the Arctic region as and when such facilities are required.

In 1980 Canadian and U.S. authorities approved the early construction of parts of the Western and Eastern Legs that make up the southern portions of the system, initially to permit the export of surplus Canadian gas to U.S. markets. Construction of both these Legs has been completed and gas began flowing to U.S. markets in the west on October 1, 1981 and to eastern markets on September 1, 1982. The pipeline project detail chart (Figure 4) and the map (Figure 5) present the various portions of the project.

The mainline system in Canada will be built in five segments by five companies:

Foothills Pipe Lines (South Yukon) Ltd.
Foothills Pipe Lines (North B.C.) Ltd.
Foothills Pipe Lines (Alta.) Ltd.
Foothills Pipe Lines (South B.C.) Ltd.
Foothills Pipe Lines (Sask.) Ltd.

Before construction of any portion of the pipeline can begin in Canada, each segment company of Foothills must obtain Agency approval of plans outlining steps the company proposes to take to comply with the socio-economic and environmental terms and conditions.

The Agency reviews the draft plans in consultation with the company, the respective provincial or territorial government and with native and other interest groups. Comments received from these bodies are taken into account in the finalization of the company's plans. One of the Agency's major endeavours has involved the development of detailed socio-economic and environmental terms and conditions and technical requirements which will govern the actual construction of the pipeline by the Foothills Group of Companies. In addition to the specific technical requirements which apply to the various segments of the system in Canada, the socio-economic and environmental terms and conditions are segmented to reflect the different areas through which the pipeline passes, i.e., Yukon, North British Columbia, Alberta, Saskatchewan and South British Columbia. The terms and conditions include provisions for local business opportunities, equal access to pipeline employment and related training programs for native people and women, compensation to landholders for property damage, plans to minimize adverse environmental impact and protection of traditional native harvesting and cultural areas. In developing the terms and conditions the Agency took into account the concerns expressed by many Canadians in the Berger, Lysyk and Hill Inquiries, the National Energy Board Hearing Report, as well as the undertakings made by Foothills to the National Energy Board before the certificates to build this pipeline were declared to be issued.

In order to establish the safety and integrity of the system such matters as the detailed engineering design, including specific operations and maintenance procedures which have application to design considerations, project scheduling and cost control procedures and construction and inspection procedures are reviewed, and when acceptable are approved by the Designated Officer on behalf of the Northern Pipeline Agency.

Prior to submitting detailed engineering designs, each segment company is required to submit for approval the results of several different types of tests which, if appropriate, are witnessed by Agency personnel. These involve such matters as tests for frost heave, thaw settlement, pipe fracture control and slope stability in addition to studies on seismic disturbance and terrain assessment. These assessments set out the particular locations for the pipeline that might be susceptible to any hazards and the tests are undertaken by the company in an effort to ensure that its design will deal adequately with these hazards.

The location of the right of way and the depth of its pipe at each location are also approved by the Designated Officer, who has the authority to direct the company to divert or re-locate its pipeline where it is considered to be in the public interest to do so.

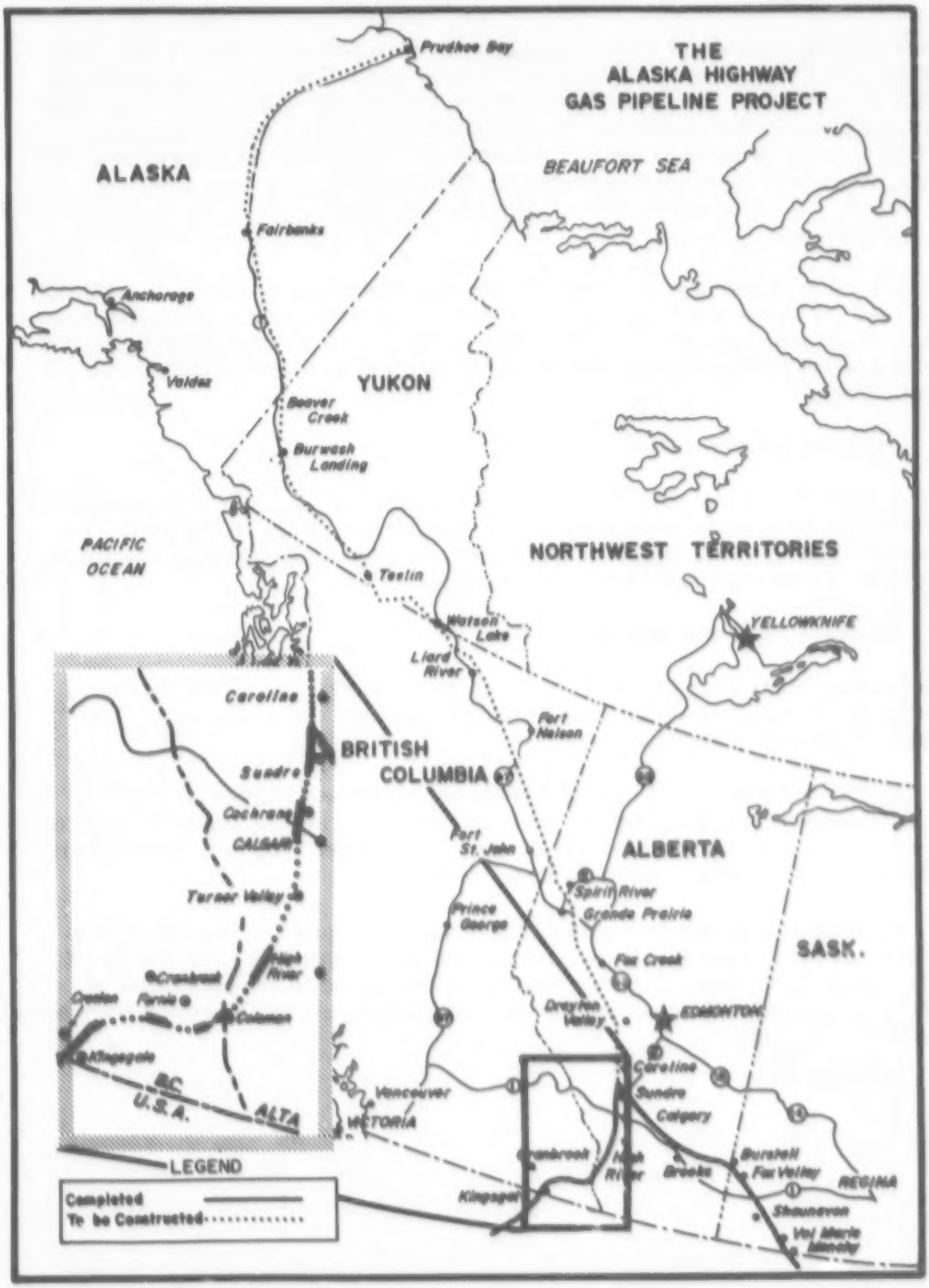
Compliance with federal regulations, environmental and socio-economic terms and conditions, and technical requirements to be applied in building the pipeline, as well as the construction and testing schedule, are monitored on site by teams of surveillance officers, who in turn report any problems or delays to the Calgary office of the Agency.

Figure 4: Pipeline Project Detail Chart

Company	Region	Pipeline Length & Diameter			
Completed:					
Foothills Pipe Lines (Alta.) Ltd.	Alberta	378 124	km km	1067 914	mm mm
Foothills Pipe Lines (Sask.) Ltd.	Saskatchewan	258	km	1067	mm
Foothills Pipe Lines (South B.C.) Ltd.	Southeastern B.C.	88	km	914	mm
Northern Border Pipeline Co. Pacific Gas & Electric Co. Pacific Gas Transmission Co.	U.S.A./South of 49th Parallel	1168 258	km km	1067 914	mm mm
To be constructed:					
Northwest Alaskan Pipeline Company	Alaska	1176	km	1219	mm
Foothills Pipe Lines (South Yukon) Ltd.	Yukon & Northern B.C.	428 404	km km	1219 1422	mm mm
Foothills Pipe Lines (North B.C.) Ltd.	Northeastern B.C.	706	km	1422	mm
Foothills Pipe Lines (Alta.) Ltd.	Alberta	636 159	km km	1422 914	mm mm
Foothills Pipe Lines (South B.C.) Ltd.	Southeastern B.C.	81	km	914	mm
Northern Border Pipeline Co. Pacific Gas & Electric Co. Pacific Gas Transmission Co.	U.S.A./South of 49th Parallel	629 1208	km km	1067 914	mm mm

Totals	Total Distance In Kilometers
Canada	3262 km
U.S.A.	4439 km
Project	7701 km

Figure 5: The Alaska Highway Gas Pipeline Project



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D. Planning Perspective

1. Environment

The remaining portions of the pipeline project were placed on hold in May 1982 by reason of the forecast slow economic growth in the United States, relatively high interest rates, uncertainties with respect to the demand for gas in the near term and possible fluctuations in the prices of alternate sources of energy, particularly oil. Most of these factors continue to influence the situation at this time, particularly the lack of markets for Alaskan gas.

2. Initiatives

As reported in previous years, Foothills and the Agency have reduced to skeleton organizations to carry out certain pre-construction work under way at that time and to facilitate rapid reconstitution when construction of the Northern portion of the pipeline recommences. The resources in 1985-86 reflect the skeleton organization.

3. Program Effectiveness

At this time the effectiveness of the Northern Pipeline Agency can be measured by its ability to wind down without undue hardship and to put on the shelf, for ready access when the project recommences, all of its plans, records and correspondence. These objectives are being attained.

4. Resource Summary from Inception

Under sub-sections 2.(2) and 2.(3) of the National Energy Board Cost Recovery Regulations, Foothills Pipe Lines (Yukon) Ltd. pays the costs incurred by the Agency in respect of the pipeline.

In 1982 the Northern Pipeline Agency placed key employees on a part-or full-time basis with federal departments and others during the period of reduced activity. The costs are recovered from the other parties involved. The majority of these contracts were completed during 1984.

Because billings are prepared at the end of each quarter, expenditures in the last quarter of each fiscal year are not recovered until the first quarter of the following fiscal year. Figure 6 illustrates the Agency's resource summary from inception showing actual person-year utilization, expenditures and recoveries until March 31, 1984.

Figure 6: Resource Summary from Inception ($000)

	1978 -1983 (Actual)	1983-84 (Actual)	1984-85 (Forecast)	1985-86 (Estimates)	Total Recoveries from Inception	Total Expenditures from Inception
Total person-years	390	63	30	11		494
Total expenditures	26,991	5,414	3,789	1,442		37,636
Recovered from:						
Foothills	25,238	4,301	2,177	2,155	33,871	
Other	636	1,409	806	108	2,977	
Amount to be recovered in the first quarter of the fiscal year 1986-87					788	
Total					37,636	

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

All costs are recovered either from Foothills Pipe Lines (Yukon) Ltd. or from others (mainly government departments). The recovery from other government departments represents Agency staff seconded on a part-time basis.

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	794	1,548	2,992
Employer's contributions	157	301	426
Termination payments	328	826	655
Other personnel costs	11	23	46
	1,290	2,698	4,119
Goods and services			
Transportation and communications	58	264	252
Information	4	12	21
Professional and special services	74	170	231
Rentals	8	599	728
Purchased repair and upkeep	2	14	20
Utilities, materiel and supplies	5	30	30
All other expenditures	1	1	5
	152	1,090	1,287
Total operating	1,442	3,788	5,406
Capital	-	1	8
Total Program	1,442	3,789	5,414
Recoveries - Foothills	1,334	2,985	4,005
- Other	108	804	1,409
Net cost of Program	0	0	0

It should be noted that recoveries are not necessarily completed during the same fiscal year as corresponding expenditures and are presented in this format in order to make the reader aware that the cost of the Northern Pipeline Agency is not borne by the taxpayer.

2. Personnel Expenditures

Figure 8: Authorized Person-Years and Salary

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	4	9	63,000 - 88,350	76,343
Other	2	3	3	-	-
Scientific and Professional	-	3	7	-	-
Administrative and Foreign Services	2	9	20	58,050 - 74,050	64,893
Technical	1	5	10	40,300 - 47,600	42,173
Administrative Support	4	6	26	24,170 - 49,200	37,628

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated based salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

Figure 9: Program Cost $(000)

	1985-86 Operating Expenditures	Less Recoveries	1985-86 Net Cost	Forecast Net Cost 1984-85
Regulation of Construction of the Alaska Highway Gas Pipeline	1,442	2,263	(821)	808

The Northern Pipeline Agency is fully cost recoverable. Details regarding the mechanism for cost recovery are shown in the Resource Summary from Inception (see page 15).

Office of the Chief Electoral Officer

1985–86 Estimates

Part III

Expenditure Plan

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1985-86 Estimates

Part III

**Office of the
Chief Electoral Officer**

3095

Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,856,000 to carry out the planned activities of the Chief Electoral Officer in 1985-86. Additional expenditures of $1,319,000 are forecast for 1985-86 under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Chief Electoral Officer		
10	Program expenditures	1,856	1,815
(S)	Salary of the Chief Electoral Officer	89	85
(S)	Expenses of elections	1,000	1,000
(S)	Contributions to Employee Benefit Plans	230	207
	Total Program	3,175	3,107

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Chief Electoral Officer	
10	Chief Electoral Officer - Program expenditures	1,856,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Administration	51	2,157	18	2,175	2,107
Elections	...	1,000	...	1,000	1,000
	51	3,157	18	3,175	3,107

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 10 - Program Expenditures	1,784,000	1,784,000	1,597,704
Statutory - Salary of the Chief Electoral Officer	80,000	85,059	85,059
Statutory - Expenses of Elections	1,000,000	3,086,972	3,086,972
Statutory - Contributions to employee benefit plans	214,000	238,000	238,000
Statutory - Electoral Boundaries Readjustment Act	1,000,000	1,233,063	1,233,063
Total Program	4,078,000	6,427,094	6,240,798

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The Chief Electoral Officer will carry out an in-depth evaluation of the effectiveness of training aids which were developed for the training of election officials (see page 12).

- The Chief Electoral Officer will commence the process of selecting outside public relations and advertising expertise and the development of a voter information program for the next election (see page 12).

- The Chief Electoral Officer will complete a publications manual for future applications of the new corporate image incorporating the design elements which were identified in 1984-85 (see page 13).

- The Chief Electoral Officer will prepare to implement any amendments to the Canada Elections Act which may have been approved by Parliament following the tabling of his statutory report (see page 13).

- The Chief Electoral Officer will organize a series of post-electoral evaluation meetings with returning officers in order to receive feedback on the conduct of the election so as to prepare for the difficult task of revising the many forms and procedures which takes place after every general election (see page 13).

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2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Administration	2,175	2,107	68	18
Elections	1,000	97,039	(96,039)	21
	3,175	99,146	(95,971)	
Person-years	51	51	-	

Administration: The increase of $68,000 is to provide for salary and related fringe benefit increases in the coming year of $72,000 as well as a decrease of $4,000 in other administrative costs.

Elections: The 1984-85 forecast amount of $97,039,000 reflects the current estimate of funds needed to defray the cost of the general election held in 1984. The $1,000,000 in 1985-86 is provided as an indicator of significant statutory expenditures which may be incurred for activities under the Canada Elections Act.

These and additional funds to carry out statutory responsibilities under the Canada Elections Act and the Electoral Boundaries Readjustment Act will be drawn under existing statutory authority should it become necessary.

B. Recent Performance

1. Highlights

- All administrative, technical and financial support was provided to the eleven Electoral Boundaries Commissions responsible for preparing adjustments required in electoral district boundaries in accordance with the formula outlined in the Constitution Act. By the end of 1983 all commissions had presented their reports which were tabled in the House; as required by law, the debates on each report were started within the time prescribed, but to this date these debates have not been completed and this whole matter is therefore in abeyance until the new Parliament decides on the course of action which it will take.

- The development of new and improved training packages for election officials was completed in the early part of 1984 and these were used successfully at the election called on July 9, 1984. The training manuals in both official languages along with the appropriate sets of transparencies were distributed to all returning officers and additional election clerks. An evaluation of the effectiveness of these aids is currently being carried out, so as to get the views of the users and recommend improvements where needed.

- A number of courses were organized for new returning officers so as to ensure that at the call of an election, as much as possible, all returning officer positions would be occupied by trained persons. This is actually what happened when the most recent general election was called on July 9, 1984. Moreover, regional briefings had been held with all returning officers across Canada between January and March 1984 to brief them on amendments to the Act and the impact of these on their duties; these changes resulted from the enacted Bill C-58 and Bill C-169 which came into effect in August 1982 and May 1984 respectively.

- A rationalization of forms management and purchasing procedures was completed during the early part of 1984. In this regard, a forms management register was updated to permit better retrieval of the camera ready copy and negatives; a customer item cardex and filing system was also developed to initiate complex purchases through the most cost effective methods. In addition, all forms re-ordered during the period were systematically upgraded to comply with a new corporate image.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Administration	1,921	2,078	(157)
Elections	4,320	2,000	2,320
Total	6,241	4,078	2,163
Person-Years	46	51	(5)

Administration: The decrease of $157,000 was due to the office being unable during the period to recruit suitable qualified people to fill certain vacant positions.

Elections: The increase of $2.3 million in statutory election expenses is related to three factors: an increase in costs of $1.7 million to prepare for the 1984 general election and to cover the cost of two by-elections held during the period, an amount of $.4 million to cover the cost of the N.W.T. general election held in November 1983 and, an amount of $.2 million to cover additional costs related to the electoral boundaries commissions.

C. Background

1. Introduction

The Chief Electoral Officer is responsible for exercising general direction and supervision over the preparation, administration and reporting aspects of federal elections and the election expenses provisions of the Canada Elections Act. He must also ensure that all those involved in the electoral process comply with the Act. He is appointed by resolution of the House of Commons to which he is directly accountable and communicates with the Governor in Council through the member of the Queen's Privy Council for Canada designated by the Governor in Council for that purpose (currently the President of the Privy Council).

In addition to federal elections, the Chief Electoral Officer has entered into an agreement with the Commissioner of the Northwest Territories to conduct elections to the Council of the Northwest Territories. General elections are held in the Northwest Territories every four years, the most recent one having been held in November 1983.

Enforcement of the provisions of the Canada Elections Act and the Northwest Territories Elections Ordinance is carried out by the Commissioner of Canada Elections under the general supervision of the Chief Electoral Officer by whom he is appointed.

The Chief Electoral Officer also provides the necessary data and assistance to enable the eleven Electoral Boundaries Commissions to discharge their responsibilities with respect to each province's representation in the House of Commons.

2. Legal Mandate

The legal mandate of the Chief Electoral Officer is contained in the Canada Elections Act, the Electoral Boundaries Readjustment Act and the Northwest Territories Elections Ordinance.

3. Program Objective

To enable the people of Canada, eligible to vote, to elect members to the House of Commons, in accordance with the Canada Elections Act and to the Council of the Northwest Territories, in accordance with the Northwest Territories Elections Ordinance, to ensure compliance with all provisions of the Canada Elections Act, to ensure representation of the provinces in the House of Commons in accordance with the Constitution Act, 1982 and to provide the necessary technical, administrative and financial support to the eleven electoral boundaries commissions in accordance with the Electoral Boundaries Readjustment Act.

4. Program Organization for Delivery

Activity Structure: The Office of the Chief Electoral Officer is composed of an Administration Activity and an Election Activity. Details of both activities are provided in Section II of this Plan. (see page 18)

Organization Structure: The Chief Electoral Officer is appointed by resolution of the House of Commons and reports through the Speaker to that body. He is assisted by the Assistant Chief Electoral Officer, appointed by the Governor in Council and the Commissioner of Canada Elections who is appointed under the statutory authority of the Chief Electoral Officer. The Director of Operations, the Director of Election Financing and the Director of Administration and Personnel, all of whom are public servants, also report to the Chief Electoral Officer.

The Commissioner of Canada Elections is responsible for ensuring compliance and enforcement of all provisions of the Canada Elections Act and the Northwest Territories Elections Ordinance.

The Director of Operations is responsible for the preparation, conduct and reporting of general elections, by-elections and Northwest Territories elections as well as co-ordination of the activities of the eleven Electoral Boundaries Commissions.

The Director of Election Financing is responsible for both the financial management of the organization and for satisfying all statutory requirements of the Act and the Northwest Territories Elections Ordinance concerning election financing.

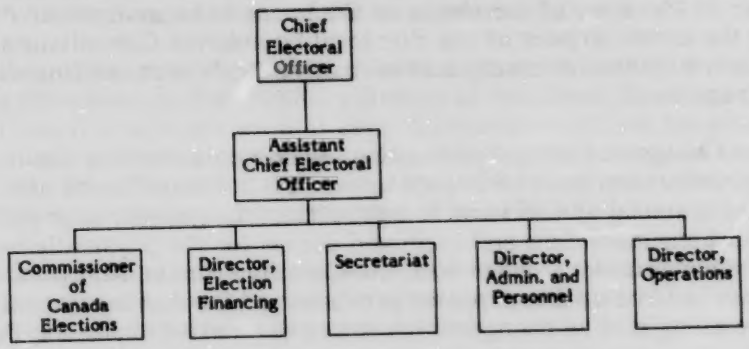
The Director of Administration and Personnel is responsible for the provision of all administrative, personnel, purchasing and registry services to the organization.

The Office and permanent staff of 51 person-years are located in Ottawa. Although there are no permanent regional offices, the 282 returning officers, who are appointed by Order in Council upon the recommendation of the Minister designated for that purpose, do establish offices in their electoral districts for the conduct of an election. The eleven Electoral Boundaries Commissions also

maintain offices in their respective provinces and the Northwest Territories during their tenure.

Figure 3 depicts the allocation of 1985-86 resources by organization and activity.

Figure 3: Resources by Organization/Activity ($000)



						Total
Administration	99	250	413	326	1,087	2,175
Elections	30	-	20	-	950	1,000
Total	129	250	433	326	2,037	3,175
Person-Years	2	7	8	9	25	51

D. Planning Perspective

1. Environment

Several factors can significantly affect the Program.

Uncertainty as to the Timing of General Elections and By-Elections: Although there is provision for a maximum period between general elections, it is possible that an election could be launched at any time. Therefore, the Chief Electoral Officer must be ready to conduct a general election on very short notice, and at times, with very little time since the previous one. The May 1979 and February 1980 elections are a case in point. He must also be ready to conduct by-elections on very short notice at any time between general elections.

Minimum Statutory Period: A minimum period between the commencement of a general election or by-election and polling day is set by statute at 50 days. Consequently, the Chief Electoral Officer must be ready to administer a general election or by-election within that period. Administration of a general election involves providing the 282 returning officers with all material and the necessary

funds to recruit and train some 250,000 election officers, developing and distributing documents, guidelines and instructions to the approximately 1,500 candidates, their official agents, and to all officially registered political parties. As well, the Commissioner of Canada Elections must be ready to ensure that the provisions of the Canada Elections Act are met.

Readjustment of Electoral Districts: Under the Electoral Boundaries Readjustment Act, the Chief Electoral Officer must, following a decennial census, calculate the number of Members of the House of Commons to be assigned to each province. Following the establishment of the Electoral Boundaries Commissions he must provide them with the necessary administrative, technical and financial support that they require.

Legislative Changes: Changes to existing legislation as well as the implementation of new legislation can have an impact upon the administration of elections. Provision of material and services in both official languages, as provided for by the Official Languages Act, and improved access for the physically handicapped to polling stations in accordance with the Canadian Human Rights Act, and amendments to the election expenses provisions of the Act are recent examples of the type of legislative change which can have an effect upon the Program.

2. Initiatives

Development of Training Aids: As emphasized earlier, the Program is organized to respond to a call for a general election or by-election on very short notice. Therefore, the Chief Electoral Officer must maintain his Office in a state of readiness at all times. Consequently, a continuing concern is the maintenance of the capability of both the nucleus headquarters staff and the Returning Officers to efficiently administer elections when called upon to do so. This is achieved through improvements to procedures, guidelines and instructions, and their continual review, to ensure their consonance with approved legislation as well as through the conduct of a thorough training program for election officers. During fiscal 1983-84, the Office hired a firm specialized in the area of training and communications to develop a package for the training of enumerators and deputy returning officers. These training packages which were distributed to returning officers prior to the 1984 general election were utilized extensively for the training of election officers. As a result, an in-depth evaluation of the effectiveness of these aids has been undertaken and will be completed during the planning period, so as to get the views of the users and recommend improvements where needed.

Assessing and planning the voter information program: The voter information program for the 33rd general election (1984), comprising paid messages in the print and electronic media, as well as media and public relations activities worth in total some $2.5 million, will be assessed in terms of its effectiveness and the way it was administered. In keeping with the importance the Chief Electoral Officer places on informing the electorate of their democratic rights and voting opportunities and using the results of the aforementioned analysis, work will commence in 1985-86 on the selection of outside public relations and advertising expertise and the development of a voter information program for the next general election.

Implementing a design concept for a corporate image: Design elements for a corporate image were identified in 1984-85 after surveys had proven a notable lack of awareness on the part of the electorate of the role and mandate of the Office in the federal democratic system, an awareness considered essential to the credibility and effectiveness of the voter information program at election time. The design elements will gradually be applied during the 1985-86 planning year to all publications, both statutory and non-statutory and to other visual aspects of the Office's activities. All design specifications will be incorporated into a manual for future applications of the new corporate image.

Implementing Amendments to the Canada Elections Act: Following the tabling in the House of Commons of the Statutory Report of the Chief Electoral Officer in the Fall of 1984, it is anticipated that several recommendations for amendments to the Canada Elections Act will receive the approval of Parliament in the latter part of fiscal 1984-85. The Office will therefore be devoting much time and energy to the implementation of these changes in the 1985-86 planning period.

Implementing changes to election procedures: Following the September general election, a series of twelve post-electoral evaluation meetings will be held in eight cities across Canada between January and March 1985. It is at these meetings that returning officers will provide their views on the conduct of the election and make recommendations for changes, especially in the area of forms and procedures, so as to facilitate the taking of the votes. This feedback will serve during the following months to guide the headquarters staff in the difficult task of revising the many forms and procedures which takes place after every general election.

Accommodating New Electoral Districts: Another important task planned for 1985-86 is the implementation of the new electoral districts following the proclamation of the Representation Order. This will involve such things as the training of 310 Returning Officers, some of whom will not have had prior experience and a complete revamping of administrative and technical support systems to accommodate 28 additional districts and several districts whose boundaries will have changed.

Preparations are being made to transpose the results of the 1984 general election into the new electoral districts established by the redistribution commissions; this project is being held in abeyance however, until Parliament decides which route it will take in this area. This exercise is needed to establish which party will have the right to designate urban enumerators when a general election is held on the new boundaries.

3. Program Effectiveness

Effectiveness of the Program in achieving its objective which is to provide persons who are eligible to vote with the opportunity to exercise that right, in accordance with the provisions of the Canada Elections Act can be gauged in five key result areas.

Enumeration: The lists of voters who will be eligible to vote at a general election or a by-election are established through the enumeration process as specified in the Canada Elections Act.

The degree to which this process is effectively administered is difficult to determine without significant expenditures of funds to ascertain the actual number of persons eligible to vote on the days that enumeration takes place. The best information which is available at a reasonable cost is the population data from the most recent census conducted by Statistics Canada. A census is, however, taken only every 10 years whereas elections may be held at any time. Consequently, changes to the size and mix of the population between census day and election day introduce a significant degree of uncertainty to the accuracy of the population estimates.

Two factors which contribute to the effectiveness of the enumeration process are the methods used and the opportunities provided to review the lists through the revision process. In addition to door-to-door enumeration carried out from the 38th to the 32nd day before polling day, prospective voters are provided with the opportunity to submit changes to the preliminary lists on the 19th, 18th and 17th days before polling day and to cause their name to be included if appropriate.

One indicator of the effectiveness of the enumeration process is the number of prospective voters who, as a result of the revision process, have their names added to the preliminary lists. Figure 4 shows the number of prospective voters appearing on the preliminary lists and on the official lists after the revision period had expired during the 1972, 1974, 1979 and 1984 general elections. An additional 535,929 names were added to the official lists of electors during the 1984 revision process. A factor which has contributed to the increased number of prospective voters taking advantage of the revision period is the comprehensive information program undertaken during recent general elections.

Figure 4: Names on Preliminary and Official Lists of Electors at the 1972, 1974, 1979 and 1984 General Elections*

Election	Names on Preliminary Lists	Names on Official Lists	% Added to Preliminary Lists
1984	16,164,636	16,700,565	3.31
1979	14,865,893	15,234,997	2.48
1974	13,358,576	13,620,353	1.95
1972	12,818,806	13,000,778	1.42

* Enumeration data for the 1980 election have been excluded as the preliminary lists were based upon 1979 official lists because the usual door-to-door enumeration did not take place which makes a comparison impossible.

Voting: Access to the polls for eligible voters is provided on polling day as well as through advance polls held on the 9th, 7th and 6th days before polling day. Electors unable to vote at an advance poll or on polling day at a general election may cast their ballot in the office of the Returning Officer between the 21st day and the last Friday before polling day (except Sundays and any day fixed for an advance poll).

Thus, with the exception of Sundays and the Saturday immediately prior to polling day, an elector may cast his ballot on any one of the other 17 days preceding the general election.

In addition, at a general election many electors such as members of the Armed Forces, veterans undergoing hospital treatment and members of the Public Service of Canada employed outside Canada as well as dependants of those members are entitled to vote under the Special Voting Rules contained in Schedule II of the Canada Elections Act.

As a result of these provisions many electors who otherwise may not have the opportunity are able to vote. The number of eligible voters who exercised their right under these provisions during the past five general elections is summarized in Figure 5.

Figure 5: Votes Cast Prior to Polling Day at General Elections

Votes Cast	1972	1974	1979	1980	1984
At advance polls	154,380	444,334	301,978	427,503	585,102
In offices of Returning Officers	*	*	28,231	47,607	125,232
Under special voting rules	53,923	49,149	50,714	52,652	49,529
Total votes cast prior to polling day	208,303	493,483	380,923	527,762	759,863
Percentage of total votes cast	2.09%	5.10%	3.30%	4.79%	6.01%

* Not applicable for general elections prior to 1979

Procedures: Clarity of information provided and simplicity of the procedures required to complete the ballot paper also contribute to the effectiveness of the Program. One indicator of the effectiveness of the procedures and information

provided is the number of rejected ballots. It should be borne in mind that the data contained in Figure 6, which displays the number and percentage of rejected ballots at the five most recent general elections, includes those which have been deliberately spoiled. The extremely low percentage and the decrease in the percentage of rejected ballots over the five year period can be in part attributed to improvements in the clarity of information and election procedures.

Figure 6: Number and Percentage of Rejected Ballot Papers

Election Year	Total Votes	Rejected Ballots Number	%
1984	12,634,482	89,009	0.70
1980	11,016,899	67,440	0.61
1979	11,537,909	85,289	0.74
1974	9,671,002	165,094	1.71
1972	9,974,661	307,172	3.07

Review of the Canada Elections Act: The Chief Electoral Officer and his staff with the interests of the elector in mind, continually review the Canada Elections Act and propose amendments to reflect new legislation which impacts upon the Canada Elections Act and to improve those aspects which, during the conduct of an election, have been found to be deficient. Various types of review are undertaken. These reviews include those carried out on an ongoing basis by an Ad Hoc Committee, composed of representatives of each political party represented in the House of Commons and senior staff of the Chief Electoral Officer and post-election sessions with returning officers which are held after each general election to discuss improvements to procedures and application of the provisions of the Act.

Some of the recent improvements which have been made include the extension of proxy voting, voting in the office of the returning officer, selecting premises to make it easier for handicapped persons to have access to the polls and the introduction of a special template to enable the blind to vote by themselves. A most recent example of the work of the Ad Hoc Committee is Bill C-169 amending the election expenses provisions of the Act which was recently passed in the House of Commons. Among the major changes introduced in this Bill are the indexing of the spending limits of political parties and candidates and changing the basis of reimbursement of election expenses for both parties and candidates.

Compliance with the Canada Elections Act: The Chief Electoral Officer and his staff, in concert with the Ad Hoc Committee, regularly produce a set of guidelines which serve to interpret and clarify various sections of the Act dealing with candidates and political parties. The Office of the Chief Electoral Officer also produces a Manual of Information directed at candidates, official agents and

auditors, covering the duties and responsibilities of each and providing specific guidance in the area of election expenses. In addition, during an election, the Office conducts half-day seminars on various topics dealing with election expenses and political contributions. These seminars are presented at various locations throughout the country to candidates, their official agents, their auditors and certain campaign workers. All of the above initiatives are designed to assist candidates and political parties in complying with the provisions of the Canada Elections Act.

Section II
Analysis by Activity

A. Administration

Objectives

To ensure that all administrative requirements of the Canada Elections Act and the Electoral Boundaries Readjustment Act are met.

Resource Summary

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	2,175	51	2,107	51	1,921	46

Description

The Administration Activity involves the maintenance of a nucleus of permanent staff at Ottawa Headquarters in a state of readiness to conduct an election within the minimum statutory period specified in the Canada Elections Act. This nucleus staff is responsible for performing a wide variety of statutory functions outside the election period, including:

- preparing, procuring and maintaining all necessary financial, training and other materials required to conduct an election or redistribution;
- training election officers in all aspects of their duties and advising them of their statutory responsibilities under the Act;
- providing data required by Members of the House of Commons, political parties and parliamentary committees;
- providing advice and assistance to the House of Commons Standing Committee on Privileges and Elections;
- undertaking the review and study of electoral procedures and the election expenses provisions of the Act; and

- compiling and preparing statutory and statistical reports and books of instructions for election officers, candidates and political parties.

Performance Information/Resource Justification

Preparation of Election Material: The preparation and organization of the material required for the conduct of a general election or by-election are carried out during the periods between elections. Changes to the documentation usually result from either amendments to the Canada Elections Act or through improvements suggested by permanent staff and returning officers. For example, the changes contained in Bill C-169, an Act to amend the Canada Elections Act which was passed by Parliament in the Fall of 1983, necessitated major revisions to the election expenses Guidelines and the Manual of Information produced for candidates, official agents and auditors. Also, these changes necessitated a major revision of the candidates' reports respecting election expenses as well as certain other forms used by official agents. Some of these changes also required a revision of certain instructions provided to returning officers in relation to their duties.

The number of different types of forms and documents which are supplied to returning officers, candidates, enumerators and other persons during an election are listed in Figure 8.

Figure 8: Election Forms, Documents and Supplies

Forms	
• used by returning officers	39
• used by candidates	9
• used by enumerators	13
• used for revision	14
• used at the poll	14
Supplies	
• envelopes for poll	23
• envelopes for election expenses	5
• tags	4
• other material	41
• reference books	12
• specimens	6
Total number of pieces	180

The actual quantity of forms, supplies and other material varies according to the number of electors in each electoral district. Normally the material is organized into 15 to 20 lots which are shipped to returning officers as they are required during the election period; the majority of enumeration supplies must be

sent ahead of the election so as to ensure readiness for this first task. During the 1984 general election 30,365 parcels, bags or cartons of supplies were shipped to the 282 returning officers. The total weight of the supplies shipped amounted to 617 tons for an average of 40.61 lbs (18.5 kgs) per piece. Preparation, organization and distribution of the material requires the continuing efforts of nine full time employees who are supplemented by casual or temporary personnel when necessary.

Provision of Information: The activity also provides information concerning elections to prospective candidates and to the general public upon request. Information is provided either through statutory and statistical reports on such topics as details of contributions to candidates or election expenses of candidates and of political parties or through the preparation of documents addressing specific topics such as a voters' guide, information on becoming a candidate and the dissemination of maps showing the distribution of electoral districts in Canada. A list of reports and other publications which are available to the general public is contained in Section III. At each general election, the Chief Electoral Officer develops an all-encompassing information program which comprises advertisements in the majority of newspapers, both dailies and weeklies, along with spots on television and radio. There is also a public relations component to this program which involves various meetings with the media, and in 1984, the production of a new film entitled "Elections Canada at work". The total cost of this information program is in the area of $2.5 million, most of which was spent on advertising in the media.

Training Courses: In order to prepare new returning officers for their duties and to ensure that other returning officers are fully advised of the impact of changes to legislation and procedures which may have occurred, the activity conducts training courses and briefings during the periods between elections. Depending on whether the debates in the House of Commons on the reports of the eleven electoral boundaries commissions are concluded during the next year or whether they are delayed for an indefinite period, as soon as the new boundaries are proclaimed and the returning officers are appointed, this Office will be conducting several four-day courses for inexperienced returning officers and a number of shorter courses for experienced (previous) people. In total, 310 returning officers will attend one or other of these courses. If the boundaries are not proclaimed during the 1985-86 fiscal year, several courses for newly appointed returning officers will be required as part of normal training activities. In 1984-85, there were 7 courses for 30 new returning officers and at 8 locations across Canada 12 one-day briefing sessions were held for experienced returning officers. All returning officers attended one or the other of the above courses in which the staff from Operations and Finance participated extensively. As well, briefings, seminars and training sessions are prepared and conducted as required prior to each election to inform candidates, official agents and auditors of their respective financial and reporting responsibilities pursuant to the Canada Elections Act. During the 1984 election, 21 such seminars were held in different locations across the country. These seminars were attended by over 650 candidates and their representatives.

B. Elections

Objectives

To direct and supervise the administration of and reporting on elections and to co-ordinate the endeavours of the Electoral Boundaries Commissions.

Resource Summary

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Elections	1,000	-	97,039	-	4,320	-

Uncertainty as to the timing of a general election or by-elections does not permit an accurate estimate of statutory expenditures. The above amount is a provision only.

Description

Canada Elections Act: This sub-activity provides general direction and supervision over the administrative conduct of elections, including the training of federal and territorial returning officers, the revision of the boundaries of polling divisions and the acquisition of election material and supplies for transmission to returning officers when required. In addition, the activity is responsible for issuing directives and providing guidelines to candidates and political parties, enforcing all provisions of the Act and making statutory payments to election officers, auditors, political parties and official agents where specified by the Act.

Electoral Boundaries Readjustment Act: This sub-activity consists of calculating the number of members of the House of Commons to be assigned to each of the provinces and to provide the eleven Electoral Boundaries Commissions with the necessary statistics, maps and other documentation as well as the financial competence to discharge their mandate.

Performance Information/Resource Justification

Election Costs: There have been three general elections during the past 5 years. Figure 10 shows the total cost of each general election and the cost per elector

expressed in both current year dollars and 1979 constant dollars using the Consumer Price Index for all items as published by Statistics Canada.

There was no door to door enumeration at the 1980 general election as the necessary supplies could not be distributed in time. As an alternative, the official lists for the previous general election held in May 1979 were used. The resulting decrease in cost per elector, however, was partly offset by an increase in activity during the period provided for the revision of the preliminary lists. The overall effect of this change in procedures was a decrease in both the current and constant dollars cost per election in 1980.

This trend continued to a certain extent in 1984 where the cost per elector in 1979 constant dollars, although slightly up from 1980, indicates a noticeable decrease when compared to the 1979 election.

Figure 10: Cost of 1979, 1980 and 1984 General Elections Expressed as Cost Per Elector

	1979	1980	1984
COST OF ELECTION			
Preliminary duties	$ 1,588,402	$ 385,400	$ 1,313,522
Enumeration and revision	23,543,714	16,037,078	30,866,427
Polling stations	13,491,925	13,636,155	19,114,031
R.O.'s & E.C.'s fees and allowances	7,196,781	9,226,247	12,019,855
Headquarters and printing of ballots	6,160,730	8,777,815	15,003,446[1]
Information program	1,120,827	2,762,175	2,500,000
Reimbursement of candidates and parties	11,092,062	11,780,218	15,844,000[2]
Special Voting Rules	254,997	311,644	378,077
TOTAL COST OF ELECTION	$64,449,438	$62,916,732	$97,039,358
TOTAL NUMBER OF ELECTORS	15,234,897	15,890,416	16,700,565
Cost per elector			
In current dollars	$ 4.23	$ 3.96	$ 5.81
In 1979 constant dollars	$ 4.23	$ 3.72	$ 3.78

1 This includes an estimate of $3 million to cover final year-end adjustments.
2 This represents an estimate as the actual expenditure is not yet known.

Compliance and enforcement of the provisions of the Canada Elections Act are the responsibility of the Commissioner of Canada Elections and his staff. Formal requests for information and interpretation of the legislation are received prior to, during and after elections from the general public, official agents of candidates and representatives of political parties.

The number of formal requests for information and interpretations of the Canada Elections Act received and responded to by the Commissioner during the 1984 election was in the neighbourhood of 250. In addition, the Commissioner and his staff have responded to several thousand telephone calls for information dealing with all aspects of the legislation. The marked increase over previous elections was in fact due to a media information programme.

Complaints alleging violations of the Canada Elections Act are received during and after each election. All complaints are investigated by the Commissioner and his staff who if necessary will request an in-depth police investigation of the complaint, which may lead to prosecution of the potential offender.

At the 1984 general election, a total of 258 complaints alleging violations of the Canada Elections Act by members of the general public, candidates, representatives of political parties, non-political organizations or associations and election officials were received. All complaints were investigated either by the Commissioner of Canada Elections or the RCMP. Some of the complaints were concluded because they were unfounded or the evidence available was so marginal as to make further action unjustified. The balance of the complaints (150) are either being processed or were referred to the R.C.M. Police for investigation. The results of five investigations have been received and they justified charging five persons for offences under the Act.

At the 1980 general election, 290 complaints were received. The outcome of investigations into these complaints justified the laying of 103 charges for various offences under the Act. Forty eight convictions were registered. One case is still before the courts; the other charges were either withdrawn or dismissed.

Electoral Boundaries Readjustment: The Chief Electoral Officer is responsible for providing the eleven Electoral Boundaries Commissions with the number of members to be attributed to each province. The Office of the Chief Electoral Officer has five primary areas of responsibility with respect to the Electoral Boundaries Commissions:

- it must provide the Commissions with all relevant population statistics, maps and other data relating to their province;
- it acts as the intermediary between the Commissions and the agencies who have a responsibility under the Electoral Boundaries Readjustment Act. These are Statistics Canada and the Director of the Surveys and Mapping Branch of the Department of Energy, Mines and Resources;

- it acts as liaison between the Commissions and the House of Commons for the transmission of their reports;
- it makes available, to be used at the discretion of each Commission, various technical, administrative and financial assistance which may facilitate the accomplishment of the Commissions' work; and
- it must tax all invoices received for expenses incurred by the various Commissions prior to payment of the accounts.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,727	1,678	1,500
Contributions to Employee benefit plans	230	207	238
	1,957	1,885	1,738
Goods and Services			
Transportation and communications	55	55	75
Professional and special services	80	80	70
Rentals	14	14	9
Purchased repairs and upkeep	26	26	7
Utilities, material and supplies	25	25	19
All other expenditures	1,000	1,004	4,320
	1,200	1,204	4,500
Total operations	3,157	3,089	6,238
Capital	18	18	3
Total expenditures	3,175	3,107	6,241

2. Personnel Expenditures

Figure 12: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive	5	6	5	50,350 - 96,300	70,325
Administrative and Foreign Service	14	14	16	13,330 - 63,870	43,180
Technical	2	2	2	12,635 - 57,691	25,845
Operational	9	9	9	13,253 - 40,676	21,730
Administrative support	21	21	18	12,636 - 31,946	23,742

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 13: Program Cost by Activity for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs	**Total Cost 1985-86**	Total 1984-85
Administration	2,175	579	**2,754**	2,707
Elections	1,000	-	**1,000**	97,039
	3,175	579	**3,754**	99,746

Costs added to operating expenditures to obtain the total net cost for 1985-86 include accommodation provided without charge by the Department of Public Works ($459,000) and services provided without charge by other departments ($120,000).

C. Additional Information

1. List of Statutory Reports and Other Publications Available to the General Public

- Canada Elections Act, 1984
- Reports of The Chief Electoral Officer Respecting Election Expenses
- Statutory Reports of the Chief Electoral Officer pursuant to subsection 59(1) of the Act
- Federal Elections in Canada
- Voter's Guide
- Student Voter's Guide
- Voting in The Office of The Returning Officer
- Duties and Responsibilities of The Returning Officer
- Election Expenses and You
- Manual of Information (1984): A Digest intended for Candidates, Official Agents and Auditors
- Guidelines and Procedures Respecting Election Expenses
- Important Considerations for Prospective Candidates
- Alphabetical List of Electoral Districts
- List of MPs with Political Affiliations
- List of Provincial Chief Election Officers
- Electoral Boundaries Readjustment Act
- Representation in the Federal Parliament
- Northwest Territories Elections Ordinance

In addition, various maps, indexes and statistics such as those relating to by-elections and general elections are available.

The Chief Electoral Officer also prepares and publishes detailed statistics of general elections and by-elections on a poll by poll basis as required by the Canada Elections Act.

2. Administration of a General Election or By-Election

A general election is launched through the issuance of the following proclamations:

- a proclamation of dissolution of the House of Commons;
- a proclamation fixing polling day and the date for the return of the writs;
- a proclamation establishing a pro-forma date for convening Parliament.

The main steps that have to be taken in connection with the conduct of an election are:

- the nomination of urban enumerators designated by the two candidates entitled to do so not later than noon of the 45th day before polling day;
- the enumeration which, by statute, must begin on that Friday which is the 38th day before polling day;
- the last day for reproducing copies of the preliminary lists of electors for distribution to candidates must, by statute, be on Thursday, the 25th day before polling day;
- the revision of the preliminary lists of electors which, for urban polling divisions, is held on Wednesday, Thursday and Friday, the 19th, 18th and 17th days before polling day and in rural polling divisions mainly on Wednesday, the 19th day before polling day;
- nomination day is held on Monday, the 28th day before polling day unless that Monday happens to be a holiday as defined in the Interpretation Act, in which case nomination day is deferred to the following Tuesday;
- advance polls which are open on Saturday, Monday and Tuesday, the 9th, 7th and 6th days before polling day;
- voting in the office of the returning officer for electors unable to vote at the advance poll and on polling day takes place from Monday the 21st day preceding polling day and ends on the last Friday before polling day (except on a Sunday and any day fixed for an advance poll);
- polling day which by statute is always on a Monday unless that Monday happens to be a holiday as defined in the Interpretation Act, in which case polling day only is deferred to the following Tuesday;

- the official addition of votes that cannot be held earlier than the 3rd day following polling day to ensure that the official result of the votes cast for each candidate under the Special Voting Rules and related documents are available for the official addition of the votes and for a judicial recount, if necessary. At a by-election, the official addition can take place earlier since the Special Voting Rules do not apply; and

- the declaration of election issued by each returning officer, at the earliest on the 7th day following the official addition of the votes unless, in the meantime, there was a petition to a judge for a recount.

The Constitution Act provides that no Parliament should continue for more than five years following the date fixed by Order in Council for the return of the writs at a general election. This date usually follows polling day by approximately three weeks.

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Office of the Commissioner for Federal Judicial Affairs

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Office of the Commissioner
for Federal Judicial Affairs

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts. It is provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $3,253,000 in support of the Commissioner for Federal Judicial Affairs. The remaining expenditures, estimated at $103,280,000 for Judges' Salaries, Allowances and Annuities and $158,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Commissioner for Federal Judicial Affairs		
15	Operating expenditures	2,933	2,869
20	Canadian Judicial Council - Operating expenditures	320	315
(S)	Judges' Salaries, Allowances and Annuities	103,280	93,596
(S)	Contributions to employee benefit plans	158	132
	Total Program	106,691	96,912

Votes - Wording and amounts

Vote No.	Department or agency (Dollars)	1985-86 Main Estimates
	Commissioner for Federal Judicial Affairs	
15	Commissioner for Federal Judicial Affairs - Operating expenditures, the grants listed in the Estimates, remuneration, allowances and expenses for judges, including deputy judges of the Supreme Court of the Yukon Territory and the Supreme Court of the Northwest Territories, not provided for by the Judges Act	2,933,000
20	Commissioner for Federal Judicial Affairs - Canadian Judicial Council - Operating expenditures	320,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Total	
Administration	30	2,985	5	89	3,079	2,990
Canadian Judicial Council	2	330	2	--	332	326
Judges' Salaries, Allowances and Annuities; and Annuities to Spouse and Children of Judges		83,930	-	19,350	103,280	93,596
	32	87,245	7	19,439	106,691	96,912

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Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 20: - Operating expenditures, the grants listed in the Estimates, remuneration, allowances and expenses for judges including deputy judge of the Supreme Court of the Yukon Territory and the Supreme Court of the Northwest Territories, not provided for by the Judges' Act	2,770,000	2,828,000	**2,314,221**
Vote 25: - Canadian Judicial Council - Operating Expenditures	273,000	273,000	**210,324**
Statutory: - Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of deceased Judges	80,484,000	79,241,616	**79,241,616**
Statutory: - Contributions to Employee Benefit Plans	134,000	150,000	**150,000**
Total Program	83,661,000	82,492,616	**81,916,161**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Federal Judicial Affairs Program has identified the following highlights for 1985-86:

- The Judges Administration section will administer all salaries, allowances and annuities as authorized by the Judges Act to 1,100 recipients (see pages 15 and 18).

- The Language Training Program for judges will be continued with particular emphasis upon legal terminology not available in the Public Service Commission language training program (see pages 14 and 17).

- The Federal Court Reports Section will continue to publish legally significant reasons for judgment rendered by the Federal Court of Canada; the work of the section has been greatly increased due to the quantity and complexity of recent cases; the complement of the Federal Court bench has been enlarged from 22 to 24 Judges; and a substantial change in the roles and activities of the Court, as well as an anticipated increase in the number and average length of judgments handed down in 1984 over 1983, will also contribute to increased workload (see pages 13 and 17).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Administration	3,079	2,775	304	15
Canadian Judicial Council	332	255	77	19
Judges' Salaries, Allowances and Annuities	103,280	84,910	18,370	20
	106,691	87,940	18,751	
Authorized person-years	32	31	1	

* The 1984-85 Forecast is $9 million or 9% less than the 1984-85 Main Estimates of $97 million. (Extracts from Part II of the Estimates, page 4). This decrease is due primarily to the unused Judges pool positions established under section 19.1 of the Judges Act.

Explanation of Change: The financial requirements for 1985-86 are $19 million or 21% higher than the 1984-85 forecast expenditures. This increase is due primarily to:

- Judges pool of 49 positions — $ 4.5 million
- Vacancies and new positions — $ 2 million
- Adjustments of salaries and supernumerary positions — $ 9 million

B. Recent Performance

1. Highlights

- Pursuant to the Judges Act a commission was established on April 6, 1983 to inquire into the adequacy of the salaries and other amounts payable under the Judges Act and into the adequacy of the Judges benefits generally. A report was presented to the Minister of Justice in the fall of 1983.

- The Language Training Program for Judges which began in 1978 was continued and emphasis was given to tailoring it to the needs of the Judiciary with particular emphasis upon legal terminology not available in the Public Service Commission language training program (see page 17).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Administration	2,452	2,904	(452)
Canadian Judicial Council	222	273	(51)
Judges' Salaries, Allowances and Annuities	79,242	80,484	(1,242)
	81,916	83,661	(1,745)

Explanation of Change: The actual financial requirements for 1983-84 were $1.7 million or 2% less than planned. This decrease was due primarily to:

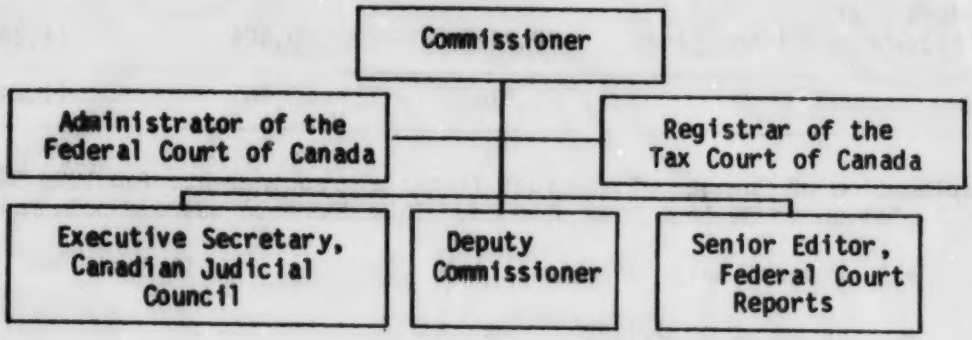
- Judges' Salaries (Statutory) — $1.2 million
- Decrease in Judges' Travel and Language Training costs due to a lower demand than anticipated — $ .5 million

C. Background

1. Introduction

The Commissioner is responsible for the administration of Federal Judicial Affairs with respect to all federally appointed judges, the Federal Court of Canada, the Tax Court of Canada and the Canadian Judicial Council.

Figure 3: Responsibilities of the Commissioner for Federal Judicial Affairs



The purpose of this Office is to provide central administrative services for all federally appointed judges of the superior, county and district courts of the provinces and territories as well as administrative services for the Canadian Judicial Council. Specifically, the Program includes the administration element consisting of the provision of personnel, financial and other administrative services; the Canadian Judicial Council; and the Judges' salaries, allowances and annuities as well as annuities to spouses and children of deceased Judges.

It should be noted that the Federal Court of Canada and the Tax Court of Canada are not resourced through this Program.

2. Legal Mandate

Section 44 of the Judges' Act provides for the establishment of an officer called the Commissioner for Federal Judicial Affairs who shall have the rank and status of a deputy head of a department. Section 45 sets out the duties and functions of the Commissioner.

3. Program Objective

To provide central administrative services for the Canadian Judicial Council, and federally appointed judges of the superior, county and district courts of the provinces and territories.

4. Program Organization for Delivery

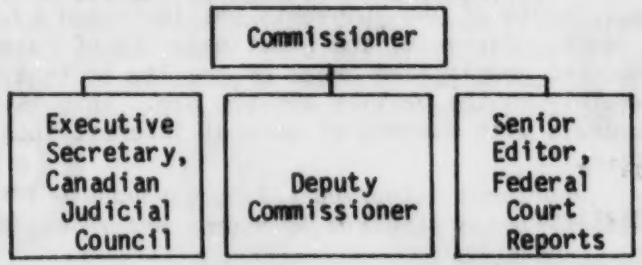
Activity Structure: The Administration of Federal Judicial Affairs Program consists of the following three activities, which are described in detail in Section II of this Plan.

- Administration;
- Canadian Judicial Council; and
- Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Deceased Judges.

Organization Structure: The Program is headed by the Commissioner for Federal Judicial Affairs who is assisted by a Deputy Commissioner, responsible for financial, personnel and administrative matters and language training, as well as a Senior Editor who is responsible for editing Federal Court reports. Also under the direction of the Commissioner is the Administrator of the Federal Court of Canada and the Registrar of the Tax Court of Canada. Also reporting to the Commissioner is the Executive Secretary of the Canadian Judicial Council which is an independent statutory body composed of Chief Justices and Chief Judges.

Figure 4 shows the distribution of resources by organization and activity.

Figure 4: Resources by Organization/Activity ($000)



	Executive Secretary, Canadian Judicial Council	Deputy Commissioner	Senior Editor, Federal Court Reports	Total
Judges' Salaries, Allowances or Annuities		103,280		103,280
Canadian Judicial Council	332			332
Administration		2,470	609	3,079
Total	332	105,750	609	106,691
Person-years	2	22	8	32

D. Planning Perspective

1. Environment

The principal factors which influence the nature and scope of the Administration of Federal Judicial Affairs Program are the content of the Judges' Act and amendments thereto, the demand for judicial services in both official languages and the number and nature of cases heard by the Federal Court of Canada.

As the principal responsibility of the Program is to provide administrative services to federally appointed judges with respect to salaries, annuities, expenses and benefits, changes to the Act which have a direct bearing on the above matters will tend to increase the administrative workload associated with the provision of these services.

Provision of judicial services in both official languages has a direct impact upon the Program. The need to provide training which encompasses legal terminology is being satisfied through the development and conduct of language courses tailored to the special needs of the judiciary.

The extent of the Program is directly affected by the nature and the quantity of litigation dealt with by the Federal Court of Canada. The broadening of the Court's jurisdiction, the proliferation of the Federal boards and tribunals (from which appeals lie to the Federal Court), recent legislative activity -- in particular the Charter -- and a further enlargement of the Bench have combined to substantially increase the volume and complexity of the judgments -- all of which must be edited or digested by the staff of the Federal Court Reports. Not only are the cases more numerous but, on account of the important new issues involved, the average length of the judgments has increased by about 50% over the last two years. Formerly, the great majority of cases in the Federal Court concerned specialized areas of the law so that the judgments were of interest mainly to the parties and the Bar. This is no longer the case as the Court deals with matters of general interest such as the Cruise Missile case.

2. Initiatives

In view of the environmental setting of the Program no major new initiatives are planned for 1985-86.

3. Update on Previously Reported Initiatives

- In 1983-84 legally significant cases were published in both official languages to standards of legal and linguistic accuracy and clarity required in a law reporting series.

- During 1983-84, through private courses, intensive immersion courses and sessions 19,410 hours of language training were provided to 227 judges.

4. Program Effectiveness

The effectiveness of the program is directly related to the following key factors:

- selection of the more legally significant judgments of the Federal Court, their editing and headnoting to the highest standards and publication, in both official languages, within a reasonable time of their release (approximately 12 months); and

- the level of fluency and ability of judges to carry out their duties in both official languages.

Federal Court Reports: Reasons for judgment rendered by the Federal Court of Canada are reviewed by the Senior Editor to determine which judgments or portions thereof merit publication as valuable precedents. Those selected are subjected to a most thorough editorial process by the Legal Editors who ensure that the contents and references are accurate. They also prepare "captions" (key words) and "headnotes" (summaries) for publication. Since law students, professors, lawyers and judges all rely heavily on the various series of law reports -- and especially on an "official" series such as the Canada Federal Court Reports -- along with the statutes as the primary sources of the law, it is of the greatest importance that the selection of cases be expert, the editorial functions be carried out in a most thorough fashion and the reports be published on a timely basis.

With reference to the accuracy of the editorial functions, the following figure demonstrates the number of mistakes noted subsequent to publication:

Figure 5: Accuracy of Federal Court Reports

	1983-84	1982-83	1981-82
Total pages published	1,350	1,542	1,716
Number of errata	1	6	-
Average errata per 1,000 pages	0.74	3.89	-

The average time required to publish a Federal Court report in 1983-84 was 16 months. The goal for 1985-86 is 10 to 12 months.

Judges' Language Training: In keeping with the intent of the Official Languages Act and provisions of the Criminal Code relating to the right to trial in either official language, the Program conducts language training courses which provide special training in legal terminology for federally appointed judges.

The purpose of the training courses is to improve the ability of judges to carry out their duties in either official language. Different types of courses are provided. For example, immersion courses consisting of two-week sessions twice yearly for anglophone judges and annually for francophone judges as well as a one week specialized course in legal terminology are provided. Between sessions all judges taking second languages courses can obtain three to five hours per week of private tutoring.

Section II
Analysis by Activity

A. Administration

Objectives

The Administration Activity has the following objectives:

- to administer Part I of the Judges' Act, which provides for the payment of salaries, allowances and annuities to federally appointed judges, and for the payment of annuities to spouses and children of deceased judges;
- to provide central administrative services to the Canadian Judicial Council;
- to develop and provide a language training program to federally appointed judges;
- to edit and publish the Federal Court Reports; and
- to keep under review the Judges' Act and to recommend appropriate amendments.

Resource Summary

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Policy and Management Services	1,055	12	942	12	834	12
Federal Court Reports	609	8	545	8	481	8
Judges' Language Training	1,225	4	1,106	3	977	3
Judges' Administration	190	6	182	6	160	6
	3,079	30	2,775	29	2,452	29

Past Financial Performance

Figure 7 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 7: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Policy & Management Services	834	1,069	(235)
Federal Court Reports	481	487	(6)
Judges' Language Training	977	1,168	(191)
Judges' Administration	160	180	(20)
	2,452	2,904	(452)

Explanation of Change: Actual financial requirements for 1983-84 were $452,000 or 16% lower than planned. This decrease was mainly due to a lower than anticipated demand for Judges' Travel and Language Training.

Description

This activity includes all of the administrative tasks necessary to meet its objectives as stated above. These objectives are accomplished through the work of four units.

Policy and Management Services: This unit provides the Program with policy direction, as well as financial, personnel and administrative services.

Editing Federal Court Reports: Reasons for judgment of cases heard by the Federal Court of Canada are edited and published by this unit.

Judges' Language Training: This unit is responsible for planning, organizing and conducting language training programs for judges.

Juuges' Administration: This unit attends to the disbursement of salaries, allowances and annuities for judges and their dependents.

Performance Information/Resource Justification

Editing Federal Court Reports: The output of the Federal Court Reports Section is the publication of reasons for judgment rendered by the Federal Court. All reasons for judgment are reviewed by the section to determine those which should be published as important precedents. Those chosen are then the subject of extensive editing and review to ensure that their contents and legal references are accurate. The number of written reasons for judgment produced, the number selected for publication and the cost of editing and publication are shown in Figure 8. The costs of printing and distribution are determined by the DSS Printing Bureau on a full cost-recovery basis. Editing costs include the salaries of the Senior Editor, three Editors and four Editorial Assist

Figure 8: Number and Cost of Federal Court Cases Published

	1985-86 (Estimated)	1984-85 (Forecast)	1983-84 (Actual)	1982-83 (Actual)
Number of written reasons for judgment	850	739	574	544
Number of digest published of unreported cases	663	614	268	311
Number of cases published	180	163	133	180
Number of pages published	2,484	2,615	1,350	1,542
Cost of printing and distribution	$276,000	$245,000	$221,890	$193,000
Cost of editing	$333,000	$300,000	$258,460	$153,264
Total cost of publication	$609,000	$545,000	$480,350	$346,264

Judges' Language Training: The major output of the Language Training unit is courses provided to judges to improve their capabilities in both official languages. Particular emphasis is placed upon the use of legal terminology in all courses.

Courses provided are of three types: two-week immersion sessions for anglophone and francophone judges, private tutoring for judges from three to five hours a week between immersion sessions, and three-to-four month total immersion courses for anglophone judges.

Figure 9 shows the number of participants at each session and the cost of each type of course in 1983-84, 1984-85 and 1985-86. Many of the judges who attend both sessions held each year for anglophone judges also take advantage of the private tutoring sessions.

Figure 9: Cost of Training and Number of Participants by Type of Course ($000)

	1985-86 (Estimated)		1984-85 (Forecast)		1983-84 (Actual)	
Type of course	$	Number	$	Number	$	Number
Immersion sessions	640	240	590	230	492	163
Private tutoring	393	300	374	286	308	235
Total immersion	10	1	8	1	7	1
Cost of training*	1,043	541	972	517	807	399

* These costs do not include the salaries and operating expenses of the Judges' Language Training Section. The total estimated cost for 1985-86 is $1,225,000.

Judges' Administration: The purpose of this unit is to administer all salaries, allowances and annuities to judges of the Federal Court of Canada, the Tax Court of Canada and all other federally appointed judges of the superior, county and district courts of the provinces and territories as authorized by the Judges' Act. This unit also administers gratuities to spouses of such judges who die while in office and it also pays annuities to spouses and children of deceased judges. Expenditures in this activity include salaries and allowances for over 750 judges and 350 recipients of annuities. In 1983-84, 192 Orders in Council dealing with salaries, pensions, appointments and transfers were prepared for submission and the requisite documentation processed to give effect to these Orders in Council when approved. In addition, 8,772 expense claims were processed during that fiscal year. The direct cost of providing the above services in 1983-84 amounted to $160,000 and six person-years.

B. Canadian Judicial Council

Objective

To provide for the administration of the Canadian Judicial Council as authorized by the Judges' Act.

Resource Summary

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Canadian Judicial Council	332	2	255	2	222	2

1983-84 Financial Performance: Actual financial requirements for 1983-84 were $51,000 or 17% lower than planned. Refer to figure 2 on page 9.

Description

This activity provides administrative support to the Canadian Judicial Council, which is a statutory body composed of the Chief Justices and Chief Judges whose aim is to promote efficiency and uniformity and to improve the quality of the judicial service in superior and county courts. The Council achieves its aim by organizing conferences of Chief Justices, seminars for the continuing education of judges, and when necessary, making enquiries and investigating complaints and allegations against members of the federal judiciary.

Performance Information/Resource Justification

Administrative services to the Council are provided by this activity which assists the Council by organizing annual seminars such as the newly appointed Judges' Seminar.

Assistance with the preparation of publications, such as the Book for Judges and administrative support for studies conducted by the Council is also provided.

C. Judges' Salaries, Allowances and Annuities

Objective and Description

To pay salaries, allowances and annuities to judges of the Federal Court of Canada, the Tax Court of Canada and other federally appointed judges of the superior, county and district courts of the provinces and territories as authorized by the Judges' Act; to provide gratuities to spouses of such judges who die while in office and annuities to spouses and children of deceased judges.

Resource Summary

Figure 11: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Salaries and wages	78,794	64,170	60,222
Transportation	4,022	5,069	4,437
Other expenditures	1,114	664	653
Pensions	19,350	15,007	13,930
Total	103,280	84,910	79,242

Past Financial Performance

Figure 12: 1983-84 Financial Performance

	1983-84		
	Actual	Main Estimates	Change
Salaries and wages	60,222	60,604	(382)
Transportation	4,437	3,500	937
Other expenditures	653	780	(127)
Pensions	13,930	15,600	(1,670)
	79,242	80,484	(1,242)

Explanation of Change: Actual financial requirements for 1983-84 were $1.2 million or 1.5% lower than planned. This decrease was due primarily to unused Judges pool positions.

Performance Information/Resource Justification

Payments as described in the objective are made under statutory authority in accordance with the Judges' Act.

Figure 13: Presentation of Workload

	1983-84	1982-83	1981-82	1980-81
Judges	747	706	700	632
Annuity recipients	392	360	350	351
Orders-in-Council processed	192	156	239	130
Expense claims processed	8,772	8,869	7,572	5,225

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 14: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	79,948	65,081	61,103
Contributions to Employee Benefit Plans	158	148	144
	80,106	65,229	61,247
Goods and services			
Transportation and Communications	4,799	5,746	4,845
Information	289	235	233
Professional and Special Services	794	784	775
Rentals	62	53	73
Purchased Repair and Upkeep	11	75	12
Utilities, Materials and Supplies	66	50	56
All Other Expenditures	1,118	665	653
	7,139	7,608	6,647
Total operating	87,245	72,837	67,894
Capital	7	7	11
Transfer payments	19,439	15,096	14,011
Total expenditures	106,691	87,940	81,916

2. Personnel Expenditures

Figure 15: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2	50,350 - 96,300	66,155
Scientific and Professional	7	6	5	13,609 - 88,120	41,629
Administrative Services	4	5	5	13,912 - 57,987	37,691
Technical Support	1	1	-		
Administrative Support	18	17	17	12,636 - 31,946	21,300

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 16: Details of Grants

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Administration			
Gratuities to a surviving spouse of a judge who dies while in office or to such dependants as may be approved by Treasury Board, in an amount equal to one-sixth of the annual salary payable to the judge at the time of his death	**89,000**	89,000	81,000
Judges' salaries, allowances and annuities; and annuities to spouses and children of deceased judges			
(S) - Annuities under the Judges' Act (RSc. J-1 as amended)	**19,350,000**	15,007,000	13,930,000
	19,439,000	15,096,000	14,011,000

B. Cost Analysis

Figure 17: Program Costs by Activity ($000)

	1985-86 Expenditures	Add Other Costs	**1985-86 Total Cost**	1984-85 Total Cost
Administration	3,079	289	**3,368**	3,074
Canadian Judicial Council	332	-	**332**	255
Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Deceased Judges	103,280	-	**103,280**	84,910
	106,691	289	**106,980**	88,239

Other costs added to 1985-86 expenditures include accommodation provided without charge by the Department of Public Works ($200,000) and other services provided without charge by other departments ($88,832).

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Office of the Commissioner of Official Languages

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Office of the Commissioner of
Official Languages

Preface

This Expenditure Plan is designed as a reference document, and contains several levels of detail to respond to the varied needs of its users.

The Plan is divided into two sections. Section I presents an overview and a description of the Program, background information, the planning objectives and perspectives, and performance information justifying the resources requested. Section II provides additional information on costs and resources as well as special analyses to help the reader understand the Program more fully.

Section I is preceded by extracts from Volume II of the Public Accounts and from Part II of the Estimates so as to maintain continuity with the other Estimates documents. On the basis of these extracts, the Program's performance in financial terms for the current year can be evaluated.

This document is designed to permit easy access to specific information that the reader may desire. The table of contents provides a detailed guide to the contents of each section. Moreover, references are made throughout the Plan to enable the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $9,154,000 in support of the 1985-86 Office of the Commissioner of Official Languages (OCOL). The remaining expenditures, estimated at $770,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Commissioner of Official Languages		
15	Program expenditures	9,154	9,316
(S)	Contributions to employee benefit plans	770	678
	Total Program	9,924	9,994

Vote - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Commissioner of Official Languages	
15	Commissioner of Official Languages - Program expenditures	9,154,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates		1984-85 Main Estimates
	Budgetary Operating	Total	
Commissioner of Official Languages	9,924	9,924	9,994

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriation	Actual Use
	$	$	$
Commissioner of Official Languages			
Vote 15 - Program Expenditures	8,751	8,763	7,994
Statutory - Salary of the Commissioner of Official Languages	80	85	85
Statutory - Contributions to employee benefit plans	684	761	761
Total Program	9,515	9,609	8,840

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Office of the Commissioner of Official Languages has established the following objectives for 1985-86.

- A new Commissioner took up his duties in September 1984, just as a new majority government came to power. Taking into account the ongoing evaluations of the official languages program as a whole, and the new government's apparent intention to take a different approach, the Commissioner, concerned with effectively guaranteeing stronger and better-organized protection of language rights has undertaken to redirect the OCOL's activities. All OCOL branches are currently reviewing their work plans in keeping with the new guidelines inspired by this reorientation and the pertinent sections of the November 5, 1984 Throne Speech.

- The Office will organize a national conference of representatives of the official languages communities, and, in conjunction with the Canadian Comissioner for UNESCO and other bodies, an international conference on linguistic planning (see page 15).

- All complaints received in 1985-86 will be investigated (see pages 16 and 17).

- The OCOL will carry out some thirty audits and studies, and approximately twenty-four systematic follow-ups (see pages 16 and 17).

2. Financial Summary

Figure 1: 1985-86 Financial Requirements ($000)

	1985-86 Main Estimates	1984-85 Forecast	Difference
Office of the Commissioner of Official Languages	9,924	9,455	469
Planned person-years	141	139	2

The 1985-86 Estimates are 5% higher than the forecast for 1984-85. However, they are 1% below the 1984-85 Estimates ($9,994,000).

B. Recent Performance

1. Highlights of the Program's Performance in 1983-84

In 1983-84, the OCOL took steps in a number of areas to improve the federal government's performance with respect to language of work.

The Commissioner also met with senior officials of the Treasury Board, the Public Service Commission and the Privy Council Office and with the Joint Committee on Official Languages in order to gain acceptance for the analysis and proposals in the OCOL report on language of work; the report was made public in February 1983.

All 1209 complaints received in 1983-84 were investigated and 843 of them were resolved to our satisfaction during the year. In addition, 494 previous complaints were settled, for a total of 1337.

The OCOL evaluated the linguistic performance of 104 federal institutions (departments, agencies and Crown corporations), and published the results in its 1983 Annual Report.

The foundations were laid for an information program aimed particularly at making minority official language communities aware of their language rights. Our regional offices and the associations and centres serving these communities sent messages to their members reminding them of the obligation of federal institutions to provide services in French and English.

2. Review of 1983-84 Financial Performance

Actual expenditures in 1983-84 were 7% below the level forecast in the Estimates.

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-1984		
	Actual	Main Estimates	Difference
Office of the Commissioner of Official Languages*	8,840	9,515	675

* See the breakdown by activity of 1983-84 expenditures, page 22.

C. Background

1. Introduction

The Commissioner of Official Languages is appointed by commission under the Great Seal after approval of the appointment by resolution of the Senate and House of Commons, for a seven-year term. Each year, the Commissioner submits to Parliament a statement relating to the conduct of his office and the discharge of his duties.

Three other agencies carry out activities which complement those of the Office of the Commissioner of Official Languages:

- the Treasury Board Secretariat develops government policies with respect to official languages and controls their implementation;
- the Public Service Commission provides language training to public servants and determines the level of language knowledge of candidates for bilingual positions; and
- the Department of the Secretary of State promotes minority language education and second language education, supports the efforts of official language minorities and provides translation and interpretation services to the federal government.

2. Legal Mandate

Section 25 of the Official Languages Act describes the Commissioner's mandate as follows:

> It is the duty of the Commissioner to take all actions and measures within his authority with a view to ensuring recognition of the status of each of the official languages and compliance with the spirit and intent of this Act in the administration of the affairs of the institutions of the Parliament and Government of Canada and, for that purpose, to conduct and carry out investigations either on his own initiative or pursuant to any complaint made to him and to report and make recommendations with respect thereto as provided in this Act.

3. Program Objective

The objective of the Office of the Commissioner of Official Languages is to ensure recognition of the status of each of the official languages and compliance with the spirit and intent of the Official Languages Act.

4. Program Description

The Commissioner essentially has a threefold role:

- first, he is the protector of the language rights of individuals or groups who believe that their rights have not been respected by a federal agency;

- second, he is an auditor general who ensures that all federal agencies are applying the Act properly and, at the same time, determines the progress they are making in the area of language reform;

- third, he is a spokesperson on language reform issues in the broad scope preferred by the legislator, making Canadians aware of their linguistic rights; he encourages the appropriate officials in the National Capital and across Canada, as well as Canadians in general to adopt more open attitudes toward the other official language and the community which speaks it.

He is supported by four main branches: Complaints and Audits, Information, Policy Analysis and Liaison Services, and Resource Management.

Policy Analysis and Liaison Services: The Policy Analysis group provides the Commissioner and his main associates with advice and analyses concerning official policies, legislation and regulations, and local and special events which could be related to official languages issues. For example, the group analyses any proposed amendments to the Official Languages Act, special action taken and government reports on progress in general. It also examines studies and documents from various sources pertaining to language problems, and helps prepare speeches for the Commissioner and Deputy Commissioner and draft parts of the Annual Report concerning the federal government's overall policy.

The liaison function is essentially carried out by five regional offices, whose activities are co-ordinated from OCOL headquarters. The main task of the liaison officers is to be as responsive as possible to interested groups, and to give them advice suited to their environment and their concerns. OCOL regional offices are also responsible for doing on-site investigations of a number of complaints, as well as conducting ad hoc audits and ensuring follow-up at regional offices of federal institutions.

Complaints and Audits: In his role as ombudsman, the Commissioner receives a varying number of complaints each year from individuals who feel that their language rights have not been respected by the federal government. An investigation must be conducted in each case and, if necessary, recommendations concerning appropriate corrective action are made to the institutions at fault and the implementation of these recommendations is monitored.

A linguistic audit is a thorough examination of the way an institution fulfills its obligations under the Official Languages Act in terms of its organization, the services it provides to its public, the opportunities it affords its employees to work in the language of their choice, and the hiring practices it uses to ensure that there is equitable participation of Anglophones and Francophones.

The methodology used in these audits includes the standard techniques, such as individual interviews with the institutions's staff and clients, direct observation, surveys, and studies of files and administrative procedures.

The recommendations and suggestions of the audit reports are discussed with the institution concerned and periodic follow-ups are conducted in order to determine whether the shortcomings brought to light have been remedied.

Information: The objective of this function is to encourage recognition of the equal status of the two official languages. In addition to producing the Annual Report, the Commissioner's Office makes available to the general public the quarterly magazine Language and Society and a wide variety of publications and audio-visual documents dealing with the Act and language matters. The Office also distributes two kits especially designed to make young people aware of Canada's bilingual nature and the international status of English and French: "Explorations", for young people from 13 to 17 years of age, and "Oh! Canada 2", for children from 7 to 12 years of age. A list of information materials currently available is given in the Annual Report.

The Information Branch not only responds to requests for information and documentation, but also maintains a mailing list of individuals and organizations interested in receiving regular publications and new materials as they are produced. This list is also used for correspondence from the Office. The Information Branch provides research and referral services to organizations and individuals requesting information on various matters pertaining to official languages. Special efforts are made to seek out media contact when the Commissioner travels outside the National Capital Region. A reference library is open to members of the public wishing to do research.

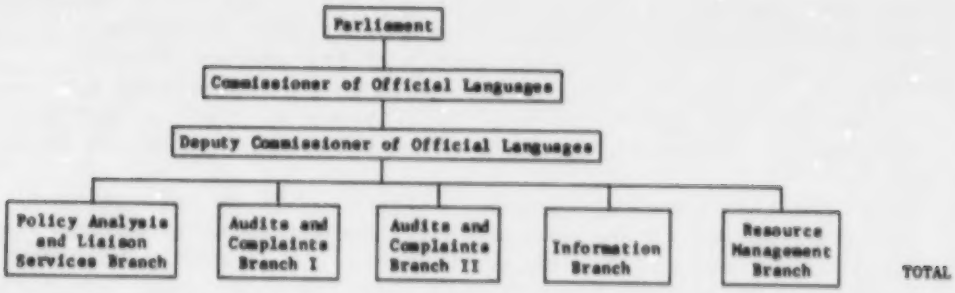
Resource Management: This function covers the offices of the Commissioner and Deputy Commissioner, and the financial, administrative and personnel services.

5. Program Organization for Delivery

Activity Structure: The Office of the Commissioner of Official Languages has only one activity - the Program itself. However, the Program is administered by four main units, which are shown in Figure 3 along with the resources to be allocated to them.

Organization: The Office of the Commissioner of Official Languages has five branches, as indicated in Figure 3. In addition to the Ottawa headquarters, there are five regional offices: Moncton, Montreal, Sudbury, Winnipeg and Edmonton.

Figure 3: Resources for 1985-86, by Principal Function and Responsible Unit



($000)	1,755	1,490	1,408	3,278	1,993	9,924
Person-years	28	30	30	20	33	141

* Includes the expenditures of the Office of the Commissioner and the Deputy Commissioner.

D. Planning Perspective

1. Environment

The planning process in the Commissioner's Office takes into account both the statutory responsibilities and the general development of all official languages programs in Canada.

Under the Official Languages Act, the Commissioner's Office must be able to examine and act on all valid complaints against federal institutions. A five-year cycle of linguistic audits of all federal institutions is also part of the thorough review process. Where appropriate, these audit and complaint investigation activities are supported by recommendations, which are the subject of around one hundred follow-ups each year.

The Commissioner must also be in a position to analyse demographic data and any other language-related information, and to measure their impact on the application of the Official Languages Act.

On the other hand, the work of the Special Joint Committee of the Senate and House of Commons on Official Languages has further increased public interest in the official languages program.

2. New Initiatives

The Office of the Commissioner of Official Languages does not foresee changing the nature of its mandate during 1985-86. In keeping with the spirit of continuity, efforts will be directed to continuing and expanding the initiatives already mentioned, in all instances striving for economy and administrative severity, as well as the adaptations rendered necessary by the policies of the new government plus the internal re-examination mentioned above. Particular emphasis will be placed on all research that could contribute to the efficiency of the Office of the Commissioner. The key objectives for 1985-86 are given on page 6.

3. Progress Report on Previous Initiatives

- In its audits, the OCOL has focussed on language of work, by providing more detailed questionnaires on obstacles to the use of one language or the other and recommending ways to eliminate the problems identified.

- The OCOL has participated in a number of working groups involving departments and central agencies for the purpose of developing and circulating practical ideas to help federal institutions improve their performance with respect to language of work.

- For all practical purposes, the first five-year audit plan has been completed this year.

- The control system for the receipt, investigation and follow-up of complaints has ensured better communication with complainants by providing them with a periodic update of their particular case. In some cases, this system has also resulted in faster settlement of complaints, owing to more regular contact with the institutions concerned. Moreover, a method for measuring the time required by officers to deal with complaints, conduct audits and studies and carry out other activities has been developed and was implemented in late 1984.

- The Office, in consultation with a committee of educators recommended by the Canadian Council of Ministers of Education, reviewed its information programs for young Canadians between the ages of seven and seventeen. It is pursuing its development of new information materials in order to make this sector of the population more aware of the

bilingual nature of Canada, the international status of English and French, and language issues in general. However, the development of better materials to replace the "Explorations" and "Oh! Canada 2" kits has been postponed until completion of the research on target groups and the cost-effectiveness report on ways of achieving the youth program's objectives (see page 18).

- A methodology for standardized and regular follow-up activities was tested in 1984, and nine follow-ups were undertaken using it. The results will be analysed in early 1985, and this methodology is expected to come into wider use.

4. Program Effectiveness

Since there are no universally accepted indicators for accurately measuring the effectiveness of institutions such as the Office of the Commissioner of Official Languages, the Commissioner asked the Auditor General in the spring of 1982 to conduct an integrated audit of the OCOL's operations.

We now evaluate the effectiveness of our program from two distinct perspectives: the application of the Official Languages Act in the departments, Crown corporations and other institutions that come under the Act, and the Office's performance in investigating complaints, conducting audits, ensuring consultation, seeking solutions and producing information materials.

The Commissioner indicates the progress made by the federal institutions through his annual reports and other reports to Parliament.

In addition to conducting the established cycle of audits and performance evaluations in the various federal bodies, the OCOL carries out special research projects to determine the availability of federal government services in the two official languages, study the obstacles to equitable use of English and French in the work place, define trends in the participation of Anglophones and Francophones in the public service and evaluate the effectiveness of supporting activities such as the identification of bilingual positions, language training and translation. Annual reports and other public reports also give information on these special projects.

The following pages deal with the OCOL's performance in investigating complaints, conducting audits, ensuring consultation, seeking solutions, producing information materials and providing leadership in the implementation of official languages policies.

5. Performance Information and Resource Justification

Policy Analysis and Liaison Services: The objective of this twofold function is to follow closely the national linguistic situation and, more specifically, government actions relating to official languages, in order to co-ordinate the OCOL's positions with respect to Parliament and the Canadian public. Through its regional officers, the OCOL maintains contact with the official language communities, federal and provincial authorities and private groups in various parts of Canada. This activity accounts for 18% of the total Program expenditures.

Policy Analysis: This function involves data collection and analysis through a network of contacts both inside and outside the government. Its 7 person-years are utilized to carry out the following responsibilities:

- preparation of briefs, speeches and public presentations for the Commissioner and Deputy Commissioner (an average of 100 per year);
- preparation of correspondence with MPs and federal, provincial and other officials (some 600 items per year);
- analysis of documents, plans and proposals submitted to the Commissioner for comment or follow-up (around 50 per year);
- conceive position papers and draft policies for internal use or, on occasion, with meetings with other organizations (20 per year, on average);
- co-ordination of research projects, including a survey of the actual capacity of certain federal bodies to provide their services adequately in both official languages; and
- organization of conferences, including, in 1985, a national conference of representatives of the official language communities and an international conference on linguistic planning, in conjunction with the Canadian Comissioner for UNESCO and other bodies.

Liaison and Regional Operations: This function accounts for twenty-one person-years allocated to six offices (Ottawa headquarters and five regional offices). These offices are generally responsible for:

- recording and transmitting some 600 complaints each year;
- holding some 500 information sessions with various associations, service clubs, the media and students in order to encourage the minority groups, public servants and the general public to support and participate actively in language reform;

- responding to some 1,500 requests each year for information and documentation;

- participating in an average of 100 working sessions per year with regional managers primarily to study the best ways of serving the public in the appropriate language;

- taking part in approximately 10 language audits each year, following up around 100 recommendations and carrying out 120 ad hoc audits at the regional level.

Complaints and Audits: The objective of this function is to ensure compliance with the spirit and the letter of the Official Languages Act through the investigation of complaints related to language rights and through audits and follow-ups in the federal institutions. This area accounts for 29% of the total Program expenditures.

Two main indicators are used to measure performance. The first is the number of persons assigned to the investigation of complaints in relation to the number of complaints resolved. However, changes in the complexity of the complaints over the years has directly affected the resources and the time required to resolve complaints. For example, complaints about signage, which were easily resolved, were numerous in the beginning but have decreased in number. However, there has been a significant increase in complaints about language of work and the lack of government policies, which take more time and effort to settle. A survey carried out in 1982 by the Office of the Auditor General on our complainants indicated a 78% satisfaction rate. Half of those not satisfied cited the fact that the Office's recommendations are not binding; the others felt that their complaints took too long to resolve and that some responses were too vague.

The other indicator is the number of audits or studies, which depends on the scope of the activities concerned. Since the same people work on complaints, investigations and audits, more time can be spent on audits if fewer complaints are received. The number of audits and studies conducted in a year depends on these two indicators and on the availability of staff (see Figure 4).

Figure 4: Numbers of Complaints Received and Resolved, Audits and Studies Carried Out and Person-Years Allocated to These Activities

	Complaints Received	Complaints Resolved(*)	Person-Years Allocated to Complaints	Audits and Studies Carried Out	Person-Years Allocated to Audits and Studies
1985 forecast	1,500	1,700	21	31	39
1984 forecast	1,500	1,700	21	27	35
1983 actual	1,209	1,337	18	27	34
1982 actual	1,337	1,580	18	23	34
1981 actual	1,696	1,622	23	17	26

* "Resolved" means that the shortcoming was corrected or that the organization concerned took steps to prevent the situation from arising again.

Information: The objective of this activity is to encourage recognition of the two official languages by providing information on the provisions and the spirit of the Official Languages Act and on the role of the Commissioner in implementing the Act. The Branch also distributes information materials to make the Canadian public more aware of the country's bilingual nature. This area accounts for 33% of the total Program expenditures.

The intended long-term result is a Canadian public that is better informed about the Official Languages Act and more receptive to the other official language and the community that speaks it.

The success of the Information Activity can be measured by:

- conducting surveys and other research to gauge the target groups' reaction to the information materials and, as far as possible, determine the effectiveness of these materials; and

- measuring the degree of public interest as indicated by the number and nature of the requests for information and materials and the responses and documents provided (see Figure 5).

Since 1981-82, the Information Branch has received an average of 2,760 requests each month for publications or information on language matters. A personal reply was required in 10% of the cases, while the others were answered by sending documentation. The Branch sent out some 64,000 information documents monthly in response to these requests (see Figure 5).

Figure 5: Breakdown by Fiscal Year of the Information Requests Received and Documents Distributed

	1985-86 Forecast	1984-85 Forecast	1983-84 Actual	1982-83 Actual	1981-82 Actual
Requests received	38,000	36,000	33,335	31,476	34,507
Documents distributed	1,150,000	1,050,000	943,752	713,693	652,069

Figure 6: Breakdown of Operating Expenditures by Program, 1980-81 to 1984-85 ($000)

	1985-86 Estimates	1984-85 Forecast	1983-84 Actual	1982-83 Actual	1981-82 Actual
1. Programs for young people (ages 7 to 17)	**1,680**	1,410	263	941	800
2. General programs (all publics)	**686**	825	366	331	455
3. Other operating costs*	**110**	109	52	36	44
Total	**2,476**	2,344	681	1,308	1,299

* Living expenses, travel, publication of audits and library expenses, including general administrative expenses.

The differences between the actual expenditures and budgets in the above table stem from the fact that the information program was carried out for a number of years using supplementary budgets intended primarily for the youth program. The 1983-84 expenditures represent the remaining funds of a three-year supplementary budget. The information budget for this area was standardized in 1984-85 in keeping with the Commissioner's mandate.

Resource Management: This function provides the financial, administrative and personnel services required to implement the Program, and is responsible for the administration of the offices of the Commissioner and Deputy Commissioner as well as the common services mentioned above. Resource Management accounts for 20% of the Program expenditures.

An overall indicator of performance in this activity is the percentage of expenditures it represents in relation to the total cost of the Program, since the objective is to offer the best possible services at the lowest cost (see Figure 7).

Figure 7: Expenditures of the Resource Management Branch in Relation to Total Program Expenditures ($000)

	1985-86 Estimates	1984-85 Forecast	1983-84 Actual	1982-83 Actual	1981-82 Actual
Resource Management	1,993	2,033	1,939	1,660	1,434
Total Program	9,924	9,455	8,840	6,659	6,437
Percentage	20	21	22	25	22

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	1985-86 Estimates	1984-85 Forecast	1983-84 Actual
Personnel			
Salaries and wages	5,499	5,127	4,638
Contributions to employee benefit plans	770	678	761
Goods and services			
Transportation and communications	1,007	890	544
Information	1,174	1,170	1,547
Professional and special services	1,125	1,150	864
Rentals	72	106	135
Purchased repair and upkeep	68	48	69
Utilities, materials and supplies	120	110	105
Other expenditures	2	-	2
Total operating costs	9,837	9,279	8,665
Capital	87	176	175
Total expenditures	9,924	9,455	8,840

2. Personnel Expenditures

Figure 9: Planned Person-Years and Salary Provision

	Planned* Person-Years			Current Salary Range	1985-86 Average Salary Provision
	1985-86	1984-85	1983-84		
Executive	16	16	14	50,350 - 96,300	63,096
Administrative and Foreign Service					
Administrative Services	53	53	62	13,912 - 57,987	41,293
Information Services	7	7	6	13,579 - 57,980	35,762
Program Administration	17	13	12	13,912 - 57,987	46,526
Other	7	8	-	12,766 - 66,252	36,699
Administrative Support					
Clerical and Regulatory	23	24	23	12,932 - 31,743	22,301
Secretarial, Steno and Typing	18	18	16	12,636 - 31,946	21,764

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The current salary ranges for each occupational group are those in effect on October 31, 1984. The average salary column reflects the estimated base salary costs, including allowance for collective agreements, annual increments, promotions and merit increases, divided by the person-years for the occupation group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

* Under an agreement reached in June 1984 with the Treasury Board, person-years in the Office of the Commissioner of Officials Languages are no longer subject to controls.

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B. Cost Analysis

Figure 10: Net Cost of the Program ($000)

	1985-86 Expenditures	Add Other Costs	1985-86 Total Net Cost	1984-85 Total
Office of the Commissioner of Official Languages Program	9,924	973	10,897	10,954

* Other costs include the cost of accommodation ($862,000) provided by the Department of Public Works and services provided without charge by other departments.

C. Supplementary Information

In 1984-85, the Office of the Commissioner of Official Languages received authorization to reduce the number of budget items in its estimates, which were presented under four activities in 1983-84. To facilitate the analysis of the financial results shown in this form (no longer used), the actual expenditures in relation to the estimates are shown by activity in Table 11.

Figure 11: 1983-84 Actual Expenditures in Relation to Main Estimates, by Activity ($000)

	1983-84 Actual Expenditures	1983-84 Main Estimates	Change
Policy Analysis and Liaison Services	1,236	1,205	(31)
Complaints and Audits	2,759	3,219	460
Information	2,906	3,180	274
Administration	1,939	1,911	(28)
	8,840	9,515	675*

* The surplus of approximately $600,000 in salaries and wages is due mainly to under-utilization of person-years in the Complaints and Audits, and Information branches.

Offices of the Information and Privacy Commissioners

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Offices of the Information
and Privacy Commissioners

Preface

This Expenditure Plan is designed to be used as a reference document and, as such, contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $2,938,200 to carry out the activities of the Offices of the Information and Privacy Commissioners of Canada in 1985-86. Contributions to employees benefit plans of $294,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Offices of the Information and Privacy Commissioners of Canada		
35	Program expenditures	2,938	2,679
(S)	Contributions to employee benefit plans	294	229
	Total Program	3,232	2,908

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Offices of the Information and Privacy Commissioners of Canada	
35	Offices of the Information and Privacy Commissioners of Canada - Program expenditures	2,938,200

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Information Commissioner	13	902		902	822
Privacy Commissioner	19	1,309		1,309	1,147
Administration	21	996	25	1,021	939
	53	3,207	25	3,232	2,908

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Section I
Program Overview

A. Highlights

No significant changes are foreseen in the level of operations of the Offices of the Information and Privacy Commissioners during 1985-86.

Information Commissioner:

- The Commissioner anticipates completing approximately 240 complaints investigations during 1985-86 and responding to some 550 inquiries (see page 13).

Privacy Commissioner:

- The Commissioner expects to complete the investigation of approximately 320 complaints and deal with some 1,450 inquiries (see page 16); and

- investigate personal information in two exempt personal information banks and in the open personal information banks of 10 government institutions to determine whether the institutions are complying with the Privacy Act (see page 17).

B. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For details see page
Information Commissioner	902	787	115	12
Privacy Commissioner	1,309	1,111	198	15
Administration	1,021	995	26	18
	3,232	2,893	339	
Authorized person-years	53	46	7	

* There is no significant change from the 1984-85 Main Estimates. (Extracts from Part II of the Estimates, page 5).

Explanation of Change: The financial requirements for 1985-86 are $.3 million or 12% higher than 1984-85 forecast expenditures. This increase is due primarily to salaries for additional staff offset, in part, by a reduced requirement for special investigators retained on contract.

C. Background

1. Introduction

The Information and Privacy Commissioners' positions were created respectively under the Access to Information and Privacy Acts, proclaimed in force on July 1, 1983. The Commissioners were appointed by the Governor in Council following approval by the Senate and the House of Commons.

The function of Privacy Commissioner was formerly performed by one of the human rights commissioners, designated for the purpose by the Minister of Justice with reference to Part IV of the Canadian Human Rights Act.

The Offices of the Information and Privacy Commissioners were designated by Order in Council as a department for purposes of the Financial Administration Act. The Commissioners share administrative support services while operating independently under their separate statutory authorities.

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2. Legal Mandate

Under the Access to Information Act, the Information Commissioner is required to receive, investigate, and report on complaints from persons who have been refused access to a record requested under the Act, or who have complaints about the time taken to deal with a request for information, the fees payable, the official language of the record, or other matters relating to obtaining access to records under the Act.

The Privacy Act requires the Privacy Commissioner to investigate and make findings on complaints from individuals who allege they have been denied their rights under the Act. Complaints range from allegations of delay and incorrect information, to denial of access and misuse of personal information.

In addition, the Privacy Commissioner has a mandate to investigate federal government institutions to determine compliance with the Privacy Act in their collection, retention, use and disposal of personal information. Exempt banks established under Section 18 of the Act and all open banks are subject to this compliance audit.

3. Program Objective

Information Commissioner: To investigate complaints to ensure that federal government institutions comply with the Access to Information Act; to foster open information practices by government institutions; and to respond to requests from the public for information about the rights of individuals under the Act, and the Commissioner's mandate.

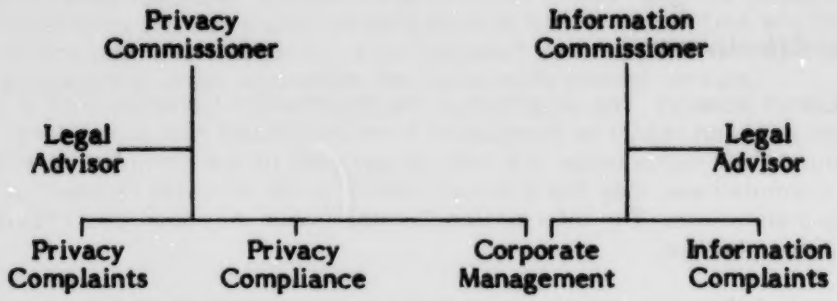
Privacy Commissioner: To investigate complaints to ensure that federal government institutions comply with the Privacy Act; to review the performance of government institutions in the collection, use, retention and disposal of personal information for compliance with the Privacy Act; to foster fair information practices by government; and to respond to requests from the public for information about the Commissioner's mandate and the rights of individuals under the Act.

4. Program Organization for Delivery

Activity Structure: The Offices of the Information and Privacy Commissioners comprise three activities: Information Commissioner; Privacy Commissioner; and Administration. The structure reflects the separate statutory basis for each Commissioner's operations.

Organization Structure: The Commissioners are accountable and report directly to Parliament for their respective activities. The Administration Activity (Corporate Management) is the responsibility of a Director who reports jointly to the Commissioners for the common services provided. The Assistant Commissioner positions provided for in the Acts have not been filled.

Figure 2: Organization Structure



D. Planning Perspective

1. Environment

Information Commissioner: During the initial period of operation, complaints often resulted from difficulties experienced by government institutions in becoming familiar with the Access to Information Act and setting new procedures in motion. Recently, however, the majority of complaints have raised more fundamental problems of interpretation and freedom of information principles. As well, the complex issues of third party interests have become increasingly time-consuming.

Privacy Commissioner: Although publicity surrounding passage of the new acts and the arrival of Orwell's 1984 generated initial attention for the Privacy Act, most Canadians know little or nothing about their privacy rights. The perception that privacy is under assault by governments and the private sector is more widespread than an awareness that there is any protection. Yet more than 23,000 individuals have already applied to see their personal information held by various government institutions.

There are two factors which have created a degree of dissatisfaction and frustration among individuals seeking information under the Act, and among some "privacy advocates". First, although the principle of some closed information banks is generally accepted, individuals may not see personal information in 19 closed or "exempt" banks, or sensitive information in other banks. Second, there is the insistence by some provinces on confidential treatment of all the personal information they provide the federal government, thereby preventing individuals from receiving that information.

Both the Access to Information and Privacy Acts require a review of their administration on a permanent basis by a Parliamentary Committee. This Committee will be called upon to undertake, by July 1, 1986, a comprehensive review of the provisions and operation of the Acts and to formulate recommendations for changes.

2. Initiatives

No major changes in the nature or extent of the Program are planned in 1985-86.

3. Program Effectiveness

Information Commissioner: The objective of the Information Commissioner is to receive, investigate and report on complaints from individuals who allege they have been denied their rights under the Act. In any case of non-compliance with the Act, the Commissioner may file a formal report to the Minister responsible and add recommendations. The Information Commissioner may seek court review on behalf of a complainant.

At the end of the nine-month period following proclamation of the legislation on July 1, 1983, the Information Commissioner had completed 46 investigations and 104 complaints were under active investigation. Of the completed investigations, 15 were not supportable, 25 were resolved during the course of the investigation and 6 resulted in representations to heads of institutions before their completion.

Privacy Commissioner: The Privacy Commissioner's office pursues its main objective of determining compliance with the Act by investigating complaints, by reviewing the content of government information banks and by monitoring the way in which government institutions handle personal information.

In nine months of operations in 1983-84, 198 individuals complained to the Privacy Commissioner that government institutions were not complying with the law. During that period 113 of those files representing 141 investigations (each file may contain more than one complaint) were completed. Sixty-nine of the investigations revealed that the complaint was justified (62 of these were delays, i.e., a government institution had not provided the information within 30 days of receiving the request nor given notification that it will need a 30-day extension to do so) and 72 were dismissed.

During his first months, the Privacy Commissioner did not have the resources to review the performance of government institutions in the collection, use, retention and disposal of personal information to ensure compliance with Sections 4 to 8 of the Act. It is noted, however, that none of the completed investigations of complaints concerned irregularities in the government's collection, retention or disposal of information or the accuracy nor completeness of the listing of banks in the Privacy Index.

General Program: Both Commissioners seek to foster fair government information practices by making recommendations to government institutions and by encouraging public awareness of the issues. However, public awareness has, at best, been only marginally increased by the Commissioners' speaking engagements and media interviews. The Offices continue their efforts to expand lines of communication with academics, ombudsmen, Members of Parliament, business, privacy and access advocates.

During the nine-month period of operation in 1983-84, the Offices handled 1,487 inquiries; 957 concerned Privacy, 327 concerned Access to Information, and 203 involved both. Callers inquired about a wide range of matters which did not warrant a full complaint investigation or had no connection whatsoever with the Commissioners' mandates. Inquiries were generally handled by experienced investigators in order to provide the caller with prompt service.

Section II
Analysis by Activity

A. Information Commissioner

Objective

The Information Commissioner has three objectives:

- to investigate complaints to ensure that federal government institutions comply with the Access to Information Act;
- to foster open information practices by government institutions; and
- to respond to requests from the public for information about the rights of individuals under the Act and the Commissioner's mandate.

Resource Summary

This Activity accounts for approximately 28% of total Program expenditures and 25% of person-years.

Figure 3: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Information Commissioner	902	13	787	11	287	6

* For the nine-month period, July 1, 1983 to March 31, 1984.

Salaries and related costs represent 76% of total expenditures. The remainder represents other operating items.

Description

The Information Commissioner investigates, reports and makes recommendations to Ministers and heads of agencies that report directly to Parliament, based on complaints from individuals who allege non-compliance with the Access to Information Act. The Commissioner appears on behalf of complainants, with their consent, or as a party, in applications before the Federal Court, on review of

decisions of federal government institutions to refuse access under the Act. The Commissioner reports directly to Parliament annually and may make special reports.

The Information Commissioner acts as an impartial mediator and must be seen to be independent of government in dealing with disputes between a complainant and the government and assess conflicting interests in sensitive areas such as national security or international affairs as well as business interests. The Commissioner will be involved in litigation arising from the review process established in the Act.

Performance Information/Resource Justification

The Access to Information Act represents a reversal of previous government policy with respect to the release of information. It confers legal rights of access subject to specified discretionary or mandatory exemptions. The Commissioner began operations without the benefit of established precedents, policies, procedures or workload volumes.

The Office of the Information Commissioner consists of the Commissioner's office with a staff of five including the Commissioner, and the Directorate of Information Complaints with a director, secretary, and six investigators.

In the initial organizational planning before the legislation came into force, it was assumed in the allocation of resources that the number of complaints would be much the same as for the Privacy Commissioner but that the scope of the issues and volume of records to be dealt with by the Office of the Information Commissioner would be much greater in that it deals with the release or exemption of all government records. Only the latter assumption proved correct.

Figure 4: Forecast Workload - Complaint Files

	Actual	Forecast	
	1983-84[1]	1984-85[2]	1985-86
Received	150	200	210
Completed	46	254	239
Under investigation	104	50	21

1 For the nine-month period, July 1, 1983 to March 31, 1984.

2 Estimate, based on actual results to October 31, 1984.

The number of files under investigation is forecast to be reduced from 104 to 50 by March 31, 1985. Files reported as under investigation in 1986 and subsequent years represent a 10% allowance for work in progress.

A second category of workload is inquiries. During 1983-84 the Office of the Information Commissioner received 313 inquiries plus an additional number of access/privacy inquiries of which 61 were allocated to this Office; a total of 374 inquiries that were responded to. This workload is also expected to show an increase above current levels over the next several years.

Resource requirements have been estimated on the basis of projected time required to complete complaint and inquiry investigations. Peak workload demands and some specific needs will be met by special investigators engaged on contract.

B. Privacy Commissioner

Objective

The Privacy Commissioner has four objectives:

- to investigate complaints to ensure that federal government institutions comply with the Privacy Act;
- to review government institutions' collection, use, retention and disposal of personal information for compliance with the Privacy Act;
- to foster fair information practices by government; and
- to respond to requests from the public for information about the Commissioner's mandate and the rights of individuals under the Act.

Resource Summary

This Activity accounts for approximately 41% of total Program expenditures and 36% of person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Privacy Commissioner	1,309	19	1,111	15	355	4

* For the nine-month period, July 1, 1983 to March 31, 1984.

Salaries and related costs represent 76% of total expenditures. The remainder represents other operating items.

Description

The Privacy Commissioner investigates, reports and makes recommendations to the heads of government institutions and, in the case of complaints, reports his findings to the complainant. He reviews material held in government information banks (including the 19 closed banks) and audits the institutions' collection, use, retention and disposal of the personal information. He may, with a complainant's consent, appear on his or her behalf in an application for Federal Court review of an institution's decision to deny access. The Commissioner also undertakes special

studies for the Minister of Justice, reports annually to Parliament and may initiate special reports at any time.

Performance Information/Resource Justification

The Office of the Privacy Commissioner consists of the Commissioner, executive assistant and secretary, legal advisor and secretary, the Privacy Complaints Division with a director, secretary, and six investigators, and the Privacy Compliance Division with a director, secretary, and four investigators.

The Complaints Division is responsible for investigating complaints and handling inquiries. The experience of the Privacy Commissioner while operating under Part IV of the Canadian Human Rights Act provided some guidance in the determination of workload and resource levels for the new entity.

While it is difficult to predict accurately, the workload is expected to increase because of the expanded scope of the Privacy Act. There is also a 50% increase in the number of government institutions subject to the Act, and there is a heightened public interest in the way personal information is held and used by government institutions.

Figure 6: Forecast Workload - Complaint Files

	Actual	Forecast	
	1983-84[1]	1984-85[2]	1985-86
Received	198	265	292
Completed	113 [3]	320	317
Under investigation	110 [4]	55	30

1 For the nine-month period, July 1, 1983 to March 31, 1984.

2 Estimate, based on actual results to October 31, 1984.

3 As each file may contain more than one complaint the 113 files represent 141 completed investigations.

4 Includes 25 files carried forward under Part IV, Canadian Human Rights Act.

During 1983-84 the Office of the Privacy Commissioner responded to 903 inquiries plus an additional 125 combined access/privacy inquiries for a total of 1,028 inquiries. This workload is also expected to increase above current levels over the next several years.

Resource requirements to deal with complaints and inquiries have been estimated on the basis of projected time for completing investigations. Peak workload demands and some specific needs will be met by special investigators engaged on contract.

The Compliance Division investigates the manner in which the 139 government institutions under the jurisdiction of the Privacy Act collect, use, keep and dispose of personal information in the 2,200 information banks they control.

The Division may carry out systematic auditing of a particular bank, or may sample individual files selectively to determine whether the information is relevant to the institution's program and is properly classified.

The Division has been assigned four investigators until the demands of the compliance function can be assessed on the basis of additional experience.

C. Administration

Objective

To provide central administrative support services to the Offices of the Information and Privacy Commissioners.

Resource Summary

This Activity accounts for approximately 31% of total Program expenditures and 39% of person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Administration	1,021	21	995	20	726	13

* For the nine-month period, July 1, 1983 to March 31, 1984.

Salaries and related costs represent 70% of total expenditures. The remainder represents other operating items (28%) and capital (2%).

Description

The Administration Activity provides administrative support services to both the Information and Privacy Commissioners. The services include finance, personnel, public affairs and general administration, including records management, procurement, library, word processing and management services. To minimize the accounting, administration is charged with all expenses that are not easily identified to either Commissioner's Office, such as telephone expenses and materials and supplies. The 21 person-years allocated to administration report to the Director, Corporate Management.

Performance Information/Resource Justification

The records management function is considered extremely important in the light of the Commissioners' duties and responsibilities. Just as they are empowered to examine and obtain copies of any record under the control of a government institution, they are also specifically required by the legislation to take every reasonable precaution to avoid the disclosure of any protected information that comes into their possession in carrying out investigations. A Registrar of Complaints is

in place whose duty it is to control the process for receiving, investigating, and reporting of complaints. In addition, modern technology will be used to ensure that records management is conducted in an exemplary manner.

Plans for developing and testing automated office systems are already in place. A task force, directed by the Senior Management Committee, identified 10 possible applications which are being developed; evaluation of 3 test applications will be completed in December, 1984. Contingent upon the results of the tests, the purchase of additional micro-computers with related software and training is planned in 1985-86.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Personnel			
Salaries and wages	2,099	1,744	835
Contributions to employee benefit plans	294	229	-
	2,393	1,973	835
Goods and Services			
Transportation and communications	250	263	78
Information	77	84	13
Professional and special services	403	430	235
Rentals	16	20	17
Purchased repair and upkeep	16	11	-
Utilities, materials and supplies	44	49	48
All other expenditures	8	8	2
	814	865	393
Total operating	3,207	2,838	1,228
Capital			
Construction and acquisition of machinery and equipment	25	55	140
Total expenditures	3,232	2,893	1,368

* For the nine-month period, July 1, 1983 to March 31, 1984.

2. Personnel Expenditures

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84*		
Commissioners	2	2	2		91,289
Management	4	4	1	50,530 - 96,300	57,869
Scientific and Professional					
Law	2	2	1	20,523 - 88,120	58,718
Administrative and Foreign Service					
Administrative Services	4	4	3	13,912 - 57,987	40,037
Information Services	2	2	3	13,579 - 57,980	37,389
Program Administration	16	10	5	13,912 - 57,987	46,969
Other	3	3	3		
Administrative Support					
Clerical	9	8	5	12,932 - 31,743	21,398
Secretarial	11	11	7	12,636 - 31,946	21,433

* For the nine-month period, July 1, 1983 to March 31, 1984.

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Net Program Cost

Figure 10: Net Cost of the Program for the Year 1985-86 ($000)

	Expenditures 1985-86	Add other Costs*	Total Cost 1985-86	Total Cost 1984-85
Offices of the Information and Privacy Commissioners	3,232	298	3,530	3,194

* Services provided without charge by other departments including accommodation charges from Public Works ($261,000) and services provided by Supply and Services Canada and Treasury Board.

Privy Council Office

1985–86 Estimates

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Part III

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This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information on costs and resources as well as special analyses that the reader may require to understand the program more fully. Section III provides supplementary financial information regarding expenditures by object, personnel expenditures, capital expenditures, and grants and contributions.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $38,613,000 for the 1985-86 program expenditures of the Privy Council Program. The remaining expenditures, estimated at $3,593,000, for contributions to employee benefit plans, the salaries and motor car allowances of the Prime Minister, the Deputy Prime Minister and President of the Privy Council, and the Leader of the Government in the Senate as well as motor car allowances for Ministers without Portfolio or Ministers of State will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Privy Council Program		
1	Program expenditures	38,613	42,441
(S)	The Prime Minister's Salary and Motor Car Allowance	62	59
(S)	Deputy Prime Minister and President of the Privy Council - Salary and Motor Car Allowance	42	41
(S)	Leader of the Government in the Senate - Salary and Motor Car Allowance	42	41
(S)	Ministers without Portfolio or Ministers of State - Motor Car Allowance	22	16
(S)	Allowance to former Prime Minister	40	-
(S)	Allowance to widow of former Prime Minister	8	8
(S)	Contributions to Employee Benefit Plans	3,377	2,512
	Total Program	42,206	45,118

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Privy Council Program	
1	Privy Council - Program expenditures, including the operation of the Prime Minister's residence; the payment to each member of the Queen's Privy Council for Canada who is a Minister without Portfolio or a Minister of State who does not preside over a Ministry of State of a salary equal to the salary paid to Ministers of State who preside over Ministries of State under the Salaries Act, as adjusted pursuant to the Senate and House Commons Act and pro rata for any period less than a year; the grants listed in the Estimates and contributions.	38,613,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Total	
Office of the Prime Minister	120	6,682	-	-	6,682	4,247
Ministers' Offices	69	4,576	-	-	4,576	2,248
Privy Council Office	156	10,324	-	25	10,349	8,870
Federal-Provincial Relations Office	64	4,682	-	65	4,747	4,198
Commissions of Inquiry and Task Forces	-	2,058	-	-	2,058	12,500
Security Intelligence Review Committee	-	876	-	-	876	-
Administration	185	10,938	1,980	-	12,918	13,055
	594	40,136	1,980	90	42,206	45,118

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Section I
Program Overview

A. Highlights

The Privy Council Program comprises the activities required to support the Prime Minister in the fulfillment of his responsibilities as head of government and chairman of Cabinet. These include provision of secretariat and administrative support for the Governor in Council and the Cabinet decision-making process and of information and advice concerning the organization of government, government management systems, senior appointments, federal-provincial relations, national security, and foreign intelligence. In addition the Program includes the activities necessary to support the Deputy Prime Minister and President of the Privy Council, the Leader of the Government in the Senate, and the Minister of State (Government House Leader). The following highlights are specific to 1985-86:

- to complete the Royal Commission on the "Ocean Ranger" Marine Disaster, at a cost of $419,000 (see page 13); and

- to complete the Royal Commission on the Economic Union and Development Prospects for Canada, at a cost of $1,580,000 (see page 13).

B. Financial Summary by Activity

Funding requirements for the Privy Council Program for the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Office of the Prime Minister	6,682	5,943	739	14
Ministers' Offices	4,576	3,257	1,319	15
Privy Council Office	10,349	9,398	951	17
Federal-Provincial Relations Office	4,747	4,045	702	19
Administration	12,918	15,107	(2,189)	21
Commissions of Inquiry and Task Forces	2,058	11,767	(9,709)	24
Security Intelligence Review Committee	876	317	559	26
	42,206	49,834	(7,628)	
Authorized person-years	594	564	30	

Explanation of Change: The financial requirements for 1985-86 are 15% or $8 million lower than the 1984-85 forecast expenditures. This decrease is attributable to:

- a decrease of $(2,261,000) in the budgetary requirements of the Royal Commission on the "Ocean Ranger" Marine Disaster due to its completion in 1985-86;
- a decrease of $(7,120,000) in the budgetary requirements of the Royal Commission on the Economic Union and Development Prospects for Canada due to its completion in 1985-86;
- a decrease of ($3,704,000) to reflect the transfer of responsibility for the cost of production of the Canada Gazette to the Supply Administration, Supply and Services Canada;

- increases of $260,000 and 16 person-years and $982,000 and 14 person-years (excluding inflationary increases) in the Prime Minister's Office and Ministers' Offices, respectively, to reflect the expanded organizations and the addition of three Ministers of State;

- an increase of $859,000 for capital purchases;

- an increase of $2,466,000 attributable to salary increases (inflationary) and $152,000 for other salary allowances and benefits; and

- other miscellaneous items amounting to a net increase of $738,000.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $5 million or 10% higher than the 1984-85 Main Estimates of $45 million (Extracts from Part II of the Estimates, page 4). The difference is primarily due to:

- a Supplementary Estimate of $4,163,000 to support new or expanded organizations following the change in government in September of this fiscal year;

- a Supplementary Estimate of $623,000 following the winding-up of the Ministry of State for Social Development and the Ministry of State for Regional and Economic Development;

- an increase of $1,000,000, in excess of the budgetary amount, for production costs of the Canada Gazette; and

- a reduction of $1,120,000 in the resource requirements of the two Royal Commissions.

C. Background

1. Introduction

The role of the Privy Council Office can be described as one of providing services, information and advice to the Prime Minister, of providing secretariat and administrative support for Cabinet and its Committees, and of supporting the decision-making process of Cabinet. Figure 2 presents the Cabinet Committees reporting to Cabinet.

The Deputy Prime Minister and President of the Privy Council is responsible for carrying out various tasks assigned by the Prime Minister. Current activities include a review of government programs, regulatory reform and review of the Guidelines on Conflict of Interest. The Minister of State (Government House Leader) is responsible for the management of the Government's legislative program in the House of Commons and for coordinating the preparation of replies to Parliamentary Inquiries. The Leader of the Government in the Senate is responsible for the management of the Government's legislative program in the Senate.

The Federal-Provincial Relations Office provides information and expert advice to the Prime Minister and Cabinet on all matters of federal government policy from the point of view of federal-provincial relations.

The Program also has responsibility for the Security Intelligence Review Committee, pursuant to section 34 of the Canadian Security Intelligence Service Act. The Committee was established on November 30, 1984 by Order in Council P.C. 1984-3877 of the same date.

The responsibility for the Disaster Financial Assistance Program which formerly rested with this department, has now been transferred to the Department of National Defence. This program was established to provide provinces with financial assistance to ease the provincial fiscal burden resulting from damages caused by disasters.

The priorities and workload of the various elements of the Program are difficult to plan since they are subject to sudden and unpredictable changes as a consequence of the issues which the Government has to confront in the conduct of its day-to-day business and as a consequence of changes in Government priorities, policies or direction.

Figure 2: Cabinet Committees Reporting to Cabinet

- Economic and Regional Development
- Government Operations
- Legislation and House Planning
- Priorities and Planning
- Public Service
- Security and Intelligence
- Social Development
- Special Committee of Council
- Communications
- Treasury Board

It should be noted that the Treasury Board Secretariat is a separate department of government and provides the secretariat support to the Treasury Board.

2. Legal Mandate

The Clerk of the Executive Council of the Province of Canada was sworn Clerk of the Privy Council on July 1, 1867 by the Governor General at the first meeting of the Governor in Council.

In 1940, the Clerk of the Privy Council was, by Order in Council P.C. 1940-1121 of March 25, 1940, given additional duties and also made Secretary to the Cabinet.

On January 1, 1975, the Act respecting the office of the Secretary to the Cabinet for Federal-Provincial Relations and respecting the Clerk of the Privy Council established the Federal-Provincial Relations Office and the position of Secretary to the Cabinet for Federal-Provincial Relations.

3. Program Objective

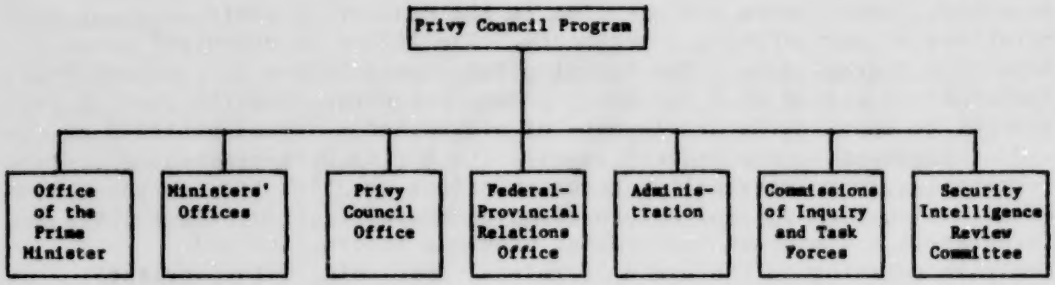
To provide for the operation and support of the central decision-making mechanism of the government.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 3 below, the Privy Council is divided into seven activities. Since the preparation of last year's PART III, an additional activity "Security Intelligence Review Committee" has been added.

The Program activities are described in detail in Section II of this Plan (see page 14).

Figure 3: Activity Structure



Organization Structure: The organization parallels the Program's activity structure. The Privy Council Program is carried out through the various offices which are located in Ottawa, with the exception of Commissions of Inquiry and Task Forces which may be located across Canada as required. The Prime Minister, who is responsible for the Privy Council Program, is aided by the Clerk of the Privy Council and Secretary to the Cabinet, by the Secretary to the Cabinet for Federal-Provincial Relations, and by a Principal Secretary and Chief of Staff.

The Privy Council Office is further subdivided into two main branches: Plans and Operations. The Plans Branch provides support to the Prime Minister, as chairman of the Priorities and Planning Committee, to assist him in discharging his responsibilities with respect to the objectives and priorities of the government and to assist him in determining the organization of Cabinet and the government, including the appropriateness of departmental and ministerial mandates. The Operations Branch is responsible for supporting the operations of Cabinet and of Cabinet sectoral policy Committees. Each Cabinet Committee has a corresponding secretariat which provides the committee with operational support. Two other secretariats do not form part of the two main branches: the Security and Intelligence Secretariat provides information and advice to the Prime Minister and support for the Cabinet Committee on Security and Intelligence; the Senior Personnel Secretariat provides information and advice to the Prime Minister to assist him in discharging his prerogatives for senior appointments.

The Federal-Provincial Relations Office, headed by the Secretary to the Cabinet for Federal-Provincial Relations, is the principal agency responsible for advising the government on federal-provincial and constitutional matters. The functions of the Office are to assist the Prime Minister in his overall responsibility for federal-provincial relations, to support Cabinet in its examination of federal-provincial issues of current

and long term concern, to promote and facilitate federal-provincial cooperation and consultation and to provide assistance to federal Ministers, departments and agencies in the conduct of their relations with provincial governments. The Office is organized into five Secretariats. The Social and Economic Policy Secretariats ensure that a federal-provincial perspective is brought to bear in the development of social and economic policies and/or programs at the federal level. The Policy Development Secretariat formulates policy recommendations relating to constitutional change and reform of governmental institutions. The Integration and Liaison Secretariat provides information and analyses relating to the state of federal-provincial relations and on emerging issues in the field. The Office of Aboriginal Constitutional Affairs provides advice on aboriginal matters generally and is responsible for coordinating all federal government activities relating to the ongoing process of aboriginal constitutional reform.

The Administration activity provides common departmental financial, personnel, administrative and information management services to all activities within the program.

The Security Intelligence Review Committee, an external review mechanism established by section 34 of the Canadian Security Intelligence Service Act, consists of a Chairman and four members. Its function is to report from time to time to the Solicitor General and annually, through the Minister, to Parliament as to whether the operations of the Canadian Security Intelligence Service and the conduct of the Minister in relation thereto are lawful and free of abuse. In addition, it will investigate security related complaints.

The organization structure of the program parallels the activity structure, presented in Figure 3.

D. Planning Perspective

1. Environment

The components of the Program operate in an environment which is very dynamic. The program responds to government priorities which are in turn a function of a variety of factors including economic, social, international, and intergovernmental. Since the program must react quickly to the needs of government, pressures of time and effectiveness of response are important considerations.

2. Initiatives

The program has identified the following initiatives for 1985-86:

Completion of the Royal Commission on the "Ocean Ranger" Marine Disaster: This Commission will produce a two-part report addressing the causes of the loss of the Ocean Ranger, and more generally the safety of offshore drilling operations in Eastern Canada. The work of the Commission will be accomplished at a total estimated cost of $13,056,000, of which $419,000 will be expended in 1985-86 (see page 25).

Completion of the Royal Commission on the Economic Union and Development Prospects for Canada: The mandate of the Commission is to examine Canada's economic position and provide salient recommendations on its betterment. Total expenditures for the Commission are estimated at $20,000,000, including $1,580,000 for 1985-86 (see page 25).

3. Program Effectiveness

The primary operational characteristics of the program is the provision of secretariat support to Cabinet and information and advice to the Prime Minister. The efficient operation of Cabinet and the Cabinet system depends on the level of support provided by the Privy Council Program.

Since the Program exists basically to provide staff support in response to demand and to maintain a system to support Cabinet decision-making, program effectiveness indicators are not defined.

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Section II
Analysis by Activity

A. Office of the Prime Minister

Objective

To provide support services, information and advice to the Prime Minister.

Resource Summary

This area accounts for 15.8% of the program's expenditures and 20.2% of the person-years.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Office of the Prime Minister	6,682	120	5,943	104	4,352	90

The increase in resources is due to new functions assumed in the Prime Minister's Office.

Description/Resource Justification

This Activity provides for the administration of offices providing personal support services, information and advice to the Prime Minister. The Activity also includes costs of operating the Official Residence of the Prime Minister. The Principal Secretary to the Prime Minister is responsible for the management of the Prime Minister's Office.

B. Ministers' Offices

Objective

To provide support services, information and advice to the Deputy Prime Minister and President of the Privy Council, to the Leader of the Government in the Senate, and to the Minister of State (Government House Leader).

Resource Summary

This area accounts for 10.8% of the program's expenditures and 11.6% of the person-years.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Office of the Deputy Prime Minister and President of the Privy Council						
Office of the Leader of the Government in the Senate						
Government House Leader						
Ministers without Portfolio and Undesignated Ministers of State	4,576	69	3,257	55	1,809	39

The increase in resources is due to the existence of a new sub-activity "Government House Leader", coupled with the fact that there will be full person-year complements in 1985-86 for each of the sub-activities. As well, there are three additional Ministers of State.

Description/Resource Justification

This Activity provides for the administration of offices providing support services, information and advice to:

- the Deputy Prime Minister and President of the Privy Council, the Leader of the Government in the Senate, and the Government House Leader.

The Chief of Staff for the Office of the Deputy Prime Minister and President of the Privy Council is responsible for the management of the Minister's Office.

In the Office of the Leader of the Government in the Senate, the Chief of Staff is responsible for its management.

The Chief of Staff for the Government House Leader is responsible for the management of the Minister's Office, including the Legislative Unit and the Parliamentary Returns Section.

Ministers without Portfolio and Ministers of State are appointed to the Cabinet to discharge specific responsibilities assigned by the Prime Minister.

C. Privy Council Office

Objective

To support the Prime Minister and Cabinet in the operation of the central policy decision-making process and to provide information and advice to the Prime Minister in the discharge of his responsibilities as head of government and Chairman of Cabinet.

Resource Summary

This area accounts for 24.5% of the program's expenditures and 26.3% of the person-years.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Privy Council Office	10,349	156	9,398	150	7,676	142

The increase in resources is attributable to the transfer of person-years from the Ministry of State for Social Development and the Ministry of State for Economic and Regional Development to the Privy Council Office, following their wind-up in 1984-85.

Description/Resource Justification

The overall responsibilities of the Privy Council Office may be summarized as follows:

- co-ordination and provision of material related to the meetings of Cabinet and committees of Cabinet for the use of the Prime Minister, the chairpersons of committees, and members of committees (committees reporting to Cabinet are presented in Figure 2, page 10);
- liaison with departments and agencies of government on Cabinet matters;
- undertaking special studies related to matters of current public policy concern as required. This includes participation in interdepartmental committees of officials through the provision of chairpersons, members

and secretariats and the preparation of papers for, and on behalf of, such committees;

- provision of support and advice to the Prime Minister respecting his prerogatives and responsibilities for the organization of the Government of Canada and for making recommendations to the Governor in Council on senior appointments;

- provision of support and advice to the Prime Minister in his constitutional role as advisor to the Crown;

- provision of advice to the Prime Minister on national security and foreign intelligence matters; and

- contributions for the preparation of case studies in public administration.

While the above functions are expected to remain stable throughout the current timeframe, the priorities of the Privy Council Office can be altered dramatically and unpredictably as a consequence of changes by the government to its established priorities, policies or direction, either in response to externally induced pressures or by a conscious decision to pursue a different policy objective.

D. Federal-Provincial Relations Office

Objective

To assist the Prime Minister in discharging his overall responsibility for maintenance of effective federal-provincial relations and for the ongoing review of constitutional matters.

Resource Summary

This area accounts for 11.2% of the program's expenditures and 10.8% of the person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Federal-Provincial Relations Office	4,747	64	4,045	60	3,029	49

In fiscal year 1984-85 the responsibility for the Aboriginal Services Delivery Task Force was transferred from the Ministry of State for Social Development to the Federal-Provincial Relations Office. Resources of $280,000 and 5 person-years will be required for its operations in 1985-86. The balance of the increase in the Estimates as compared to the 1984-85 Forecast is due to inflationary increases for salaries and wages.

Description/Resource Justification

The Federal-Provincial Relations Office provides information and expert advice to the Prime Minister and Cabinet on matters of federal government policy from the point of view of federal-provincial relations. In particular it undertakes the following:

- Formulates appropriate longer term policy on federal-provincial relations relating to the management of the Federation, constitutional change and reform of governmental institutions;

- Provides information and analyses relating to the current state of federal-provincial relations and on emerging issues which require development of appropriate policies;

- Ensures that a federal-provincial perspective is brought to bear in the development of social and economic policies and/or programs at the federal level;

- Provides expert advice on aboriginal constitutional matters, and maintains effective relations with representatives of aboriginal peoples, provincial and territorial governments and with federal departments in respect to aboriginal issues;

- Provides administrative support and coordinates preparations and the development of policy proposals for federal participation in First Ministers' Conferences; and

- Coordinates preparations for the Prime Minister's bilateral and multilateral meetings with his provincial counterparts.

The resource needs of the Federal-Provincial Relations Office vary with the number of Federal-Provincial First Ministers, Ministers, and Official Conferences to be supported.

E. Administration

Objective

To provide efficient and effective financial, administrative, information management and personnel services in support of departmental operations and systems.

Resource Summary

This area accounts for 30.7% of the program's expenditures and 31.1% of the person-years.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	12,918	185	15,107	195	14,286	206

The decrease in resource requirements (financial) is mainly attributable to the transfer of the costs of producing the Canada Gazette to the Department of Supply and Services effective April 1, 1985 ($3,704,000). This is offset by increases, in 1985-86, for capital purchases, continued implementation of the department's Long Range Information Systems Plan, and inflationary increases for salaries and wages.

The decrease in person-years is to reflect a stabilization of person-years in the activity, which were over-utilized in 1984-85, mainly in the area of Word Processing. This was in response to workload demands in this area.

Description/Resource Justification

The administration activity renders common financial, administrative, information management, and personnel services within the entire Program. These services are offered through the following area: Financial Management, Administration, Information Systems and Services, Personnel, Orders in Council, Cabinet Papers Distribution and Control, and Access to Information. This includes the following tasks:

Financial Management:

- to provide effective and efficient financial services and reporting systems; and
- to provide factual and timely advice to management on the impact and implications of decisions related to financial matters.

Administration:

- to provide and plan adequate accommodation, telecommunications and office equipment requirements; and
- to organize and deliver the required administrative services effectively and efficiently to meet the operational requirements.

Information Systems and Services:

- to provide and plan a full range of services for the acquisition, organization, processing, transmission, storage and retrieval of information;
- to plan and implement new information systems and programs; and
- to provide technical advice and support services in areas of data and video communications.

Personnel Management:

- to provide effective and efficient personnel services and reporting systems; and
- to provide factual and timely advice to management on the impact and implications of decisions related to personnel matters.

Orders in Council:

- to provide administrative services in connection with regulations made under the Statutory Instruments Act, including the examining, editing, registering, and arranging for publication of federal statutory regulations in Part II of the Canada Gazette; and

- to examine submissions to the Governor in Council to ensure conformity with policy and legal requirements, and undertake the preparation of draft orders.

Cabinet Papers Distribution and Control:

- to co-ordinate the printing, distribution, and control of all documents submitted to or emanating from Cabinet or Cabinet Committee meetings and to schedule such meetings.

Access to Information:

- to respond to requests for access to information under the Access to Information and Privacy Acts.

F. Commissions of Inquiry and Task Forces

Objective

To gather information and to report under specific terms of reference as well as to carry out short term projects.

Resource Summary

This area accounts for 4.9% of the program's expenditures.

Figure 9: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Royal Commission on the "Ocean Ranger" Marine Disaster	419	2,680	4,518
Royal Commission on the Economic Union and Development Prospects for Canada	1,580	8,700	8,691
Commission to Review Salaries of Members of Parliament and Senators	59	187	-
Commission of Inquiry into Marketing Practices for the Potato Industry in Eastern Canada	-	200	-
	2,058	11,767	13,209

Description/Resource Justification

Inquiries are of various kinds but the common denominator is the autonomy and independence of the body given the responsibility of inquiring into and reporting upon whatever terms of reference are given. The most important inquiry is one under Part I of the Inquiries Act which gives to Commissioners extensive powers and broad terms of reference. Task Forces usually are set up under ministerial authority with strictly limited terms.

Certain Commissions of Inquiry for which Ministers have been designated are reported in the Part III document for that Minister's department. In the case of the Privy Council Program, the Prime Minister has been designated as the Minister responsible for the following:

Royal Commission on the "Ocean Ranger" Marine Disaster: This Commission was established by the Government of Canada, under Part I of the Inquiries Act on March 17, 1982 and by the Government of Newfoundland under the Enquiries Act of that Province. Its mandate is to inquire into and report upon the loss of the semi-submersible self-propelled drill rig "Ocean Ranger", together with all members of her crew, on or about the 15th day of February 1982 on the Continental Shelf of Canada, the reasons and causes therefore and, without restricting the generality of the foregoing, to inquire into, report on and make recommendations on means of improving the safety of Eastern Canada offshore drilling operations.

The Commission will wind-down its operations in 1985-86, following production and submission of the final report in May or June, 1985. Forecasted expenditures chargeable to the Federal Government for 1985-86 are $419,000, bringing total expenditures for the Commission to $13,056,000.

Royal Commission on the Economic Union and Development Prospects for Canada: This Commission was established under Part I of the Inquiries Act on November 5, 1982 to inquire into and report upon the long-term economic potential, prospects and challenges facing the Canadian federation and its respective regions, as well as the implications that such prospects and challenges have for Canada's economic and governmental institutions and for the management of Canada's economic affairs.

The Commission will wind-down its operations in 1985-86, following publication of the final report, which is targetted for June 1985. Forecasted expenditures for 1984-85 are $8,700,000 and for 1985-86 are $2,100,000, bringing total expenditures for the Commission to $20,000,000.

Commission to Review Salaries of Members of Parliament and Senators: This Commission was established under subsection 34(7) of the Senate and House of Commons Act on October 25, 1984 to inquire into the adequacy of the annual variations of sessional allowances payable to members of the Senate and House of Commons and other allowances payable to them and report to the Governor in Council by April 25, 1985.

Total expenditures for the Commission are estimated at $246,000, which includes $59,000 for 1985-86.

G. Security Intelligence Review Committee

Objective

To review and report on the operations of the Canadian Security Intelligence Service and to investigate security clearance related complaints.

Resource Summary

This area accounts for 2.1% of the program's expenditures.

Figure 10: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Security Intelligence Review Committee	876	317	-

The resources in 1985-86 represent a full year of operations, while the resources for 1984-85 are for 4 months of operation following the establishment of the Committee on November 30, 1984.

Description/Resource Justification

The Security Intelligence Review Committee is the external review mechanism established by section 34 of the Canadian Security Intelligence Service Act, and consists of five members appointed by the Prime Minister.

Its functions are to report from time to time to the Solicitor General and annually, through the Minister, to Parliament as to whether the operations of the Canadian Security Intelligence Service and the conduct of the Minister in relation thereto are lawful and free of abuse. It will also review general complaints made against the Service, as well as complaints arising out of the denial of security clearances in the public service or to applicants for Canadian citizenship or immigration.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Privy Council expenditures by Object are presented in Figure 11.

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	24,309	21,226	17,926
Contributions to Employee Benefit Plans	3,377	2,692	2,517
Other Personnel Costs	73	22	20
	27,759	23,940	20,463
Goods and Services			
Transportation and Communications	3,132	2,695	2,687
Information	78	4,145	3,194
Professional and Special Services	4,166	3,542	2,603
Rentals	318	822	200
Purchased, Repair and Upkeep	460	526	413
Utilities, Materiels and Supplies	1,275	819	772
All Other Expenditures	2,948	12,134	13,401
Total operating	12,377	24,683	23,270
Transfer Payments	90	90	129
Capital	1,980	1,121	686
Total expenditures	42,206	49,834	44,548

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2. Personnel Expenditures

Figure 12: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive	139	122	112	50,530 - 96,300	63,537
Scientific and Professional	10	8	6	19,782 - 50,712	36,013
Administrative and Foreign Services	183	131	131	13,330 - 63,870	36,516
Technical	6	5	5	12,635 - 57,691	33,340
Administrative Support	235	236	253	12,636 - 31,946	21,729
Operations	21	24	24	13,253 - 40,676	21,011

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated based salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 13: Allocation of Capital Budget expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Equipment and Furniture	**1,980**	1,121	686

4. Transfer Payments

Figure 14: Details of Transfer Payments ($)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Federal-Provincial Relations Office -			
Institute of Inter-governmental Affairs, Queen's University	65,000	65,000	65,000
Centre for Legislative Exchange	-	-	40,000
	65,000	65,000	105,000
Contributions			
Privy Council Office For the preparation of case studies in Canadian Public Administration	25,000	25,000	23,882
	25,000	25,000	23,882
	90,000	90,000	128,882

B. Cost Analysis

Net Program Cost

The Privy Council Program 1985-86 Estimates include only authorities to be voted and statutory authorities. Also to be taken into consideration are services provided without charge by other departments, primarily for accommodation provided by Public Works ($4,030,000). The Privy Council Program recovers fifty percent (50%) of expenditures incurred by the Royal Commission on the "Ocean Ranger" Marine Disaster (excluding Commissioners' Emoluments paid by the Federal Government) from the Province of Newfoundland. This will amount to approximately $200,000 in 1985-86. The revenue generated is credited directly to the Consolidated Revenue Fund and is not available for use by the program.

Figure 15: Total Cost of Program ($000)

	1985-86			
	Operating Expenditures	Add Other Costs	Total Cost	Total Cost 1984-85
Program Total	42,206	4,451	**46,657**	55,157

Public Archives Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Public Archives
Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $38,418,044 in support of the Public Archives. The remaining expenditures, estimated at $3,458,956 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Public Archives		
85	Program expenditures	38,418	36,382
(S)	Contributions to employee benefit plans	3,459	3,055
	Total Program	41,877	39,437

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Public Archives	
85	Public Archives - Program expenditures and authority to spend revenues received during the year	38,418,044

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						1984-85 Main Estimates
		Budgetary					
	Authorized person-years	Operating	Capital	Sub-total	Less: Revenues credited to the vote	Total	
Archival Operations	295	16,613	175	16,788	-	16,788	16,054
Government Records Management	287	10,974	1,241	12,215	1,900	10,315	9,672
Departmental Services	234	14,239	535	14,774	-	14,774	13,711
	816	41,826	1,951	43,777	1,900	41,877	39,437

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Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 90 - Public Archives - Program Expenditures and authority to spend revenues received during the year	33,249,000	4,522,542	33,785,054
Statutory - Contributions to Employee Benefit Plans	2,860,000	3,184,000	3,184,000
Total Program	36,109,000	37,706,542	36,969,054

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Public Archives of Canada anticipates a complete revision of its 1912 Act as new legislation is presently under consideration.

Specific goals in 1985-86 for the Public Archives Program include the following:

- to have in place a fully operational function in support of access and privacy legislative requirements, within the Archival Operations Activity, with 12 person-years and $459,000 in operating funds (see page 27);

- to have in place a fully operational function for the evaluation of records management operations in government institutions, with evaluations completed on the state of records management in 15 government institutions at a cost of three person-years and $77,000 in operating funds (see page 34);

- to begin the microfilming of the 325 metres of Papers of the Right Honourable John G. Diefenbaker at a cost of $55,000 in operating funds (see page 26); and

- to code into an automated data base 560,000 index cards to land patents issued by the Crown in Western Canada, between 1867 and 1930, at a cost of $60,000 (see page 25).

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2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Pages
Expenditures				
Archival Operations	16,788	16,670	118	20
Government Records Management	12,215	11,374	841	28
Departmental Services	14,774	13,727	1,047	35
Total	43,777	41,771	2,006	
Less revenues credited to the Vote (Central Microfilm Operations)	1,900	1,725	175	28 and 41
	41,877	40,046	1,831	
Authorized person-years	816	826	(10)	

* There has not been significant change from 1984-85 Main Estimates. The 1984-85 forecast is $609,000 or 1.5% more than the 1984-85 Main Estimates of $39,437,000. (Extracts from Part II of the Estimates, page 4.)

Explanation of Change: The financial requirements for 1985-86 are 4.6% or $1.8 million higher than the 1984-85 forecast expenditures. This increase is due primarily to:

	$ million
• Allowance for inflation	1.1
• Increased conservation, security and automated systems support for both the Public Archives and the National Library	0.7
• Miscellaneous increases in archival and records management operations	0.4
• Increase in revenue that is credited to the Vote	(0.2)
• Reduction in operating costs base imposed by Treasury Board	(0.2)

B. Recent Performance

1. Highlights

There is only one major change to the Program's 1984-85 Plan which is:

- to have in place a fully operational evaluation function for the evaluation of records systems, with evaluations completed in 6 rather than 15 government institutions as previously planned.

Highlights of the Program's performance during 1983-84 were:

- Step one of a feasibility study on the implementation of automated systems of control for all records within the Archival Operations Activity (a requirements analysis for each of the divisions and for the branch) was completed in 1983-84. Work is continuing on this project (see page 16).

- Initiatives were undertaken towards a more systematic and integrated process for the identification, selection, and acquisition of EDP records of the Government of Canada. An advisory section was established (see page 17). Pilot projects in three departments have begun to test various approaches. Considerable work was put into the development of procedures to carry out the mandatory scheduling of automated personal information banks.

- A study, within Archival Operations, of response times to written inquiries, indicated that the vast majority of replies were provided within a period of thirty days.

- In the Federal Records Centres increased production for the largest function (files returned to departments) was 3.6%. Growth was not as great as anticipated, largely due to lack of shelf space in several centres. In addition, the lower reference figure reflects an improved records management system, which eliminated needless requests.

- More than 95% of the 2,719 formal requests submitted by the public under Part IV of the Canadian Human Rights Act or under the Privacy Act, for information on personnel records of former federal employees, were completed in less than 30 days.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Expenditures			
Archival Operations	16,506	14,626	1,880
Government Records Management	10,122	10,449	(327)
Departmental Services	12,213	12,657	(444)
Total	38,841	37,732	1,109
Less : revenues credited to the Vote (Central Microfilm Operations)	1,872	1,623	249
	36,969	36,109	860
Person-years	807	795	12

The difference between actual expenditures and the Main Estimates is approximately $860,000 or 2.4%. The major items accounting for the difference are:

- Supplementary Estimates:
  - Purchase of archival collections $584,000
- Transfers from Treasury Board Vote 10 - Employment Initiatives:
  - Federal Summer Employment Opportunities Program $524,000
  - New Employment Expansion and Development (NEED) Program $165,000
- Additional Employee Benefit Plans funds $324,000
- Lapsed funds ($737,000)

C. Background

1. Introduction

Since 1872, the Public Archives of Canada has acquired, controlled and conserved archival records in such forms as manuscripts, federal government records, maps and plans, audio-visual records, iconographic items, and other material for historical research. During this time, the Public Archives has evolved a dual role as a national cultural institution responsible for archival records in all media and as an administrative arm of the federal government providing advisory and operational services in records management.

The Public Archives provides a memory to government by promoting sound records management practices and by preserving federal records of permanent value. Effective management of records facilitates decision making and the efficient administration of government programs. In particular, good records management assists in the administration of the Access to Information and Privacy Acts, by ensuring that information can be located quickly and easily. It also ensures that material of enduring value is segregated and preserved, for the benefit of both the government and the research community.

Through donations and gifts from the private sector, the Public Archives has acquired significant archival records relating to the development of the country. It is this collection from individuals and organizations, combined with the federal government archival record, that has provided a rich resource for the production of Canadian books, films, television and radio programs and local histories, as well as a research source for academics, media representatives, government officials, genealogists, and the general public. For more than a century the Public Archives of Canada has been preserving the collective memory of the Canadian people.

2. Legal Mandate

Under the Public Archives Act of 1912, the Program has the mandate to acquire and preserve "public records, documents and other historical material of every kind, nature and description . . . placed under the care, custody and control of the Dominion Archivist". The 1912 Act confirmed the cultural role of the Public Archives which had acquired, controlled and conserved archival records since 1872.

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Another mandate, assigned to the Public Archives through an Order-in-Council in 1903, was that of serving as official repository for the federal government archives. A 1966 Order-in-Council (the "Public Records Order", P.C. 1966-1749) conferred on the Dominion Archivist a pivotal role in the government records management program. The mandate has been further strengthened through issuance of records management and micrographics policies by Treasury Board in 1983 (Chapters 460 and 445 of the Administrative Policy Manual). The records management policy authorizes the Dominion Archivist to assess and approve proposals to destroy government records and to provide advice and training in records management. The Dominion Archivist is also authorized to operate storage facilities for government records, to provide secure sites for essential records, and to manage a National Personnel Records Centre. Authorization is also given for evaluating the records management function in government institutions, and for reporting annually to Treasury Board on the state of records management in the Government of Canada. The micrographics policy assigns the Public Archives responsibility for ensuring the good management of federal government microform records, the development and maintenance of technical expertise in micrographics, and the provision of microfilm services through its Central Microfilm Operations.

3. Program Objective

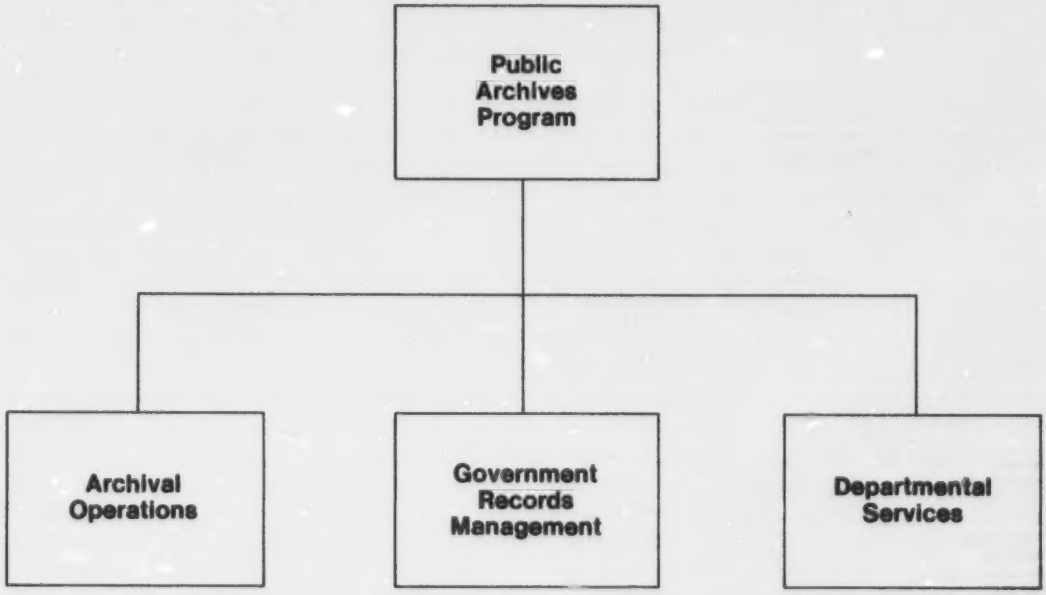
The objective of the Public Archives Program is the systematic preservation of government and private records of Canadian national significance in order to facilitate not only the effective and efficient operation of the Government of Canada and historical research in all aspects of the Canadian experience, but also the protection of rights and the enhancement of a sense of national identity based on archives as the collective memory of the nation.

The Public Archives acquires records of a permanent value from federal government institutions included within schedules "A" and "B" of the Financial Administration Act. It also acquires, on a negotiated basis, records from other government institutions such as crown corporations. From the private sector, the Public Archives selects for preservation archival material of enduring national significance and many local, municipal, institutional and provincial archives are devoted to the acquisition and preservation of public and private sector archival records within their jurisdiction.

4. Program Organization for Delivery

Activity Structure: The Public Archives Program consists of three activities: Archival Operations, Government Records Management and Departmental Services as shown in Figure 3. It should be noted that the Public Archives provides financial, administrative, personnel, exhibition and conservation services for the National Library of Canada through the Departmental Services Activity.

Figure 3: Activity Structure



Organization Structure: The Public Archives of Canada has its headquarters and main centre of operations located in the National Capital Region. In addition, records centres in Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver provide storage and service facilities to the regional operations of federal government departments and agencies. For security, the Public Archives has an Essential Records Site located outside the National Capital Region. Offices are also maintained in London, England and in Paris, France for the acquisition of archival records relating to Canada.

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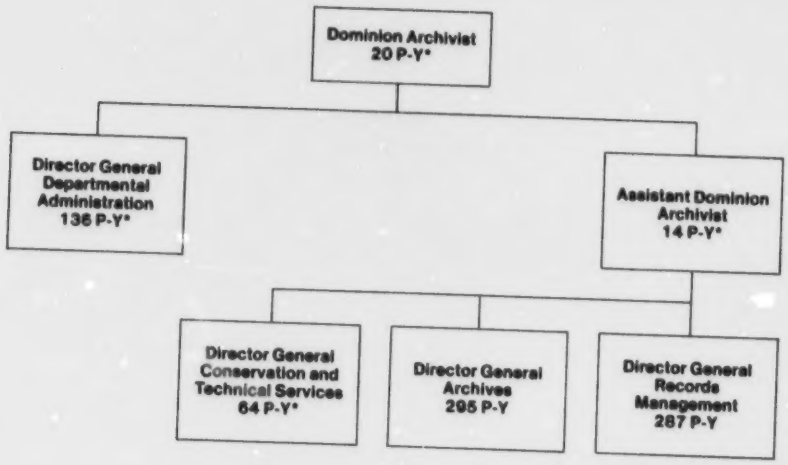
Reporting to the Minister of Communications, the Dominion Archivist is aided by the Assistant Dominion Archivist and the Director General of Departmental Administration. The Directors General of the Archives, Records Management and Conservation and Technical Services Branches report directly to the Assistant Dominion Archivist. The organizational units follow the activity structure as shown in Figure 4.

Figure 4: 1985-86 Resources by Organization/Activity ($000).



					Activity Totals
Archival Operations 295 P-Y	–	–	16,788	–	16,788
Government Records Management 287 P-Y	–	–	–	10,315	10,315
Departmental Services 234 P-Y*	10,911	3,863	–	–	14,774
	10,911	3,863	16,788	10,315	41,877

D. Planning Perspective

1. Environment

There are a number of key factors which may significantly affect the Public Archives Program. These are:

The Information Explosion and New Technologies: Over the past decade, the volume of information produced by the government and by the private sector has increased tremendously. This information is being recorded on a variety of new media such as optical and magnetic discs, tapes and film, as well as on the more traditional medium of paper. At the same time, technology is multiplying the possibilities of storing large quantities of information in ever smaller formats.

The explosion of information challenges archives. Its abundance makes difficult the selection of appropriate records for longterm retention, and imposes new responsibilities on archives for the acquisition, care, custody and servicing of each new record medium. Of particular concern currently are the new automated media such as machine readable records. At the same time as more new records are created, others are destroyed by erasing or are rewritten before an archivist ever becomes aware of their existence. Access to those records which do come into an archives becomes complicated by the variety of media and micro formats making processing, storage, and indexing complex activities demanding specialized skills and technologies. Moreover, as archival information increases so does the public demand for access and use. To meet these demands, archives must turn to the new technologies for assistance, becoming themselves increasingly dependent upon automated systems for information control and retrieval, and upon the new media for information display and distribution.

Accommodation and Security Pressures: The present accommodation situation of the department remains critical. The Wellington Street site in Ottawa is shared with the National Library of Canada and was filled to capacity in the early 1970s. The ongoing program of installing a compact shelving system has substantially increased the storage capacity and provided some temporary relief. However, over the past decade, staff members of the Public Archives have been forced into a number of make-shift office and processing areas and historical records are now being stored under non-archival conditions throughout the National Capital Region. Within the National Capital Region, the Public Archives is housed in 13 buildings, most of which have inadequate storage and environmental conditions.

Security is a related factor in the department's concern for the safeguarding of its holdings and resources. There is a continuing need to update existing security procedures and devices in order to cope with increased risks and to protect the sensitive and irreplaceable records

being placed within its custody. At the same time the Public Archives must ensure that there is appropriate client access to these records. There is also a pressing requirement to ensure that continuing measures, resources and facilities are upgraded to provide timely and correct action in emergency and disaster situations.

Specialized Preservation Requirements: The collections of the Public Archives are unique treasures and are irreplaceable. Preservation is mandatory so that these collections can be enjoyed now and by future generations. Many archival items have deteriorated before they arrive at the Public Archives. These require remedial conservation and restoration. All records, even those in good condition at the time of their acquisition, require proper preservation and protection due to their fragile nature. Such requirements demand skilled conservators, technical expertise and specialized conservation equipment.

2. Initiatives

In 1985-86, the Public Archives Program will direct much attention to the following initiative:

Evaluation of records management operations: The Public Archives Program is responsible for the evaluation of records management operations in government institutions, and for reporting regularly to Treasury Board on the state of records management in the federal government. The department undertook this new function in 1984-85 using existing resources. Planning for its initiation has been undertaken with representatives of the Treasury Board Secretariat, the Office of the Comptroller General, and the Office of the Auditor General, as well as through consultation with the audit community in the federal government. In 1985-86, three person-years and $77,000 will be involved in the completion of evaluations of the state of records management operations in 15 government institutions. (See page 34.)

The Public Archives Program will also continue the following initiatives:

Automated Control: The requirements summary and analysis report of the feasibility study was completed in 1984. It recommended that the Archival Operations Activity proceed with systems development, using an existing facility to implement automated control systems by 1987. It is expected that work will begin in 1985-86 on systems development in those areas which do not have systems plans.

Access to Information and Privacy Legislation: This legislation requires the Program to respond to demands for information contained in government records under the control of the Dominion Archivist. A unit has been established to review records page-by-page to determine whether information contained in these records can be released under the terms of the legislation. A total of 210,000 pages were reviewed in 1983-84 after the promulgation of the legislation. It is expected that 400,000 pages will be reviewed in 1984-85 and 600,000 pages in 1985-86.

EDP Information Systems Section: The section was established in 1983-84 to assist departments in the identification, description and scheduling of EDP records. However, delays in staffing were experienced and the section will be fully operational in 1984-85.

Optical Disc: Extensive investigations were conducted in 1983-84 into the recording of machine readable data and motion picture images onto optical discs and back to computer tape or motion picture film. During the investigations the type of software and hardware required to transfer and regenerate the information was identified. Research will continue in 1984-85 into transferring and regenerating information contained on machine readable tape, motion picture film and black-and-white photographic images. The use of the optical disc as a practical means of archival conservation is being examined within an evaluation study of the conservation component being done in 1984-85.

3. Program Effectiveness

The program effectiveness of the Public Archives is related to its program objective - the systematic preservation of government and private records of Canadian national significance. The Public Archives Program Evaluation Unit has developed a five year evaluation cycle commencing in 1981-82 based upon the following components: acquisition, control, conservation, research and public service, and records management. A first program evaluation study of records centres within the records management component was completed in 1982-83. The Public Archives is currently undertaking a program evaluation study of its conservation component and its research and public service component.

Several criteria exist for measuring the effectiveness of the Public Archives Program.

Government Records Management: The objective of the Government Records Management Activity is the optimum management of records in government institutions. The Public Archives is responsible for facilitating a sound records management program in government departments and for providing cost-effective records centres and micrographics operational services. There are three criteria for the measurement of the effectiveness of this activity:

Departmental and Agency Compliance: The effectiveness of the Public Archives in promoting and making departments aware of sound records management can be measured by the extent to which departments comply with established administrative policies. The Dominion Archivist reports annually to Treasury Board on departmental and agency compliance. The 1983-84 report describes the initiatives undertaken by the Public Archives and specifically notes the initiation of the evaluation function and the development of automated support systems in records management. It comments also on steps taken to improve the records scheduling and disposal function in departments and agencies and on initiatives undertaken to bring the vast stores of EDP data in the federal government under records management and archival control.

Client Satisfaction: The effectiveness of the Government Records Management Activity can be measured in terms of client satisfaction. For example, one measure of the records management program is the extent to which client departments and agencies are satisfied with the micrographic and federal records centres services provided to them. The 1982-83 program evaluation study of records centres and their 850 client department and agency offices indicated a high level of satisfaction in all regions for retrieval and disposal timeliness.

Cost Savings: The Public Archives records centres seek to provide their services so as to produce cost savings against the alternative of having government departments and agencies maintain and service their records. These cost savings may be real savings or savings through cost avoidances. This benefit is monitored by the Program in an ongoing manner and the 1982-83 program evaluation study estimated 1981-82 cost savings at approximately seven million dollars under the assumption that in the absence of a records centres system client departments and agencies would seek and require equivalent services.

Archival Operations: There are two related basic responsibilities within the Archival Operations Activity: service to a variety of user groups and audiences, and preservation which includes acquisition, control and conservation functions. The cultural benefits of a preservation function include on-going and future accessibility. The service responsibility may be measured in part by user satisfaction. The specific effectiveness measures are now being developed and analyzed in a program evaluation of the research and public service component. These measures will be reported on at the conclusion of that evaluation study. Output volumes of major Archival Operations sub-activities are found in Figures 8 to 11 (pages 24 to 27).

Conservation and Technical Support: A program evaluation study of the conservation component, which began in 1984-85, identifies and examines criteria for program effectiveness. These criteria will be reported in the evaluation study report in 1985-86.

Section II
Analysis by Activity

A. Archival Operations

Objective

The systematic identification and preservation of government and private records which document the on-going Canadian experience, thereby protecting the national collective memory for the benefit and enrichment of present and future generations.

Resource Summary

Expenditures for the Archival Operations Activity will account for approximately 40% of the Public Archives' operating budget in 1985-86. For the non-capital expenditures of $16,613,000, about 68% are personnel related, 14% are for professional and special services, 5% for utilities, materials and supplies, and 13% for other expenses including the purchase of archival record collections from the private sector. Capital expenditures will be $175,000.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast* 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Archival Operations	**16,788**	**295**	16,670	307	16,506	291

* These figures include 12 person-years and $112,000 in operating costs for the summer student employment program.

Past Financial Performance

Figure 6: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	**$**	**P-Y**
Archival Operations	16,506	291	14,626	282	**1,880**	**9**

The difference of $1,880,000 between actual expenditures in 1983-84 and the Main Estimates results from the following major items:

- Sponsorship and co-ordination of 15 Summer Canada projects in other archival institutions $336,000
- Summer student employment program and New Expansion and Development (NEED) projects $267,000
- Purchase of archival collections $875,000

The increase in person-years results from three additional person-years for the application of the Access to Information and Privacy legislation relating to government historical records and person-years for the summer student employment program.

Description

The Archival Operations Activity acquires, controls, and conserves federal government records considered to be of long-term historical value and a variety of other records from the private sector which document the development of Canada and are of enduring national value. Service to the public, to government, and to other institutions is provided through research facilities and reference endeavours, through the dissemination of information about the records, and through advice and assistance on archival matters.

The growth in the size of its holdings and the multiplication of the various media on which information is stored has led to an evolution of the Archival Operations Activity into distinct organizational entities as indicated in Figure 7.

Figure 7: Archival Operations Activity as Reflected by Organizational Entities and Record Holdings

Organizational Entity	Principal Record Holdings
Federal Archives	Government textual records
Machine Readable Archives	Government and private EDP records
Manuscript Division	Private sector textual records and the records of public officials
National Film, Television and Sound Archives	Government and private audio-visual records
National Map Collection	Government and private cartographic and architectural records
National Photography Collection	Government and private photographs
Picture Division	Government and private documentary works of art
Public Archives Library	Government and private publications

The sub-activities comprising the Archival Operations Activity and their functions are as follows:

Acquisition: involves locating, examining, selecting, and receiving by donation, transfer or purchase archival records in the federal government and private sectors. The acquisition sub-activity also involves the placement and registration of these records within the Public Archives.

Control: involves the actions and processes performed to reach an adequate level of physical management of archival records to ensure proper storage and to facilitate retrieval. The control function also involves the management of the information contained in these records through the maintenance of comprehensive documentation, the proper arrangement of the records, and the preparation of research tools (finding aids, indexes, inventories and guides).

Conservation: includes any procedures or processes performed on archival records which enhance their life-span. Most of the conservation measures which are carried out are palliative in nature as opposed to restorative (repairing of records in their original form). Palliative conservation processes depend on the medium of the record. Included are the insertion of textual records in acid-free file folders and boxes and the conversion of record holdings to safer formats. Examples in the latter category include the microfilming of textual records and the subsequent withdrawal of the original records from use by the public, and the copying of nitrate motion picture film holdings onto safety film. Other processes include the precision rewinding of machine readable tapes.

Service to the Public: includes the provision of advice, assistance or information to any individual, group or organization about the Public Archives, its holdings, services and activities, or about archives in general. There are three principal types of service. Researcher Services provide information from, access to, extracts from and copies of the records, and advice on the conduct of historical research and research opportunities, in response to or in anticipation of requests. Professional Services include the provision of advice, assistance, and training on archival methodology and management to members of the archival community and related disciplines. Outreach Services focus on the wide spectrum of the general public and include methods such as publications prepared to illustrate the range of holdings and exhibitions displayed in the main building and shown in other locations in Canada and abroad.

Performance Information/Resource Justification

The following data are based on a performance measurement system initiated in 1980 and still undergoing modification, revision and feasibility assessment. Outputs are expressed differently this year for acquisition, control and conservation. In order to render them more meaningful, they have been detailed in terms of the various media acquired and controlled and in terms of the different conservation processes actually carried out by staff of the activity or paid for by activity funds.

Acquisition: In 1985-86, the Archival Operations Activity will reduce slightly its acquisition outputs, with a decrease of 1 person-year available for this sub-activity. (See Figure 8.)

Because of accommodation constraints and pending the completion of an acquisition policy document, the activity has made an effort not to increase its level of acquisitions. The very large volume of 9,105 metres of textual government records transferred in 1983-84 results from a long-term accumulation in records centres. The activity was able to receive these records in that year as a result of the availability of a new satellite storage facility. A more normal level of some 3400 metres of government textual records is anticipated in 1985-86.

The large level of photographic records acquired in 1984-85 results from the receipt of a very large collection of some 350,000 photographs from a Montreal photographer, Pierre Gauvin-Evrard, and from the direct transfer of 120,000 photographs from Public Works Canada, in addition to the usual level of acquisitions.

Figure 8: Acquisition (Selected Outputs and Person-Year Utilization)

Outputs Description	Output Volumes		
	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Metres of government textual records	3,400	6,000	9,105
Metres of private textual records	950	950	1,170
Photographic records	275,000	650,000	141,726
Film, television and sound records (10-minute segments)	135,000	135,000	87,688
Cartographic records	65,000	55,000	70,858
Machine readable data files	150	150	124
Iconographic records	6,000	6,000	4,312
Published items	28,000	27,000	28,541
Person-Year Utilization	36	37	38

Control: In 1985-86, person-years available for this sub-activity will stay the same (see Figure 9) but expenditures for contractual services will decrease by $66,000. Specific focus in 1985-86 will be to increase somewhat the outputs of records under initial control such as 800 metres of Department of National Defence textual records and 130 metres of textual records from the General Correspondence series of Agriculture Canada. More detailed control processes will also be applied to 560,000 index cards for every land patent issued by the Crown in Western Canada, where land was controlled by the federal government from 1867 to 1930. These cards will be coded into Federal Archives Division's automated data base using contract services. This will allow more efficient access to the several million land patents and ensure the security of the records. The Program will then be able to share this information with the western provinces.

Figure 9: Control (Selected Outputs and Person-Year Utilization)

Outputs Description	Output Volumes		
	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Metres of government textual records	2,970	2,050	1,383
Metres of private textual records	900	900	848
Photographic records	275,000	250,000	141,726
Film, television and sound records (10-minute segments)	60,000	60,000	57,673
Cartographic records	55,000	50,000	61,880
Machine readable data files	75	75	59
Iconographic records	6,000	6,000	2,702
Published items	8,000	7,500	6,141
Person-Year Utilization	101	101	99

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Conservation: In 1985-86, conservation outputs will be constant as will be the person-years devoted to this sub-activity (see Figure 10). Operating costs for the procurement of specialized conservation services will increase by $5,000. Capital expenditures for the purchase of storage equipment and the replacement of other equipment will increase by $30,000. Of specific concern in 1985-86 will be the beginning of the conservation microfilming of the papers of the Right Honourable John Diefenbaker. Forty-two metres of the total 325 metres will be microfilmed at a cost of $55,000 in operating funds. The cyclical recopying of machine readable data files will also continue with 200 data files recopied in 1985-86, at a cost of $50,000.

The measures undertaken will be only a fraction of the work that would have to be carried out if all original items were to be preserved in their original form. Exact statistics on the degree and rate of deterioration of archival material are most difficult to obtain but it is certain that without some sort of conservation, all items will deteriorate and will eventually be lost. As the state of the art in conservation and restoration evolves and as new techniques are developed, deterioration will be more effectively combated. A survey of collections, completed in 1984, is an important first step toward permitting the Activity to identify its requirements for the restoration and protective copying of records.

Figure 10: Conservation (Selected Outputs and Person-Year Utilization)

Outputs Description	Output Volumes		
	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Items conserved or transferred to other formats by branch staff:			
Magnetic tapes rewound	4,000	4,000	939
Film, television and sound records processed	40,000	40,000	38,751
Cartographic records microfilmed	25,000	25,000	33,961
Items transferred to other formats by Central Microfilm Operations:			
Metres of government textual records microfilmed	140	140	142
Metres of private textual records microfilmed	82	45	44.5
Person-Year Utilization	28	28	28

Service to the Public: In 1985-86, no significant change in public service outputs is predicted (see Figure 11). One area of continuing activity in that year will be related to Access to Information and Privacy (ATIP) legislation. This legislation requires the Public Archives to respond to demands for information in government records under the control of the Dominion Archivist. With positions fully staffed in 1985-86, it is expected that approximately 600,000 pages of currently restricted federal government records will be reviewed in that year to determine whether these records can be made available to the public in a manner consistent with the provisions of ATIP legislation. This task will require 12 person-years and $459,000 in operating funds.

Figure 11: Service to the Public (Selected Outputs and Person-Year Utilization)

Outputs Description	Output Volumes		
	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Researchers registered	7,000	7,000	6,853
Researcher attendance	28,000	28,000	28,273
Inquiries responded to	95,000	95,000	96,603
Photocopies supplied	335,000	335,000	335,132
Photographs circulated	1,200,000	1,100,000	954,156
Containers of government and private records circulated	80,000	80,000	80,074
Microfilm reels supplied on interlibrary loan (copies of textual records)	17,000	17,000	17,238
Pages reviewed for access and privacy	600,000	400,000	210,000
Person-Year Utilization	130	129	120

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B. Government Records Management

Objective

The optimum management of government records, which the activity supports by the provision of advice and training, records storage, scheduling and disposal, reference services, micrographic operational services, and the evaluation of records systems.

Resource Summary

Expenditures for Government Records Management will account for approximately 25% of the Public Archives operating budget in 1985-86. For the non-capital expenditures of $10,974,000 about 76% are personnel related, 10% are for utilities, materials and supplies, 8% is for professional and special services, and 6% for other expenditures. Capital expenditures will be $1,241,000 and revenues credited to the Vote (Central Microfilm Operations) will be $1,900,000 (see page 41 for details).

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Expenditures						
Federal Records Centres	5,123	136	5,010	133	4,356	128
Personnel Records	2,846	71	2,730	71	2,716	75
Records Management and Micrographic Systems	1,740	33	1,488	31	1,070	24
Central Microfilm Operations	2,506	47	2,146	47	1,980	49
Total	12,215	287	11,374	282	10,122	276
Less revenues credited to the Vote (Central Microfilm Operations)	1,900		1,725		1,872	
	10,315	287	9,649	282	8,250	276

Past Financial Performance

Figure 13: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Expenditures						
Federal Records Centres	4,356	128	4,261	131	95	(3)
Personnel Records	2,716	75	2,557	69	159	6
Records Management and Micrographic Systems	1,070	24	930	19	140	5
Central Microfilm Operations	1,980	49	2,701	67	(721)	(18)
Total	10,122	276	10,449	286	(327)	(10)
Less revenues credited to the Vote (Central Microfilm Operations)	1,872		1,623		249	
	8,250	276	8,826	286	(576)	(10)

The variance of person-years and financial resources results mainly from a departmental reorganization which occurred in 1983.

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Description

The Government Records Management Activity supports the effective and economic management of federal government records through the following sub-activities:

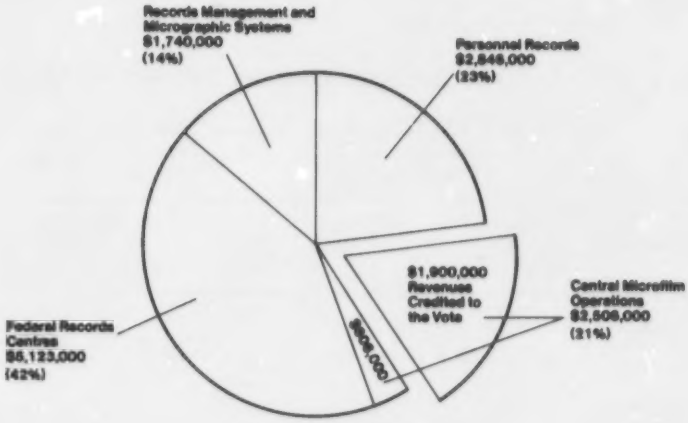
Federal Records Centres: stores, retrieves, and disposes of inactive and essential general records of government institutions. These functions are carried out in facilities located at Ottawa, Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver, as well as at an Essential Records Site located outside the National Capital Region. This sub-activity receives records in records centres for storage, returns records temporarily to institutions for administrative purposes, and disposes of a certain portion of records each year in accordance with approved retention and disposal schedules. In addition, stored microfilm records are inspected to detect deterioration.

Personnel Records: administers and provides reference services to federal institutions and to the general public on personnel and personnel-related records of former civilian and military federal employees, and former members of the Royal Canadian Mounted Police. In addition, this sub-activity assumes the responsibilities defined in current Privacy legislation for all non-current personnel records under its control.

Records Management and Micrographic Systems: advises, trains, and assists government institutions in the management of their records and the use of micrographics, evaluates and monitors the effectiveness of records management in government institutions and the ability of institutions to satisfy the requirements of Access to Information and Privacy legislation, undertakes and promotes research into technological developments, and ensures the effective scheduling (for retention and disposal) of government records. This sub-activity aims to increase administrative efficiency and to ensure that records of permanent value are preserved, through the optimum management of records in government institutions. In addition, it supports efforts aimed at the development of reprographic technology and national micrographic standards. The sub-activity mandate is limited by the fact that it has no role in the initial creation of government records. Records creation, including forms and reports management, is not part of the records management function in the federal government.

Central Microfilm Operations: provides government institutions with on-site and centralized microfilm and duplication services. This sub-activity handles all microforms, with special capacity in the area of microfiche and computer output microfilm. The service is on cost-recovery, through a net-voting arrangement.

Figure 14: Expenditures of the Government Records Management Activity for 1985-86



Performance Information/Resource Justification

Federal Records Centres: The workload of this sub-activity shows little change, as Figure 15 indicates. The volume of demand for return of files to departments on request is not forecasted to increase nor is the volume of records disposed of. However, the magnetic tape library service has become operational, as is indicated by the sizeable increase in number of reels "registered" into and "deregistered" out of the library each year.

In 1985-86, it is expected to have automated control systems in place in all records centres.

Figure 15: Federal Records Centres Productivity

	Forecast 1985-86			Forecast 1984-85			Actual 1983-84		
Outputs Description	Productivity (000)	P-Y	Output (000)	Productivity (000)	P-Y	Output (000)	Productivity (000)	P-Y	Output (000)
Metres of records accessioned	2.7	29.5	80	2.6	29.5	77	2.6	28.3	74.7
Files returned to departments on request	21.4	77.8	1,662	21.6	74.8	1,617	20.2	71.7	1,451
Metres of records disposed of	6.7	16.4	110	6.7	16.4	110	5.8	15.2	87.4
Microfilm reels inspected	2.8	6	17	2.8	6	17	3.2	6.4	20.4
Microfilm reels reboxed	20	0.5	10	21.4	0.7	15	22	1.1	24.2
Magnetic tapes registered	24.1	5.8	73	23.6	5.6	69	19.8	5.3	60.2
Magnetic tapes deregistered			67			63			44.5

Personnel Records: As indicated in Figure 16, the general productivity of the Personnel Records sub-activity is expected to increase only slightly. During 1985-86, strategies for handling EDP data files containing personal information concerning former employees of the federal government will be developed in the context of the implementation of the Treasury Board administrative policy in the management of EDP records.

Figure 16: Personnel Records Productivity

	Forecast 1985-86			Forecast 1984-85			Actual 1983-84		
Outputs Description	Productivity	P-Y	Output	Productivity	P-Y	Output	Productivity	P-Y	Output
Requests for personnel records from government departments	2,033	30	61,000	2,000	30.5	61,000	1,910	32.5	62,082
Formal requests for information from the public	1,058	37.8	3,600	1,051	37.3	3,200	898	39.9	2,719
Informal requests for information from the public			36,400			30,000			33,101
Accession of records (metres)	1,250	1.6	2,000	1,250	1.6	2,000	1,237	1.6	1,980
Disposal of records (metres)	500	1.6	800	500	1.6	800	898	1	898

Records Management and Micrographic Systems: This sub-activity is placing a priority on the implementation of Treasury Board administrative policies in records management and micrographics, and on the implementation of the regulations concerning the administration of Access to Information and Privacy legislation. It is also responsible for the evaluation of records management operations in government institutions. The total number of person-years devoted to this sub-activity in 1985-86 is 33, including 3 additional person-years devoted to the evaluation of records management in departments and research on automated records management systems.

Central Microfilm Operations: This sub-activity is composed of four distinct operational areas: source document microfilming, microfilm processing, roll and fiche duplication, and computer output microfilming. Service demands remain fairly constant, although 1983-84 had an abnormally large volume of source document filming. (See Figure 17.) In 1985-86, computer output microfilm (COM) and related fiche duplication should grow slightly. There will be no increase in person-years.

Figure 17: Central Microfilm Operations Productivity

	Forecast 1985-86			Forecast 1984-85			Actual 1983-84		
Outputs Description	Productivity (000)	P-Y	Output (000)	Productivity (000)	P-Y	Output (000)	Productivity (000)	P-Y	Output (000)
Camera exposures (source document filming)	450	10	4,500	450	10	4,500	521.6	16.9	8,815
Microfilm processing (metres)	65.8	11.4	750	65.8	11.4	750	65.8	12	790
Roll duplication (metres)	750	10	1,000	700	10	1,000	867.7	7	1,028
Fiche duplication			6,500			6,000			5,046
Computer Output Microfilm (frames)	1,346	15.6	21,000	1,282	15.6	20,000	1,485	13.1	19,452

C. Departmental Services

Objective

The provision of administrative support to the operational programs of the Public Archives of Canada and the National Library of Canada and the conservation of the holdings of these two organizations.

Resource Summary

The Departmental Services Activity accounts for approximately 20% of total program expenditures of both the National Library and the Public Archives for 1985-86 and 17% of person-years for both departments. Approximately 61% of the expenditures in this activity are for personnel costs, with 8% for tenant services necessary to fit out accommodations to meet the special technical requirements necessary to hold the collections, and 4% for capital.

It is estimated that in 1985-86, $5,137,000 and 81 person-years of the Departmental Services Activity will be devoted to general administration and conservation and technical support services to the National Library of Canada. The other resources will be devoted to the Public Archives of Canada. (See Figure 18.)

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast* 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
General Administration	10,911	170	10,175	173	9,425	179
Conservation and Technical Support	3,863	64	3,552	64	2,788	61
Total Departmental Services	14,774	234	13,727	237	12,213	240

* These figures include 5 person-years and $38,000 in operating costs for the summer student employment program.

Note: Portion provided as services to the National Library	5,137	81	3,966	68	3,574	69

Past Financial Performance

Figure 19: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
General Administration	9,425	179	9,529	161	(104)	18
Conservation and Technical Support	2,788	61	3,128	66	(340)	(5)
Total Departmental Services	12,213	240	12,657	227	(444)	13
Note: Portion provided as services to the National Library	3,574	69	3,675	65	(101)	4

The variance of person-years and operating money in the Departmental Services Activity results mainly from a departmental reorganization which occurred in 1983.

Description

The Departmental Services Activity is composed of the following sub-activities:

General Administration: Within this sub-activity falls the organizational units which provide services uniquely to the Public Archives: the executive offices and secretariat, planning, public affairs and publications. Also included in this sub-activity are those parts of the organization which provide services jointly to the National Library and to the Public Archives: the office of the Director General of Departmental Administration, internal audit, program evaluation, exhibition services, financial services, personnel services, and administrative services.

Conservation and Technical Support: provides a comprehensive conservation program, photographic services, and optical disc applications research for both the Public Archives and the National Library of Canada. Computer systems services are provided to the Public Archives. The sub-activity carries out the numerous processes required to conserve the various records found in modern archives and libraries, including the mass deacidification of paper and books. It also provides a four to six-year training program to develop senior records conservators.

Performance Information/Resource Justification

General Administration: Figure 20 shows the ratio of General Administration person-year costs to the Program totals of both the National Library and the Public Archives. In both instances the ratios remain relatively constant over the three-year period.

Figure 20: Relationship of General Administration Requirements to Total Resources ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Total resources:						
Public Archives	41,877	816	40,046	826	36,969	807
National Library	32,857	549	31,743	540	29,621	543
	74,734	1,365	71,789	1,366	66,590	1,350
General Administration resources	10,911	170	10,175	173	9,425	179
Percentage of total	14.6	12.5	14.2	12.7	14.2	13.3
Note: Portion provided as services to the National Library	4,364	68	3,256	55	3,016	57

Conservation and Technical Support: At present, performance measurement information mechanisms are under development. The data in Figure 21 reflect current and anticipated performance including increased capacity and scope of book and manuscript deacidification. To achieve these workload volumes about 80% of the total sub-activity human resources indicated in Figure 22 will be used.

Figure 21: Workload Volumes (000s of Items)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Records conserved	45	38	30
Sheets mass-deacidified	3,300	2,500	1,850
Pictures conserved	22	20	20
Preservation negatives	16	16	13
Photography items	70	70	66

Figure 22 provides a breakdown of the total dollars and person-years used in the sub-activity. It is estimated that in 1985-86 $773,000 and 13 person-years will be devoted to conservation and technical support services to the National Library of Canada.

Figure 22: Conservation and Technical Support Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Records conservation (includes deacidification)	1,314	26	1,177	24	924	20
Reprographic services	597	16	639	16	630	18
Picture conservation	594	10	617	11	484	11
Computer systems services	577	6	471	7	465	6
Other technical services (includes optical disc research)	781	6	648	6	285	6
Total Conservation and Technical Support	3,863	64	3,552	64	2,788	61
Note: Portion provided as services to the National Library	773	13	710	13	558	12

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Public Archives expenditures by object are presented in Figure 23. Expenditures for 1985-86 have increased by $1,831,000 (4.6%) over 1984-85.

Professional and special services estimated at $5,306,000 in 1985-86 are distributed as follows: data processing services, $2,069,000; protection services, $955,000; archival researchers/consultants, $1,486,000; training, $531,000; and others, $265,000.

Figure 23: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	24,732	23,738	21,725
Contribution to employees benefit plan	3,459	3,055	3,184
Other personnel costs	306	305	143
Goods and Services			
Transportation and communications	1,184	1,385	1,220
Information	604	600	357
Professional and special services	5,306	5,675	4,293
Rentals	314	193	154
Purchased repair and upkeep			
Tenant Services	1,136	1,027	956
Other	459	445	274
Utilities, materials and supplies	2,902	2,382	2,152
All other expenditures			
Archival purchases	1,021	654	2,138
Other	403	16	66
Total operating	41,826	39,475	36,662
Capital	1,951	2,296	1,650
Transfer payments	-	-	529
Total program expenditures	43,777	41,771	38,841
Revenues credited to the Vote (Central Microfilm Operations)	1,900	1,725	1,872
Net expenditures	41,877	40,046	36,969

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2. Personnel Expenditures

The Public Archives personnel expenditures account for 68% of the total operating expenditures. This includes the statutory contributions to employee benefit plans.

Figure 24: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	20	19	19	50,350-96,300	59,148
Scientific and Professional					
Historical Research	98	94	97	14,911-64,390	36,800
Library Science	11	11	8	19,782-50,712	29,801
Other	4	6	6		43,308
Administrative and Foreign Service					
Administrative Services	98	99	89	13,912-57,987	35,514
Financial Administration	14	15	14	13,853-57,980	38,583
Information Services	11	10	8	13,579-57,980	39,696
Personnel Administration	17	15	14	13,330-63,870	37,615
Other	28	29	25		39,128
Technical					
Drafting and Illustrations	-	-	1		-
General Technical	58	52	52	12,635-55,682	33,550
Photography	14	15	16	17,285-30,844	24,956
Social Science Support	64	64	64	12,635-57,764	33,312
Administrative Support					
Clerical and Regulatory	282	291	280	12,932-31,743	21,715
Data Processing	17	13	11	13,352-37,130	23,262
Office Equipment Operation	25	26	36	12,665-25,271	19,867
Secretarial, Stenographic and Typing	20	21	20	12,636-31,946	20,137
Operational					
General Labour and Trades	32	26	31	14,776-40,676	21,429
General Services	2	2	4	13,253-39,988	21,613
Other					
Foreign Assistants	1	1	1	14,938-63,097	20,361
Summer Students	-	17	16		-

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

The Public Archives is not a heavy user of capital and is not involved in major capital projects. The only significant continuing capital expenditure is the annual purchase of shelving for holdings. Other capital expenditures are usually for specialized archival conservation equipment.

Figure 25: Capital Costs ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Shelving	1,235	1,338	431
Other	716	958	1,219
	1,951	2,296	1,650

B. Revenue Analysis

Figure 26 presents a breakdown of revenue collected by the Public Archives for the years 1983-84, 1984-85 and 1985-86. The bulk of the Program's revenues are derived from the provision of microfilming services to other government departments. The remainder is received from the provision of photocopying and other reproduction services to research clients.

Figure 26: Revenue by Class ($000)

	Forecast 1985-86	Forecast 1984-85	Actual 1983-84
Revenues credited to the Vote Central Microfilm Services	1,900	1,725	1,872
Revenues credited to the Consolidated Revenue Fund Sundry	232	223	253
Total combined revenues	2,132	1,948	2,125

C. Cost Analysis

The Public Archives Program's 1985-86 Estimates include only those expenditures to be charged to the Program's voted appropriation and statutory payment. Other cost items as well as revenues must also be included when considering the actual costs to operate the Program. The adjustments made to the estimated operating expenditures to arrive at a total net cost include: services provided without charge to other departments ($14,846,000), accommodation provided without charge by Public Works ($12,343,370), other services provided without charge by other departments ($627,252), and inclusion of all revenues generated by the Program ($1,900,000 revenues credited to the Vote and $232,000 revenues credited to the Consolidated Revenue Fund).

Figure 27: Total Program Costs for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs	Deduct Other Costs	Total Program Costs	Deduct Revenue	Total Net Costs	Total 1984-85
Archival Operations	16,788	5,188	-	21,976	-	21,976	20,380
Government Records Management	12,215	3,243	9,709	5,749	1,900	3,849	3,139
Departmental Services	14,774	4,539	5,137	14,176	232	13,944	13,361
	43,777	12,970	14,846	41,901	2,132	39,769	36,880

D. Government Institutions Which Receive Services from the Public Archives

Agriculture Canada
Air Canada
Anti-dumping Tribunal Canada
Atlantic Development Council Canada
Atlantic Pilotage Authority Canada
Atomic Energy Control Board
Atomic Energy of Canada Limited
Bilingual Districts Advisory Board
Canada Council
Canada Development Corporation
Canada Labour Relations Board
Canada Mortgage and Housing Corporation
Canada Post
Canadian Broadcasting Corporation
Canadian Commercial Corporation
Canadian Film Development Corporation
Canadian Grain Commission
Canadian Human Rights Commission
Canadian Intergovernmental Conference Secretariat
Canadian International Development Agency
Canadian National Railways
Canadian Patents and Development Limited
Canadian Radio-television and Telecommunications Commission
Canadian Transport Commission
Canadian Wheat Board, The
Commissioner for Federal Judicial Affairs
Consumer and Corporate Affairs Canada
Correctional Service Canada
Crown Assets Disposal Corporation
Custodian of Enemy Property
Defence Construction Canada
De Havilland Aircraft of Canada Limited
Department of Communications
Department of Finance
Department of Insurance Canada
Department of Justice Canada
Economic Council of Canada
Emergency Planning Canada
Employment and Immigration Canada
Energy, Mines and Resources Canada
Environment Canada
Export Development Corporation
External Affairs Canada
Federal Business Development Bank
Fisheries and Oceans
Freshwater Fish Marketing Corporation
Government House
Harbours Board Canada
Health and Welfare Canada
House of Commons

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Immigration Appeal Board
Indian and Northern Affairs Canada
International Development Research Centre
International Joint Commission
Labour Canada
Law Reform Commission of Canada
Medical Research Council of Canada
Ministry of State for Economic Development
Municipal Development and Loan Board
National Battlefields Commission, The
National Capital Commission
National Defence
National Energy Board
National Film Board
National Library of Canada
National Museums of Canada
National Parole Board
National Research Council Canada
Northern Canada Power Commission
Northern Pipeline Agency Canada
Office of the Auditor General of Canada
Office of the Chief Electoral Officer
Office of the Commissioner of Official Languages
Offices of the Information and Privacy Commissioners
Privy Council Office
Public Archives Canada
Public Service Commission of Canada
Public Service Staff Relations Board
Public Works Canada
Regional Economic Expansion
Restrictive Trade Practices Commission of Canada
Revenue Canada
Royal Canadian Mint
Royal Canadian Mounted Police
St. Lawrence Seaway, The
Science and Technology Canada
Science Council of Canada
Secretary of State
Social Science and Humanities Research Council of Canada
Solicitor General Canada
Statistics Canada
Status of Women Canada
Supply and Services Canada
Supreme Court of Canada
Tariff Board
Tax Review Board
Teleglobe Canada
Transport Canada
Treasury Board of Canada Secretariat
Treasury Board of Canada Comptroller General
Veterans Affairs Canada
VIA Rail Canada Inc.

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Public Service Commission of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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3283

1985-86 Estimates

Part III

Public Service
Commission of Canada

3285

Preface

This Expenditure Plan is designed to be used as a reference document and, therefore, contains several levels of detail to respond to the various needs of its readers.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $113,091,000, in support of the Public Service Commission Program. The remaining expenditures estimated at $12,194,000 for contributions to employee benefit plans and additional working capital for the Staff Training and Development Revolving Fund will be made under existing statutory authority.

Parliament has previously authorized a total drawdown of $4,500,000 for the Staff Training and Development Revolving Fund. The projected use of this authority as related to these Estimates is as follows:

	$ thousands
Anticipated unused authority as of April 1, 1985	7,757
Less: 1985-86 Main Estimates (net cash required)	48
Anticipated unused authority as of April 1, 1986	7,709

Financial Requirements by Authority

Vote (thousands of dollars)		**1985-86 Main Estimates**	1984-85 Main Estimates
	Public Service Commission		
35	Program expenditures	**113,091**	109,047
(S)	Contributions to employee benefit plans	**12,146**	10,625
(S)	Staff Development and Training Revolving Fund	**48**	8
	Total Program	**125,285**	119,680

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Public Service Commission	
35	Public Service Commission - Program expenditures	**113,091,000**

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						1984-85 Main Estimates
		Budgetary				Total	
	Authorized Person-Years	Operating	Capital	Sub-Total	Less: Revenues Credited to the Vote		
Management Category Programs	110	6,527	2	6,529		**6,529**	6,034
Non-Management Category Staffing Programs	899	43,612	109	43,721		**43,721**	39,956
Appeals & Investigations	98	4,597	9	4,606		**4,606**	4,307
Audit	51	2,548	4	2,552		**2,552**	2,326
Staff Development and Training *							
Subsidy		2,885		2,885		**2,885**	2,885
Revolving Fund	200	13,806	250	14,056	14,008	**48**	8
Language Training	748	37,237	100	37,337		**37,337**	36,522
Administration	570	27,447	160	27,607		**27,607**	27,642
	2,676	138,659	634	139,293	14,008	**125,285**	119,680

* The Staff Training and Development activity is financed mainly by means of a Revolving Fund and in part, through a subsidy provided by the Commission's appropriation. The Estimates shown on this table refer to the cash requirements for the Fund over the fiscal year. These do not directly reflect the operating profit or loss that the Fund will realize since the latter is calculated on an accrual accounting basis. Therefore, some cash expenditures included in the Estimates do not impact upon the operating balance and certain other items that must be taken into consideration in calculating the profit or loss do not require a direct cash expenditure. The two can be reconciled as follows:

	$ thousands
Expected Operating profit	(190)
Less:	
Non-cash items included in the calculation of the operating profit	-
Plus:	
Cash expenditures not included in the calculation of the operating profit	
Decrease in working capital	(12)
New capital acquisitions	250
Total Estimates (net cash required)	48

For further information on the Staff Training and Development Revolving Fund, refer to the departmental Part III of the Estimates.

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Voted Budgetary Expenditures	$	$	$
Vote 35 - Public Service Commission - Program Expenditures	102,548,000	105,361,329	96,182,715
Statutory Budgetary Expenditures			
Statutory - Contributions to Employee Benefit Plans	9,956,000	11,081,000	11,081,000
	112,504,000	116,442,329	107,263,715
Statutory - Staff Development and Training Revolving Fund ...	101,000	101,000	(1,671,191)
Total Program	112,605,000	116,543,329	105,592,524

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

For 1985-86 the Commission has set the following goals:

- The Commission will continue to encourage a departmental approach to staffing and to career management by: implementing the approved framework for delegated staffing authority; providing human resource planning services; and increasing the flexibility of regulations, procedures and controls to strengthen management accountability (page 21).

- The Career Assignment Program, designed to prepare candidates for the Management Category through an integrated program of selection, training and assignment, is decentralizing its services, on a pilot basis, to the western provinces. This pilot project will enhance regional accessibility to and representation within the program (pages 20 and 27).

- The Commission will develop an approach for the planned movement of members of the management category experiencing work-related problems and/or requiring developmental experience. In this regard, the Commission will enhance the mechanisms and processes through which to identify and deploy employees. An interdepartmental consultation process has been developed to make decisions in respect of these employees and effect the required moves (page 26).

- The Commission will develop a redress communications program whose mandate will be to increase the knowledge of departmental managers, union officials and employees regarding the principles of merit, justice and equity in the Public Service (pages 20 and 39).

- The Commission will continue to promote the participation of officially designated under-represented groups in the Public Service, to administer affirmative action support programs and to monitor departmental affirmative action plans in order to provide advice and assistance where needed (pages 20, 32 and 33).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Main Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Management Category Programs	6,529	6,034	495	24
Non-Management Category Staffing Programs	43,721	39,956	3,765	28
Audit	2,552	2,326	226	35
Appeals and Investigations	4,606	4,307	299	37
Language Training	37,337	36,522	815	42
Staff Development and Training (Subsidy)	2,885	2,885	-	46
Administration	27,607	27,738	(131)	54
	125,237	119,768	5,469	
Staff Development and Training Revolving Fund				
Disbursements	14,056	13,294	762	
Less receipts	14,008	13,130	(878)	
	48	164	(116)	46
	125,285	119,932	5,353	
Authorized person-years	2,676	2,653	23	

Explanation of Change: The increase of $5.5 million in requested resources for 1985-86 over the 1984-85 forecast is due to:

- expansion of the Affirmative Action Program $ 1.9 million (page 28)

- establishment of the Redress Communications Program (page 37) — $ .2 million
- implementation of the Program Evaluation function (page 54) — $ .1 million
- termination of the Career Orientation Program (page 54) — ($ .8 million)
- program cuts imposed by Treasury Board — ($1.2 million)
- increase in salaries due to inflation — $5.3 million

B. Prior Years' Performance

1. Highlights

The following is an update of the initiatives that were planned for 1983-84:

The Establishment of Instruments of Delegation Reflecting the Departmental Career Management Approach to Staffing (Non-Management Category Staffing Program Activity): In order to help departments administer the staffing systems more efficiently and effectively and to eliminate unnecessary restrictions in the area of staffing, the Commission, in 1983, decided to tailor departmental instruments of staffing delegation, based on individual departmental needs. All departments have now been contacted and the Commission is negotiating specific items of interest with each of them.

The Establishment of Standards for Delegated Departmental Staffing Activities that will Permit Departments to Measure their Effectiveness in Personnel Management (Non-Management Category Staffing Programs Activity): The planned efficiency and effectiveness study in staffing will be completed in six departments in 1984 and the report will be reviewed with them. These departments, with support from the Commission, will be expected to develop and implement actions plans to improve the management of delegated staffing. Departments will be encouraged to establish their own standards of performance.

An Integrated Audit on Departmental Personnel Management Systems and Procedures (Audit Activity): The audit role has been strengthened as a result of the delegated authority given to the Commission by Treasury Board to conduct audits in all aspects of personnel management. The integration of audits has reduced duplication, made findings more comprehensive, established a better link between personnel disciplines, increased accountability and has enhanced the role of line management in personnel decisions. The first phase of implementation of the integrated auditing approach of personnel disciplines was conducted in five departments in 1983-84, as planned.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Management Category Programs	5,894	5,732	(162)
Non-Management Category Staffing Programs	31,676	33,617	1,941
Audit	2,014	2,060	46
Appeals and Investigations	4,081	4,020	(61)
Language Training	33,650	33,901	251
Staff Development and Training (Subsidy)	2,900	3,022	122
Administration	27,049	30,152	3,103
	107,264	112,504	5,240
Staff Development and Training Revolving Fund			
Disbursements	11,193	12,691	1,498
Less receipts	12,864	12,590	274
	(1,671)	101	1,772
	105,593	112,605	7,012
Authorized person-years	2,497	2,545	48

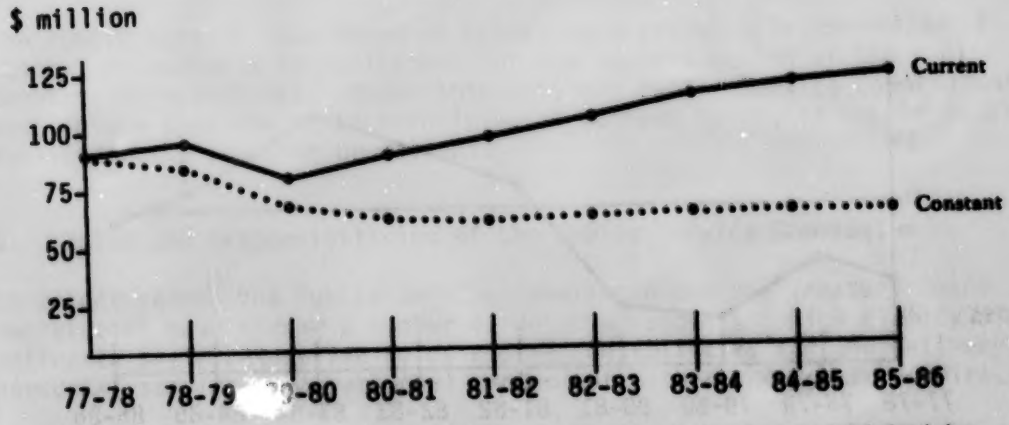
Actual expenditures of $106 million were $7 million or 6.2% less than Main Estimates due to:

- implementation of Affirmative Action Program (page 29) — $ .9 million
- under-utilization of participant resources in the Northern Careers Program (page 29) — ($ .7 million)
- reduction in the Career Orientation Program (page 55) — ($2.8 million)
- reduction in person-years related to government-wide imposed cut for 1984-85 — ($ .5 million)
- use of contract and free resources from other departments to provide staff development and training services and delays in the replacement of staff in the Revolving Fund (page 47) — ($1.5 million)
- general reduction in requirement for recruitment advertising and professional and special services — ($2.4 million)

3. Overview of Resource Trends: 1977-78 and 1985-86

With respect to program expenditures (Figure 3), the authorized level in current dollars increased from $87 million in 1977-78 to $125 million in 1985-86, an increase of $38 million or 44%. However, if program expenditures are deflated in terms of 1977 constant dollars, current program expenditures of $125 million would decline to $61 million, a decrease of $26 million or 30%.

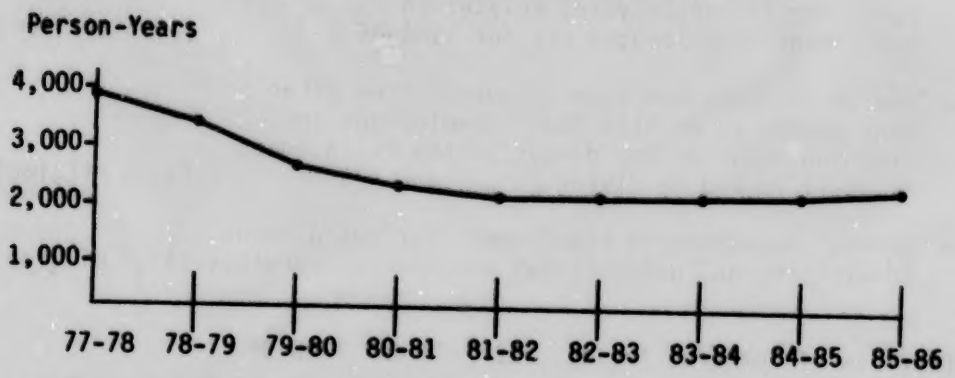
Figure 3: Authorized Expenditures



* Constant dollars based on Canadian Statistical Review published by Statistics Canada.

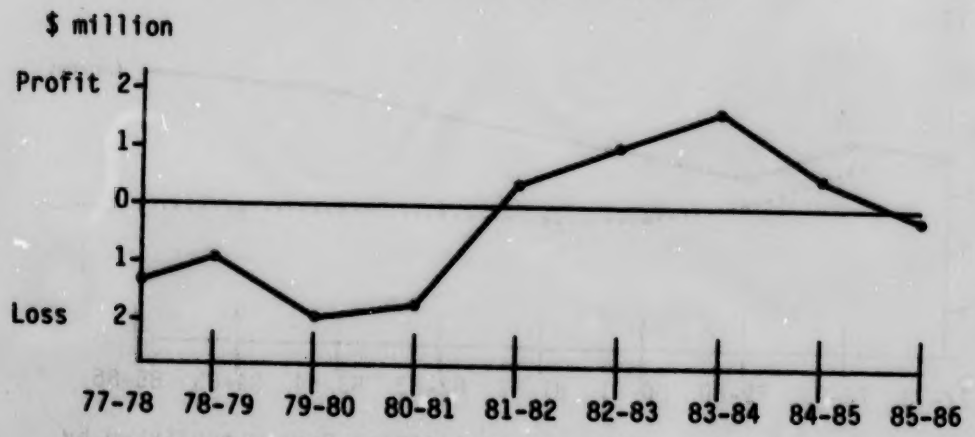
Between 1977-78 and 1985-86, the authorized person-years of the Public Service Commission (including the Revolving Fund) decreased from 3,847 in 1977-78 to 2,676 in 1985-86 (Figure 4), a decrease of 1,171 person-years or 30.4%. However, the authorized person-years would have declined by a further 260 person-years to 2,416, if the Treasury Board-initiated special programs for under-represented groups (Affirmative Action Program: 183 person-years and $7.0 million; and Northern Careers Programs: 74 person-years and $2.9 million) had not been delegated to the Public Service Commission, for operational delivery.

Figure 4: Person-Year Change since 1977-78



Between 1977-78 and 1980-81, the Staff Development and Training Revolving Fund operated at losses ranging from $800,000 to $2 million. Since 1981-1982, the Revolving Fund has been able to achieve operating surpluses by continuing to exercise strict cost control and by obtaining subsidy funding for those activities which are not deemed to be on the cost recovery system. (Figure 5).

Figure 5: Revolving Fund Net Profit (Loss)



C. Background

1. Introduction

The Public Service Commission is responsible for the interpretation and application of merit in staffing Public Service positions and is accountable to Parliament for the application of the Public Service Employment Act (PSEA). The Commission is designated as a department for purposes of the Financial Administration Act, reporting through the Secretary of State.

The PSEA governs staffing in the Public Service and gives the Commission exclusive authority to make appointments in all government departments and agencies that do not have separate staffing authority under specific legislation. The Commission does not appoint the employees of agencies with "separate employer" status, except in the case of the Public Service Staff Relations Board. The "separate employers," listed in Schedule I, Part II of the Public Service Staff Relations Act, comprise part of the Public Service - commissions and boards - not represented by the Treasury Board.

The Public Service Employment Act enables the Commission to delegate its exclusive authority to make appointments to departments and agencies. Through such delegation, the Commission has been able to entrust departments with a major role in selection and appointment; approximately 98% of all appointments under the Act have been delegated. In line with its service-wide responsibilities for staffing - delegated and non - delegated - the Commission has concentrated on areas such as external recruitment, policy development, providing guidance to departments, and tailoring delegation to departmental needs.

2. Legal Mandate

The Public Service Commission of Canada is a politically independent agency, accountable to Parliament for the administration of the Public Service Employment Act. Under this Act, the Public Service Commission must ensure that the merit principle, as defined by it, is upheld in all Public Service staffing operations.

3. Roles and Responsibilities of the Public Service Commission

In recent years, the Public Service Commission and the Treasury Board Secretariat have signed a number of joint agreements, which clarify and delineate their respective roles and responsibilities for the delivery of personnel services and personnel management within the Public Service.

In addition to a general agreement on the roles and responsibilities of the Treasury Board and the Public Service Commission, released in November 1981, the following agreements were released in June 1982: the Official Languages Program within the Public Service, Personnel Audit, Audit of Personal Service Contracts, Work-Force Adjustment, Human Resource Planning, Central Agency Programs of Staff Training, and Evaluation of Staffing Policies.

These seven agreements were the result of a detailed review of the way both agencies deliver personnel services and based on the recommendations and observations of both the Royal Commission on Financial Management and Accountability and the Special Committee on the Review of Personnel Management and the Merit Principle. These agreements were developed to rationalize personnel services and give responsibility for action to those best capable of delivering efficient and effective services.

A characteristic of these agreements is the concept of the delegation of responsibilities between the two agencies. There are numerous areas where Parliament has given statutory power to one or other of the agencies. For example, recruitment and selection is the responsibility of the Commission while Treasury Board handles labour negotiations. However, there are other areas where, for a variety of reasons, the statutory responsibility for a function has been delegated to another agency in order to improve the quality of the service delivered, or to enhance the overall use of the human resources of the Public Service. A prime example of this is the delegation of responsibilities to the Commission to provide language training. In this instance, while training and training policy is the statutory responsibility of the Treasury Board, it is more efficient and effective to have the Commission deliver the necessary language training services. In this respect, the Commission's financial requirements, which appear in the Estimates, reflect activities that do not fall under the statutory responsibilities of the Commission, but which the Commission has accepted from the Treasury Board in order to improve the quality of personnel services.

This concept of delegation does not mean that an agency gives up all responsibility for a function. Rather, through the specific terms and conditions of the various agreements, the agency accepting to do the job also accepts a number of conditions, which makes it directly accountable. For example, in accepting to perform a number of audit-related services for the Treasury Board Secretariat, the Commission agreed to adhere to standards developed by the Board and agreed to a reporting framework and schedule established by the Board.

Delineating roles and responsibilities and formalizing the delegation of some responsibilities were necessary to ensure the most efficient use of resources and improve accountability to Ministers and Parliament. By establishing roles and responsibilities, Treasury Board and the Commission have eliminated the overlapping of jurisdictions, thus reducing overhead costs and ensuring more efficient planning and management. This delineation, also, has made it easier for departmental managers to receive the information or direction they need. The formalization of delegation of responsibilities has improved accountability, by establishing clear lines of responsibility and by setting out clear objectives.

However, two important areas remain to be addressed: the management of the Management Category and the program for under-represented groups. In both these areas, a number of new programs have evolved, especially as a result of the implementation of the Affirmative Action Program. Progress has been made toward finalizing agreements in both these areas and early approval is expected.

In carrying out its responsibilities the Commission has divided the functions under three categories:

Exclusive Responsibilities: Exclusive statutory authority has been entrusted to the Commission to:

- make appointments to or from within the Public Service;
- develop and administer processes and standards for selection of candidates for positions in the Public Service;
- operate an appeals system for appointments and demotions or releases for incompetence or incapacity;
- audit of the exercise of staffing authority;
- investigate allegations of anomalies or inequities in staffing; and
- monitor political activities of public servants.

Delegated Responsibilities: The Public Service Commission is also accountable to the Government for the functions and activities assigned by the Governor in Council or the Treasury Board of Canada. Some of these, although provided for in the Act, are not exclusively within its domain. The responsibilities of the Commission in this area deal with:

- managerial and specialty training;
- language training;
- developmental courses and programs (Career Assignment Program, Interchange Canada, Northern Careers Program, National Indigenous Development Program and Handicapped Access Program); and
- audit of other personnel and related functions and activities.

Shared Responsibilities: The Commission performs other functions and activities that are necessary for the implementation of programs established by Treasury Board where they relate, in part, to the exclusive powers and responsibilities assigned to the Commission under the Act. The program-shared responsibilities are:

- human resource planning;
- participation of under-represented groups; and
- managing the Management Category.

Refer to Section III, page 63 for information on resources distributions among these categories.

4. Program Objective

The objective of the Commission is to ensure that the needs of the Public Service for qualified people are continuously met in accordance with the Public Service Employment Act, specifically by means of selection processes based on merit; and in accordance with the agreements with the Treasury Board of Canada on roles and responsibilities in personnel management, to improve the occupational competence of the Public Service employees and enable them to use their second official language in the performance of the duties of their present or future positions and to promote the equitable participation of under-represented groups in the Public Service.

5. Program Organization for Delivery

Activity Structure: The Public Service Commission Program comprises seven activities which are consistent with the organizational structure. For 1985-86, the number of program activities of the Public Service Commission has been increased to better reflect its operations. The following is a comparison of the 1984-85 Activity Structure with the 1985-86 Activity Structure:

Figure 6: Change to Activity Structure

1984-85 Activity Structure	1985-86 Activity Structure
Staffing Operations →	Management Category Programs
	Non-Management Category Staffing Programs
	Audit
	Appeals and Investigations
Training and Development →	Language Training
	Staff Development and Training
Administration →	Administration

It should be noted that financial and operational performance information is presented throughout the document on the basis of the new structure for all years covered by the PSC expenditure plan.

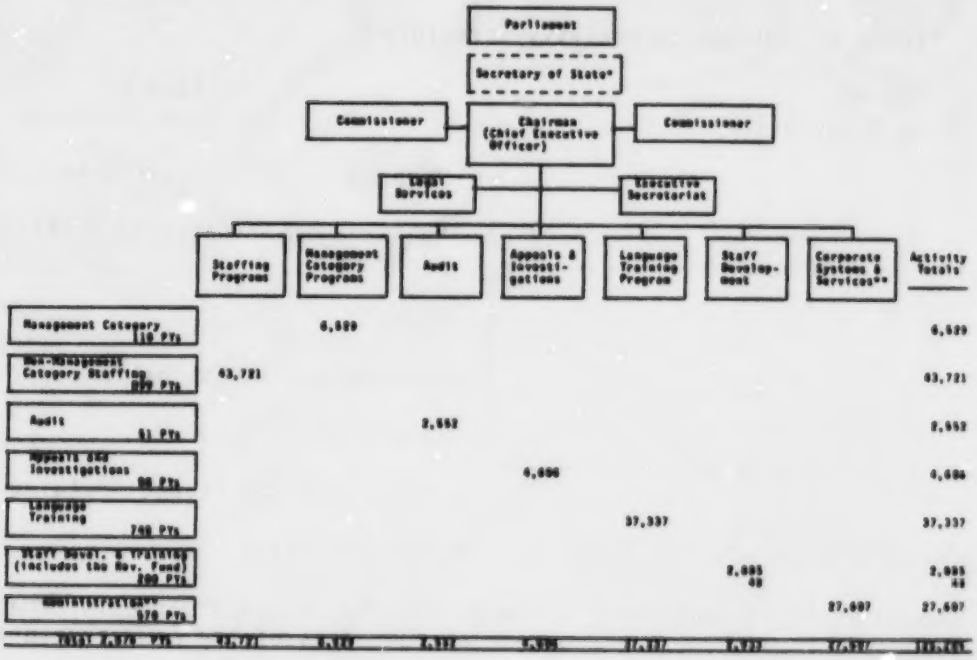
Organization Structure: The chairman, as chief executive officer, and two commissionners, have the status of a deputy head and are appointed by the Governor in Council for a ten-year period. They are responsible for interpreting the Act, monitoring its application and developing related policies.

The Public Service Commission is comprised of an Executive Secretariat and seven branches: Staffing Programs, Management Category Programs, Staff Development, Language Training, Appeals and Investigations, Audit and Corporate Systems and Services.

With headquarters in Ottawa, the Commission has regional and district offices in St. John's, Charlottetown, Halifax, Moncton, Quebec City, Montreal, Ottawa, Toronto, Regina, Winnipeg, Edmonton, Frobisher Bay, Vancouver, Yellowknife and Whitehorse. The Commission maintains these offices in order to guarantee the Canadian public full access to Public Service employment opportunities and to make its services available across Canada.

Figure 7 below, shows the organization chart of the Commission and its activities, as well as the resources required in 1985-86.

Figure 7: Resources Required by Organization and Activity ($000)



* In matters dealing with the PSEA, the Secretary of State is the Minister designated as spokesperson for the Commission in Parliament and is also the Appropriate Minister within the context of the Financial Administration Act.

** Resources ($1,825,000 and 39 person-years) for the Offices of the Chairman and Commissioners, Executive Secretariat and Legal Services have been included in Corporate Systems and Services and in the Administration Activity total.

D. Planning Perspective

1. Environment

The following are some recent trends that will have an impact on the Public Service Commission as a central agency:

- The forecasted increase in the number of employees entitled to appointment because of statutory or administrative priority, for such reasons as employees returning from leave of absence, or having been laid off or declared surplus as a result of government restraint means that the Commission will have to continue its efforts and resources to redeploy these persons in a climate of reduced departmental vacancies.

- The Charter of Rights and Freedoms will affect such staffing policies and practices as area of competition, mobility and citizenship, and may result in some modifications to the efficiency and effectiveness of the staffing process.

- The advent of new technology in the workplace means that the Commission will have to modify its training and development and recruitment programs and to update its management practices and systems to meet this changing environment. Job security and conditions of work will also be affected.

- The increasing trend towards part-time work and flexible hours as well as a greater focus on quality of worklife and on-the-job safety may alter the scope of central agency activities in staff relations, staffing, human resource planning, pay and benefits.

- The current economic climate will oblige central agencies and departments to focus their financial planning on funding new programs and policies from existing resources. An increased number of applicants for fewer jobs could put a strain on the staffing process. It could also affect employee morale.

- The present climate of restraint in government, which is unlikely to change in the near future, could cause difficulties for achieving the affirmative action objectives of the government.

- The current limits on pension growth will encourage employees to remain in the work-force until age 65 and further restrict employment mobility.

2. Initiatives

The following initiatives will be undertaken in 1985-86:

- Actions will be taken to improve the level of service in the area of redress. A program of information and advice will be instituted to develop a working environment in which open communication and mutual trust prevail and where the actions and situations which give rise to complaints will be minimized. The current use of the full disclosure approach between parties in appeals will be expanded so as to expedite hearings and reach settlements prior to hearings in a greater proportion of cases. The cost of this initiative is estimated at $.2 million.

- The Career Assignment Program is decentralizing its services to the western provinces, on a pilot basis. The pilot project is designed to enhance national accessibility to and regional representation within the Program. The cost of this initiative in 1985-86 is estimated at $.3 million.

3. Update on Previously Reported Initiatives

The Commission is engaged in a number of ongoing activities, which were identified in previous years' Expenditure Plans.

Affirmative Action: Special programs were implemented in 1983-84 to increase access of women, native people and handicapped persons to the Public Service mainly through measures for training and career development. Sixty-eight person-years and $2.9 million were allocated to the Affirmative Action Program in 1983-84. This will increase to 198 person-years and $8.2 million by 1987-88.

The National Indigenous Development Program intends to increase the representation of native people at middle and senior management levels in the Public Service by 228 persons between 1983 and 1987; the handicapped access program will increase the representation of physically handicapped persons by 400 between 1983 and 1988; the women's counselling and referral program will promote the accelerated development of middle managers and ensure that qualified women are considered in departmental selection processes. Counselling services will be provided to approximately 600 women a year. Additional data on the number of participants and trainees a year are presented on page 33.

Instruments of Delegation: A number of instruments of staffing delegation have been tailored to address specific management issues and all departments have been offered the opportunity to have their instruments of staffing delegation tailored to their needs. Five departments are involved in fundamental reviews of their staffing systems with a view to requesting special measures to effect a more timely and meaningful departmental staffing system. The tailoring of instruments of delegation is an ongoing process and it is expected in 1984-85 that four to five departments will request special measures in their instruments of staffing delegation as a result of the Staffing Audit Review.

Staffing Performance Assessment Techniques and Mechanisms: The Efficiency and Effectiveness Study in Staffing reported in 1983-84, is currently underway and six participating departments will, by December 1984, have received a debriefing on the final report. These departments, with support from the Commission, will develop and implement action plans to improve the management of delegated staffing. Departments will be strongly encouraged to establish their own standards of performance.

Implementation and Further Development of the National Applicant Inventory System (NAIS): Initiated in October 1981 to guarantee the Canadian public full access to Public Service employment in Canada regardless of location and to provide a more efficient and effective mechanism for managing the applicant inventory and to improve the Canada-wide referral and identification process, NAIS was successfully implemented in all regions in 1983-84 and is now part of the Commission's ongoing operations.

Prevention of Inequities: In order to improve personnel management practices in the Public Service and thereby reduce the number of appeals and complaints being received, the Commission has initiated action in 1983-84 for its officers to contact departments and agencies based on their redress records and to assist them in strengthening their capability to respond to complaints.

Language Training Needs: In 1983-84, the Commission developed a questionnaire to be used by managers to identify training needs of their employees slated for continuous language training. To date, managers have used this process to identify training needs for 97% of the students; thus the Commission is better able to adapt its courses to meet the needs of managers.

Audit: The Commission will continue to integrate its audits of delegated and non-delegated staffing with certain aspects of official languages, staff relations, pay and benefits, personal service contracts, delegated classification and training activities.

Mandatory Management Orientation Training Program: Training courses for senior and middle managers and supervisors are now mandatory. Since this program began in 1981, approximately 2,100 managers have been trained. The 1989 target date to have all managers trained has now been extended to 1991. In 1985-86, it is planned to provide 3,755 course-days of managerial and specialty training which will represent an increase of 8% over 1984-85.

4. Program Effectiveness

The Commission's Operational Plan Framework serves as a basis for resource and results planning and control to satisfy both internal management needs and those of the Policy and Expenditure Management System. In the continuing refinement of this framework the emphasis is on developing improved program effectiveness and related indicators. The indicators which are identified and reported upon in Performance Information/Resource Justification by Program Activity will be refined as increased experience is gained in their use.

In addition, the Commission has made substantial progress in the development of a corporate program evaluation function. In November 1982, the chief executive officer approved the Commission's policy on program evaluation and in January 1984, a proposal for the establishment of a formal organizational unit responsible for program evaluation was approved by corporate management. Moreover, the chief executive officer approved in August 1984, the Commission's Program Evaluation Component Structure. A comprehensive program evaluation plan is currently in preparation and will be finalized and approved for 1985-86, using the program evaluation component structure as a basis for its preparation. The Commission's program evaluation organization is currently being staffed and will be operational in early 1985-86.

The Commission has been directly supporting a Treasury Board of Canada study for the evaluation of the Management Category orientation program as requested by the Staff Training Council.

While not having formally implemented a program evaluation function in the Commission, the PSC has, in recent years conducted a number of evaluative management reviews or special studies pertaining to the effectiveness of certain PSC operations.

In February of 1983, a study of the education component of the Career Assignment Program was completed; the recommendations of this study were subsequently approved by the Staff Training Council in June 1983. Also in June 1983, the Commission completed a framework study pertaining to the pilot project of the Career Assignment Program which involved decentralization of its program operations to western Canada.

There have been a number of other significant management review and evaluation activities. In October 1983, an evaluation of the Interchange Canada program was completed. One study of the Personnel Psychology Assessment Centre was completed in 1983-84, and a second study of the Centre is planned to commence in January 1985. A review of the advice and assistance function of the Commission's Staffing Resources and Development Services has been conducted with the results being reported in April 1984.

In December 1984, a study on the validity of the appeals system and the level of confidence in the appeals system among public servants was finalized. The Commission is also currently supporting a Treasury Board of Canada evaluation of the Advanced Language Training Program. Validation studies of all Staff Development Branch courses are in progress.

Section II
Analysis by Activity

A. Management Category Programs

Objective

To ensure that the Management Category of the Public Service is staffed with highly qualified individuals in accordance with the Public Service Employment Act and pursuant to Treasury Board policies so as to meet departmental needs. In carrying out this objective, to promote fair and equitable representation of under-represented groups in the Management Category and to improve access for members of the Management Category to career opportunities inside and outside the Public Service, in and outside Canada.

Resource Summary

This activity represents 5% of the total operational expenditures and 4% of the total person-years of the Commission. The Main Estimates of $6.5 million (Figure 8) consists of $4.5 million or 69% for personnel costs.

Figure 8: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Resourcing Program	3,856	69	3,858	69	3,988	69
Career Assignment Program	1,680	19	1,327	19	1,111	22
Interchange Canada	452	9	499	9	484	10
Policy and Program Development	541	13	350	12	311	8
	6,529	110	6,034	109	5,894	109

The increase in total resource requirements for 1985-86 over the 1984-85 forecast is due mainly to additional non-salary dollars requirements to meet increased costs for Western CAP ($.3 million) and allowances for salary increases due to inflation ($.2 million).

Past Financial Performance

Actual financial requirements were 3% higher than planned (Figure 9).

Figure 9: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Resourcing Program	3,988	3,554	(434)
Career Assignment Program	1,111	1,383	272
Interchange Canada	484	501	17
Policy and Program Development	311	294	(17)
	5,894	5,732	(162)

Description

The Management Category Programs Activity includes the provision of central/specialized services specifically aimed at the resourcing of the management cadre; the review, development and implementation of relevant policies; the administration of organizational enrichment and career development programs aimed at fulfilling the needs and requirements of the Public Service, Canadian institutions and/or foreign organizations; and secretariat and other coordination functions to assist executives and senior managers with high potential in the establishment of individual career paths linked to the needs of the Public Service, and to advise senior officials from departments to facilitate deployment of individuals in the Category.

The following is a more detailed description of the components of the Management Category Programs activity.

Resourcing Program: Develops, implements and operates a comprehensive and integrated process for the Management Category which will provide counselling, support appointments under the Public Service Employment Act, and facilitate appointments as a result of the planned movement of managers experiencing difficulties and managers requiring development experience.

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Career Assignment Program: Prepares candidates for the Management Category through an integrated process of selection, training and work assignments.

Interchange Canada Program: Plans, promotes and administers the exchange of senior personnel between the Public Service and other sectors of the Canadian economy.

Policy and Program Development: Develops, reviews, evaluates and recommends policies, directives and programs of relevance to the Management Category in response to specific needs identified by the Commission or by Senior Level Interdepartmental Committees. As well, relevant analyses/studies are undertaken on aspirants and members of the Management Category, thus providing the necessary information to Senior Level Interdepartmental Committees, the Commission or Departments to make a wide range of decisions (e.g. resourcing strategies, operational policies, etc.) impacting upon the Management Category.

Performance Information/Resource Justification

Resourcing Program: Workload volume for appointments and counselling and more significantly, for brokerage * of managers, is expected to increase slightly. Resources levels are determined for a range of workload volumes and therefore the slight increase in volume projected for 1985-86 is not expected to translate into a need for additional resources (Figures 10 and 11). The difference between the actual number of appointments made and staffing requests received is due mainly to cancellations of staffing requests by departments.

The projected number of managers to be offered brokerage services is based on the anticipated movement of executives and senior managers between various departments and agencies.

Figure 10: Workload Volume Pertaining to Appointments and Brokerages *

	Number of Staffing Requests Received	Number of Appointments	Number of Managers to be offered brokerage services
1985-86 Projected	1,332	1,255	350
1984-85 Forecast	1,332	1,255	124
1983-84 Actual	1,220	1,042	114

* Brokerage refers to the deployment of managers experiencing temporary employment difficulties or needing specific experience to fully realize exceptional potential.

Figure 11: Workload Volume for Counselling

	Career Counselling Sessions	Placement/"Brokerage" Counselling Sessions
1985-86 Projected	1,900	500
1984-85 Forecast	1,850	450

Career Assignment Program: Approximately 700 counselling sessions are provided annually to potential CAP candidates and approximately 200 assignments are arranged. It is expected that existing resource level will be sufficient to absorb the slight increase in workload volume (See Figure 12).

Figure 12: Workload Volume for Counselling and Assignments

	Number of Counselling Sessions	Number of Assignments Arranged	Number of Active Participants
1985-86 Projected	770	185	195
1984-85 Forecast	705	170	175
1983-84 Actual	627	176	169

Policy and Program Development: The Commission had identified in the 1983-84 expenditure plan two planned actions in this area. The planned action to review the Management Exclusion Approval Order has been completed and recommendations and supporting documentation are now being considered at the Commission level. The planned action to review the selection guidelines for the Management Category was re-examined and it was decided not to proceed with it at this time.

B. Non-Management Category Staffing Programs

Objective

To ensure that the Non-Management Categories of the Public Service are staffed with highly qualified individuals in accordance with the Public Service Employment Act. In carrying out this objective, to promote fair and equitable participation of under-represented groups and to assist departments in optimizing staffing processes and systems to meet departmental human resources management needs.

Resource Summary

This activity represents 35 % of the total operational expenditures and 34 % of the total person-years of the Commission. The Main Estimates of $43.7 million (Figure 13) consists of $35.2 million or 81% for personnel costs.

Figure 13: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Operations	25,388	547	23,680	529	20,171	493
Resourcing Strategies and Services	14,499	279	12,644	253	8,080	185
Policy and Program Development	3,834	73	3,632	74	3,425	73
	43,721	899	39,956	856	31,676	751

The increase in resource requirements for 1985-86 over the 1984-85 forecast is due mainly to the expansion of the affirmative action programs approved in 1983-84 (45 person-years and $1.9 million), and allowances for salary increases due to inflation; offset by a transfer of resources to Health and Welfare Canada for pre-employment medicals ($.1 million) and a Treasury Board imposed program cut in non-salaries ($.9 million).

Past Financial Performance

Actual financial requirements were 6 % lower than planned (Figure 14).

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Operations	20,171	21,330	**1,159**
Resourcing Strategies and Services	8,080	8,649	**569**
Policy and Program Development	3,425	3,638	**213**
	31,676	33,617	**1,941**

Explanation of Change: Actual expenditures in 1983-84 were lower than provided for in the Main Estimates due mainly to delays in the opening of a new regional office in Frobisher Bay for the Northern Careers Program ($.7 million), and lower travel and relocation requirements, recruitment advertising and other operating costs ($2.1 million); offset by additional cost resulting from the establishment of the Affirmative Action Program ($.9 million)

Description

The Non-Management Category Staffing Programs Activity encompasses the administration of the Public Service Employment Act and Regulations; the establishment of staffing policies and procedures; establishment of selection standards including language selection standards and related tests and administrative procedures for all departments under the PSEA for all occupational groups and categories with the exception of the Management Category; the recruitment and referral of external candidates; the performance of staffing services for non-Management Category positions not delegated to departments; administration of programs for the re-appointment of persons benefitting from a statutory or administrative priority; support to departmental staffing activities to ensure application of the PSEA and Regulations; co-ordination of those parts of the Official Languages program for which the PSC is responsible; and the administration of equal opportunity and affirmative action programs to promote the participation of under-represented groups in the Public Service, i.e., Natives, Women and Handicapped Persons

The following is a description of the components of the Non-Management Category Staffing Program activity.

Operations: Comprises non-delegated staffing activities and services for all occupational categories except the Management Category. This includes all aspects of recruitment, referral, language assessment and for non-delegated staffing the competitive and non-competitive appointment processes. Included also are the administration of the staffing priorities system to facilitate the placement of persons identified as being entitled to a statutory or administrative priority (e.g. surplus, lay-off); post-secondary recruitment; advice and assistance to departments in support of delegated staffing; the administration of the programs for women, handicapped persons and black people in Nova Scotia; the management of the Appointment Information Management System; the conduct of staffing investigations; and the follow-up on appeals upheld in relation to PSEA 21(b) which concerns right of appeal

Resourcing Strategies and Services: Consists of human resources planning activities in support of departmental delegated staffing; language tests and standards; career counselling; assessment centre activities; the administration of the Management Resources Information System; and human resources planning projects. It also includes all activities related to the Indigenous Participation and Development Program

Policy and Program Development: Includes all activities related to the development and communication of staffing policy for both delegated and non-delegated staffing, including Official Languages policy, matters related to delegation of staffing authority including consultation, interpretation, staffing resources development, certification of staffing officers and the administration of the delegation system. Also included are activities involved in serving as the Commission's principle interface with its various publics on Official Languages matters taking in Official Languages audit and evaluation, communications services, joint PSC/TBS activities, the administration of the Official Languages Exclusion Order and activities regarding Official Languages Minority Participation.

Performance Information/Resource Justification

Operations: There are two major functions in this component - the staffing process and specific equal opportunity programs.

Staffing Process: Workload volume, average unit cost and throughput time for this operation are displayed in Figures 15 and 16. It includes the following non-delegated staffing services:

- Eligible lists: Those operations required to conduct a non-delegated staffing process and establish an eligible list.

- Appointments: Those operations required to authorize a non-delegated appointment

- Recruitment: Those operations required to process an application for employment

- Referral: Those operations required to respond to a request to refer candidates to a departmental position

- Language assessment: Those operations covering all aspects of second language assessment including Language Knowledge Examinations, Special Assessments and Exemptions, and Bilingual Bonus testing

- Priorities: Those operations required to document, verify, market and place public servants in priority status by departments and agencies under the Commission and Treasury Board Authority

Figure 15: Average Unit Cost (in Person-Days) and Volume for the Staffing Process

	Projection 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	Unit Cost*	Volume	Unit Cost*	Volume	Unit Cost*
Eligible Lists	185	7.90	185	7.90	241	7.00
Appointments	1,773	.49	1,773	.49	2,500	.47
Recruitment	156,500	.11	163,500	.11	157,685	.11
Referral	15,000	.71	14,000	.71	13,966	.70
Language Assessment	18,700	.39	18,700	.39	19,574	.37
Priorities	2,300	5.04	2,300	5.04	1,933	5.18

* Average unit cost is calculated by dividing the number of direct person-days utilized to deliver these services by the volume.

Figure 16: Throughput Time in Calendar Days for Eligible Lists and Referrals

	Projection 1985-86	Forecast 1984-85	Actual 1983-84
Eligible Lists *			
Open Competition	42	42	37
Closed Competition	120	120	113
Referral **			
Advertised	47	47	49
Non-advertised	6	6	6

* Throughput time refers to the average number of calendar days required for the establishment of an eligible list for both open and closed competitions.

** Throughput time refers to the number of calendar days required to complete a referral for an advertised or a non-advertised competition.

Specific Equal Opportunity Programs: This operation promotes equal opportunities for recognized under-represented groups i.e. - women, Native people, handicapped persons and Black people in Nova Scotia. Specifically, it provides technical aids and participant training person-years for the recruitment, placement and on-the-job training of handicapped persons; and career counselling and referral services for women.

The workload volumes for the Access Program for Handicapped Persons and Women's Career Counselling and Referral are displayed in Figures 17 and 18. The objective of these programs is to assist in the placement of 400 handicapped persons between 1983 and 1988 and in the counselling of 600 women annually.

Figure 17: Workload Volume - Access Program for Handicapped Persons

	Number of Training Requests Approved	Number of Post-Trainee Appointments
1985-86 Projected	170	119
1984-85 Forecast	86	151
1983-84 Actual	130	-

Figure 18: Workload Volume - The Women's Career Counselling and Referral Bureau

	Number of Counselling Sessions Given	Number of Referrals Made
1985-86 Projected	600	400
1984-85 Forecast	800	400
1983-84 Actual	427	124

Resourcing Strategies and Services: A major service element of this component relates to Indigenous Participation and Development Program. This service includes providing advice and assistance to departments and agencies on the implementation of the Increased Participation Policy; consulting with Native associations and counselling Native people on employment and career development matters; and recruiting Native candidates to the Public Service Commission Inventory (Office of Native Employment) providing training and development to Native people to prepare them for employment at middle-and-senior management levels in the federal Public Service.

The workload volume for this service is displayed in Figure 19. The goal of the National Indigenous Development Program is to increase Native representation at middle and senior levels in the Public Service by 228 persons between 1983 and 1987. The method of resourcing this program is presently being examined as the "Matching" person-year concept is not working as effectively as planned in this present environment of economic restraint. The objective of the Northern Careers Program is to have approximately 250 indigenous participants in the program between 1983 and 1986. A re-assessment of this program is planned for 1986.

Figure 19: Workload Volume for Indigenous Participation and Development Program

	National Indigenous Development Program		Northern Careers Program	
	Number of Participants	Number of Graduates*	Number of Participants	Number of Graduates*
1985-86 Projected	150	50	85	30
1984-85 Forecast	90	10	60	20
1983-84 Actual	-	-	47	22

* Graduates refer to participants who, following a maximum training period of 2 years, are appointed to positions in federal departments or agencies.

An update on the following planned actions reported in 1983-84 is covered on pages 21 and 22 of Section I: implementation and development of the National Applicant Inventory System; continued implementation of a departmental approach to staffing and career management; and establishment of standards for departmental staffing activities to measure efficiency and effectiveness in personnel management.

C. Audit

Objective

To ensure that staffing activities carried out under authority delegated to deputy heads by the Public Service Commission, as well as non-delegated staffing activities, have been conducted in accordance with the PSEA and Public Service Commission policies, to ensure that personnel management activities delegated to deputy heads under Treasury Board authority comply with Treasury Board policies and procedures; and to increase awareness of parliamentarians, the Treasury Board Secretariat, and the Public Service Commission on the effectiveness of the personnel system and the impact of policies, practices and regulations on the system.

Resource Summary

This activity represents 2% of the total operational expenditures and 2% of the total person-years of the Commission. The Main Estimates of $2.6 million (Figure 20) consists of $2.2 million or 85% for personnel costs.

Figure 20: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Audit	**2,552**	**51**	2,326	51	2,014	43

The increase in total resource requirements for 1985-86 over the 1984-85 forecast is mainly the result of allowances for salary increases due to inflation ($.1 million).

Past Financial Performance

Actual financial resource requirements were 2% lower than planned (Figure 21).

Figure 21: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Audit	2,014	2,060	**46**

Description

The Audit Activity involves the examination of the management of staffing and other personnel management systems, including the assessment of the effectiveness and impact of policies, practices, procedures and regulations on these systems. Audits are carried out on a cyclical basis in all departments and agencies that come under the Public Service Employment Act (PSEA). The results are used by the Commission to improve its policies and practices and to determine the content and the duration of the instruments for delegation of staffing authority and to account to Parliament each year on the state of staffing delegation under Section 45 of the PSEA and by the Treasury Board of Canada to assess the departmental administration of personnel management policies and systems.

This activity includes Audit Operations; Audit Policy, Methodology and Training; and Branch Management and Administration.

Performance Information/Resource Justification

Audit Operations: Resource levels are based on the number of audits to be conducted as set forth in the cyclical audit plan and are managed on a project basis.

Figure 22: Workload Volume for Audits Completed

	Number of Special Audits	Number of Audits Completed*	Number of Post Audits Completed
1985-86 Plan	5	17	9
1984-85 Forecast	6	17	18
1983-84 Actual	3	12	12

* Completion is defined as publication of the National Report.

The 1983-84 planned actions calling for special audits to review recruitment and referral functions of Canada Employment and Immigration Centres, summer student employment practices in departments and Exclusion Orders in National Defense were completed as planned.

D. Appeals and Investigations

Objective

To ensure that appeals lodged by public servants and complaints lodged by outside applicants or public servants with respect to the administration of the Public Service Employment Act or on the grounds of prohibited discrimination or inequitable treatment in the work place are dealt with fairly, promptly and impartially and to contribute to an overall reduction in the number of such appeals and complaints on a continuing basis.

Resource Summary

This activity represents 4% of the total operational expenditures and 4% of the total person-years of the Commission. The Main Estimates of $4.6 million (Figure 23) consists of $3.9 million or 85% for personnel costs.

Figure 23: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Appeals	2,063	43	1,954	44	1,949	40
Investigations *	1,939	40	2,018	40	1,839	39
Communication and Redress	269	5	-	-	-	-
Registrar	335	10	335	10	293	10
	4,606	98	4,307	94	4,081	89

* Investigations includes anti-discrimination activities.

The increase in resource requirements for 1985-86 over the 1984-85 forecast is due mainly to a new endeavour to undertake frequent and in-depth communications with departmental managers, union officials and employees on how staff relations capabilities can be improved so that employees will feel that they can obtain fair treatment in their own departments rather than having to come to the Commission ($.2 million) and allowances for salary increases due to inflation ($.1 million).

Past Financial Performance

Actual financial resource requirements increased by 1.5 % from planned (Figure 24).

Figure 24: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Appeals	1,949	2,190	241
Investigations	1,839	1,527	(312)
Registrar	293	303	10
	4,081	4,020	(61)

Description

The Appeals and Investigations Activity through the establishment of independent boards, hears appeals by public servants against alleged breaches of the Public Service Employment Act and Regulations in such matters as promotion, demotion and release. In addition, complaints of alleged discrimination in the Public Service both from employees and applicants for employment are investigated, as are alleged irregularities in staffing processes and inequitable treatment in the workplace. Training, advice and assistance are provided to departments on all of the foregoing matters.

The following is a more detailed description of the Appeals and Investigations activity components:

Appeals: Conducts inquiries into and renders decisions on appeals regarding the application of the PSEA and Regulations, and/or related policies, directives and bulletins of the Public Service Commission or departments.

Investigations: Investigates complaints from Public Service employees and applicants for employment in the Public Service alleging contravention of the Public Service Employment Act and Regulations. It also investigate complaints of discrimination and harassment on grounds proscribed by the Act. Where the findings of these investigations sustain the complaint attempts are made to conciliate an appropriate settlement.

The Appeals and Investigations components provide training, advice and assistance to departments to facilitate increased awareness and thereby contribute to a reduction in complaints alleging breaches of the Act and Regulations.

Communication and Redress: Conducts research and analysis and develops information/education programs which can be used by investigators to help departments and agencies improve their "in-house" redress capabilities.

Registrar: Processes appeal documents, schedules appeal board hearings, receives and acknowledges complaints and coordinates their distribution to appropriate units.

Performance Information/Resource Justification

Appeals: As a result of the loss during 1983-84 of experienced appeal board chairpersons to conduct inquiries into and render decisions on appeals, the unit cost in that year was higher than normal. However, as their replacements gain more on-the-job experience it is anticipated that the unit cost will decrease to a more acceptable level (Figure 25).

Figure 25: Appeals - Direct Operational Unit Cost (in Person-Days) and Level of Service for Closed Cases

	Unit Cost *	Number of Decisions Rendered	Percentage Rendered Within 10 days **	
			Sec 21	Sec 31
1985-86 Projected	3.9	1,150	80	60
1984-85 Forecast	4.0	1,100	75	60
1983-84 Actual	4.7	1,060	74	61

* The unit cost is calculated by dividing the number of direct person-days utilized for appeal board chairpersons by the number of decisions rendered.

** Eighty per cent of appeal board decisions under Section 21 of the PSEA (appeals against appointments) are to be rendered within 10 days of the last evidence being presented. Sixty percent of appeal board decisions under Section 31 of the PSEA (appeals against release decisions) are to be rendered within 10 days of the last evidence being presented.

Investigations: Because of the unexpected loss of experienced investigators to investigate complaints of contravention of the PSEA and Regulations during 1983-84, the unit cost for that year was higher than normal. However, unit cost is expected to decrease to a more acceptable level by 1985-86 (Figure 26), as investigators who joined the branch in 1983-84 and 1984-85 become more productive through training and experience.

Figure 26: Investigations - Direct Operational Unit Cost (in Person-Days) and Level of Service for Closed Cases

	Unit Cost*	Number of Investigations Closed	Percentage Closed Within Four Months**
1985-86 Projected	6.5	495	60
1984-85 Forecast	6.9	495	50
1983-84 Actual	7.3	457	43

* The unit cost is calculated by dividing the number of direct person-days utilized for investigators by the number of investigations closed.

** Seventy-five per cent of investigations are to be completed within four months of acknowledgement.

Anti-Discrimination: In investigating complaints alleging discrimination/harassment, considered to be complex and sensitive, the unit cost projected for 1985-86 is expected to decrease because of the experience being gained to handle these cases (Figure 27).

Figure 27: Anti-Discrimination - Direct Operational Unit Cost (in Person-Days) and Level of Service for Closed Cases

	Unit Cost*	Number of Investigations Closed	Percentage Closed Within Five Months**
1985-86 Projected	7.6	400	50
1984-85 Forecast	8.5	400	50
1983-84 Actual	11.2	275	43

* The unit cost is calculated by dividing the number of direct person-days utilized for investigators by the number of investigations closed.

** Seventy-five per cent of investigations into anti-discrimination complaints are to be completed within five months of their receipt.

E. Language Training

Objective

To enable employees in the Public Service of Canada to use their second official language in performing the duties of their present or future positions according to the needs identified by departments and agencies, in accordance with the Official Languages Act and the policies and conditions defined by the Treasury Board.

Resource Summary

This activity represents 30% of the total operational expenditures and 28% of the total person-years of the Commission. The Main Estimates of $37.3 million (Figure 28) consist of $32.7 million or 88% for personnel costs.

Figure 28: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Provision of courses	30,463	598	29,914	598	27,020	587
Technical and Specialized Assistance	6,874	150	6,608	150	6,630	150
	37,337	748	36,522	748	33,650	737

The increase in resource requirements for 1985-86 over the 1984-85 forecast is due mainly to allowances for salary increases due to inflation, offset by a general decrease in non-salaries for the activity ($.7 million).

Past Financial Performance

Actual financial resource requirements decreased by 0.7% from the plan (Figure 29).

Figure 29: Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Provision of courses	27,020	27,283	263
Technical and Specialized Assistance	6,630	6,618	(12)
	33,650	33,901	251

Description

The Language Training activity provides language courses in both official languages and related specialized and technical services, in conformity with government policy, to meet the needs of departments and agencies in the federal Public Service, and occasionally those of outside clients (such as judges and the RCMP). The language courses enable students to achieve or further develop their required language proficiency. The specialized and technical services, for their part, allow the federal Public Service to have language training programs which best suit its training needs.

The following is a description of the components of the Language Training activity.

Provision of courses: Second language courses enable public servants to meet more effectively the language requirements of their present or future positions and to use their second official language as required by their work environment, with due regard for service to the public and the language of work.

Technical and Specialized Assistance: Produces programs, methods, courses and tests to enable the Commission, departments and agencies to provide pedagogical material which responds more to their needs; to enable teachers to acquire abilities and knowledge to better meet the students needs; and determine the students aptitudes to succeed in language training.

Performance Information/Resource Justification

Provision of courses: The forecasted decrease in continuous courses is explained by the reduction of non-imperative appointments to bilingual positions. This decrease will allow the standardization of teaching in terms of the composition of groups, resulting in fewer students per person-year while improving the quality of response to language needs.

Towards the end of 1984-85 and in 1985-86, responding to a growing demand, the Commission plans to introduce new courses and new options for the three types of courses other than continuous courses, which explains the forecasted increase in the number of students (Figure 30). A reallocation of certain person-years from continuous to other types of courses and the utilization of a portion of these person-years to develop new courses will result in a decrease in the number of students per person-year in 1984-85. However, a slight increase in this ratio is forecasted in 1985-86 since the new courses will be given throughout the full year (Figure 31).

Figure 30: Provision of courses - Number of Students per Type of Course *

	Continuous Courses	Courses other than continuous	Courses outside normal working hours	Special Courses
1985-86 Projected	2,929	4,950	5,250	440
1984-85 Forecast	3,163	4,213	5,004	341
1983-84 Actual	3,412	3,869	4,502	304

* This information includes students who receive their training through contractual agreements.

Figure 31: Provision of courses - Number of Students who attended courses provided by a person-year *

	Continuous Courses	Courses other than Continuous	Courses outside normal working hours	Special Courses
1985-86 Projected	7.45	31.00	227.13	8.55
1984-85 Forecast	7.50	30.03	224.44	8.05
1983-84 Actual	7.63	33.01	246.29	9.39

* Only those students trained by a person-year are included in the calculation of the ratio.

The following is an udpate of the 1983-84 planned action:

In February 1983, the Commission implemented a process designed to identify more precisely the language needs of students by means of a form completed by managers. At present, 97% of students taking continuous courses have their needs identified through this process, which allows courses to be better tailored to the requirements of the employer.

F. Staff Development and Training

Objective

To improve the occupational competence of federal public servants to meet the performance requirements of their positions or to better prepare them to assume new duties, in response to Treasury Board policies and departmental demand.

Resource Summary

This activity is financed mainly by means of a Revolving Fund with authority to draw up to $4.5 million from the Consolidated Revenue Fund and in part through a subsidy provided by the Commission's appropriation. For all training and related services, users are charged according to annually approved Treasury Board rates.

The Revolving Fund surplus and related performance data forecast for 1985-86 assume an overall increase of 3.6% in rates. The demand by departments and agencies for training services will maintain current trends and a reasonable level of subject matter expertise will be provided free of charge by other departments and agencies.

The activity expenditures for the Staff Development and Training Revolving Fund are presented on a cash basis (Figure 32) and on the accrual basis in Section III (page 62, Figure 47). The Main Estimates for 1985-86 (Figure 32) consists of $8.3 million or 58% for personnel costs and $5.7 million or 42% for non-salaries; offset by revenue of $11.1 million for revenue generated activities and $2.9 million in subsidy funding. (For further details on expenditures by object refer to page 59, Figure 44).

Figure 32: Activity Expenditures ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Staff Development and Training (Subsidy)	2,885	-	2,885	-	2,900	-
Staff Development and Training Revolving Fund						
Disbursements	14,056	200	13,294	200	11,193	175
Less receipts	14,008	-	13,130	-	12,864	-
Net cash required	48		164		(1,671)	-

Past Financial Performance

Disbursements were 12% lower than planned and receipts were 2% higher than planned (Figure 33).

Figure 33: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Staff Development and Training (Subsidy)	2,900	3,022	**122**
Staff Development and Training Revolving Fund			
Disbursements	11,193	12,691	**1,498**
Less receipts	12,864	12,590	**274**
Net cash required	(1,671)	101	**1,772**

Explanation of Change: Actual disbursements were lower than planned due to the use of contracted resources rather than hiring staff, obtaining free personnel resources from other departments as trainers, the transfer of the audit of training function to the Audit activity and delays in replacement of staff. These events have enabled the Revolving Fund to operate without using working capital advances.

Description

The Staff Development and Training Activity provides executive, managerial, supervisory and professional training and training services to federal public servants across Canada in response to Treasury Board policies and departmental demands. It provides courses and training events designed to meet the job-related training requirements of departments and a range of advisory, informational and co-ordinating services relating to training.

The following is a more detailed description of the components of the Staff Development and Training activity.

Management Category Training and Development: Delivers courses, workshops and seminars for members of Management Category, members of the CAP program, and selected members of affirmative action programs at the SM-minus-1 level. The majority of courses delivered are those for the Management Category Orientation Programs. These orientation programs have been established in accordance with Treasury Board policies (PMM Vol. 4, Ch. 8). Participation in these programs is mandatory and all members of the category will have undergone orientation training by 1991.

Professional and Job Competency Training and Development: Delivers courses to certain specialist categories: finance, EDP, materiel management and audit, personnel management, trainers and instructors and to non-specialists requiring basic knowledge of these specialty areas. Included are courses in non-specialist subjects necessary to improve the occupational competency of federal public servants. The majority of these courses are delivered through classroom instructions. A small portion is delivered through self-instructional methods.

Middle Management and Supervisory Training and Development: Delivers classroom courses to middle managers and supervisors. These courses focus on providing managerial and supervisory knowledge and skills. Included are the middle manager and supervisor orientation courses established under Treasury Board policy (PMM Vol. 4, Ch. 23) and further managerial/supervisory courses dealing with specialty areas of management and supervision in the Public Service.

Training Consulting Services: Provides advice and assistance to departmental managers regarding training problems. Such advice and assistance is carried out by consultant staff who undertake consulting contracts on a fee-for-service basis with client departments. Training consulting services contracts range from training needs analysis through to design and delivery of courses specifically to meet departmental needs.

Other: Includes Training Coordination, Information and Technology Services; Curriculum Design and Development; Occupational Analysis, Course Evaluation and Validation and Branch Management, and Administration.

Performance Information/Resource Justification

Management Category Training and Development: The productivity standard used to evaluate the efficiency of training courses for the Management Category is a ratio of 6 to 1 (6 instructor person-days per course-day) or a standard efficiency ratio of 0.167 (Figure 34).

Figure 34: Workload Performance Indicators for Management Category Training Courses

	Efficiency Ratio *	Training Course-days Provided	Number of Persons trained
1985-86 Projected	.167	863	1,394
1984-85 Forecast	.167	809	1,357
1983-84 Actual	.167	620	901

* This ratio is calculated by dividing the output, the number of training course-days provided, by the number of person-days utilized (the productivity standard varies with the type of course and the instructional method used) to deliver the courses.

Professional and Job Competency Training and Development: The productivity standard used to evaluate the efficiency of the professional and job competency training and development courses is a ratio of 2 to 1 (2 instructor person-days per course-day) or a standard efficiency ratio of 0.500. The projected decrease in efficiency (Figure 35) is the result of using less contracted resources and more in-house instructors to deliver courses where the use of contracted resources does not register person-day utilization but is less cost-effective; and also because several of the newly designed courses have a delivery productivity standard ratio of 4 to 1 as compared to 2 to 1.

Figure 35: Workload Performance Indicators for Professional and Job Competency Training and Development Courses

	Efficiency Ratio *	Training Course-days Provided	Number of Persons trained
1985-86 Projected	.500	2,253	8,447
1984-85 Forecast	.555	2,069	7,933
1983-84 Actual	.678	1,974	8,183

* This ratio is calculated by dividing the output, the number of training course-days provided, by the number of person-days utilized (the productivity standard varies with the type of course and the instructional method used) to deliver the courses.

Middle Management and Supervisory Training and Development: The productivity standard used to evaluate the efficiency of the middle management and supervisory training and development courses is a ratio of 3 to 1 (3 instructor person-days per course-day) or a standard efficiency ratio of 0.333. The projected increase in efficiency (Figure 36) is the result of the newly designed Management Orientation Programs for both Middle Managers and Supervisors, which has been designed according to the Systems Approach to Training.

Figure 36: Workload Performance Indicators for Middle Management and Supervisory Training Courses

	Efficiency Ratio *	Training Course-days Provided	Number of Persons trained
1985-86 Projected	.333	639	1,746
1984-85 Forecast	.333	612	1,860
1983-84 Actual	.299	665	2,055

* This ratio is calculated by dividing the output, the number of training course-days provided, by the number of person-days utilized (the productivity standard varies with the type of course and the instructional method used) to deliver the courses.

Training Consulting Services: The productivity standard used to evaluate the efficiency of the Training Consulting Services is a ratio of 1 to 1 (1 consultant person-day per/consulting-day services) or a standard efficiency ratio of 1.00. It is expected that workload will decrease with a slight improvement in efficiency (Figure 37).

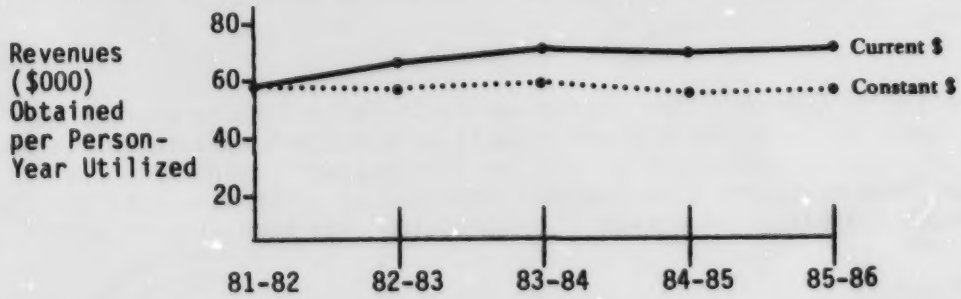
Figure 37: Workload Performance Indicators for Training Consulting Services Contract Courses

	Efficiency Ratio *	Number of Consulting Days Delivered	Number of Persons Trained
1985-86 Projected	1.00	1,135	1,600
1984-85 Forecast	1.04	1,135	1,600
1983-84 Actual	1.04	1,258	1,584

* This ratio is calculated by dividing the output, the number of consulting days delivered under contract by the number of person-days utilized.

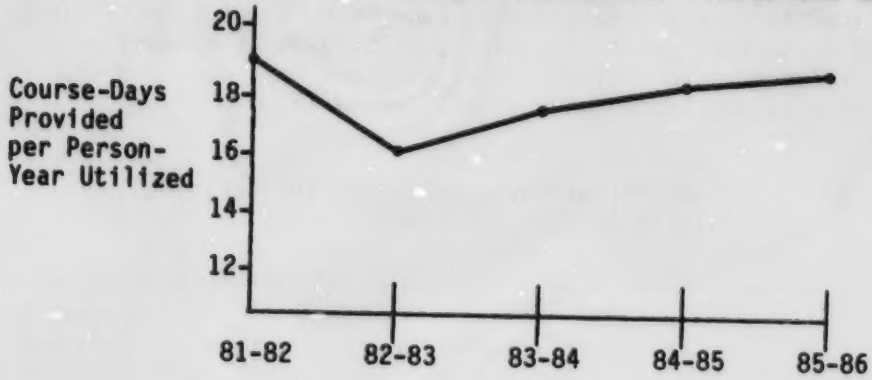
Two overall measures of the efficiency of this activity are expressed in Figures 38 and 39 below as total revenue obtained per person-year utilized and total course-days provided per person-year utilized (includes trainers, support staff and managers).

Figure 38: Total Revenues Obtained Per Person-Year Utilized



* Constant dollars based on the Canadian Statistical Review published by Statistics Canada.

Figure 39: Total Course-Days Provided Per Person-Year Utilized



The following is an update of the 1983-84 planned actions:

Occupational Analysis: The planned completion date of the occupational analysis (OA) study for the Management Category and for Middle Managers and Supervisors was achieved despite significant delays in return of questionnaires from departments. The OA reports were presented to Management Training Board and Staff Training Council and have laid the foundation for the development of training for managers. The reports were used to develop the objectives for the Management Orientation Programs for both middle managers and supervisors courses. Work is proceeding in the development of performance standards for the orientation courses of the Management Category. The electronic data processing OA study commenced in 1983-84 and the report will be submitted in October 1985 as planned.

Design of New Courses: The target to finalize the design of eight new courses and to undertake the design of seventeen additional new courses has been met.

Evaluation of Courses: One course was evaluated and three courses were validated. Although the planned results were not achieved in this area, other activities did occur; a total of 113 instructors and resource persons were evaluated with feedback provided to their supervisors. The "Guide on Evaluation of Period of Instruction" was completed in both languages.

Evaluation System of Participants' Assessments: The current participant course evaluation system was maintained for all courses conducted. This system was upgraded to improve the reporting aspects and is planned for a major review to be conducted in Fiscal Year 1984-85.

Restriction of Administrative Overheads: Reductions in person-years and salary costs were achieved through a comprehensive re-organization. Branch regional operations were rationalized and reduced to a much more viable organization. Certain managerial and other non-revenue producing person-years were reduced. Person-years in branch consulting operations were drastically reduced to bring them into line with business levels. All branch person-year requirements were reviewed against workloads, and productivity standards were established. Periodic reviews of the validity of these standards will take effect a planned yearly increase in efficiency. The secretarial support staff-to-officer ratio was reduced from one per two officers to one per four officers. The above action resulted in person-year reductions from 222 in 1980-81 to 200 in 1983-84. In salary and benefits costs, this represents an approximate saving of $850,000.

Restriction of Interest Charges on Working Capital Advances: There were no interest expense in 1983-84 on Working Capital Advance.

Quality of Work Life: The pilot project - Quality of Work Life - was implemented in October 1983 and is planned for an initial evaluation in 1984-85.

Performance Measurement System: As at the end of 1983-84, the branch has developed and was monitoring 62% of its person-year utilization through productivity standards.

G. Administration

Objective

To support the efficient and effective conduct of Public Service Commission program operations by providing required management systems and services, and to provide central policy direction and research support services for all the Commission's activities relating to Public Service Employment.

Resource Summary

This activity represents 22 % of the total operational expenditures and 21 % of the total person-years of the Commission. The Main Estimates of $27.6 million (Figure 40) consists of $ 20.5 million or 74% for personnel costs.

Figure 40: Activity Expenditure ($000) and Person-Years

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive Direction	1,825	39	1,931	40	1,748	38
Common Services	25,782	531	24,898	529	24,685	534
Career Orientation Program	-	-	813	16	536	13
Summer Student Youth Employment Program	-	-	96	10	80	8
	27,607	570	27,738	595	27,049	593

The net decrease in resource requirements for 1985-86 over the 1984-85 forecast is due mainly to the termination of the Career Orientation Program (16 person-years and $.8 million) offset by an increase in resources for program evaluation (2 person-years and $.1 million), and allowances for salary increases due to inflation.

Past Financial Performance

Actual resource requirements decreased by 10% over planned (Figure 41).

Figure 41: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Executive Direction	1,748	2,133	385
Common Services	24,685	24,656	(29)
Career Orientation Program	536	3,363	2,827
Summer Student Youth Employment Program *	80	-	(80)
	27,049	30,152	3,103

* Resources for the Summer Student Youth Employment Program were provided from TB Vote 10 (10 PYs and $96,000).

Explanation of Change: Resource utilization in 1983-84 was lower than provided for in the Main Estimates because of the reduction in the Career Orientation Program resulting from the transfer of person-years to other government departments.

Description

The Administration Activity includes the activities of the Chairman and Commissioners who establish overall Commission policy in conformance with the Public Service Employment Act and provide overall direction to Commission activities. Two types of support are provided to the Chairman and Commissioners in the execution of their activities: first, the provision of support services toward the attainment of PSC objectives through corporate policy and strategic planning, the administration of specific statutory requirements, and the publication of the PSC annual report; secondly, the delivery of specialized services to the organization in the areas of personnel, finance, EDP, administration, public affairs, corporate management systems and evaluation and audit; the provision of support to ensure that the PSC's resources are acquired, utilized, controlled and disposed of effectively and efficiently and that PSC management policies and systems are consistent with central agency.

The Administration activity consists of two sub-activities:

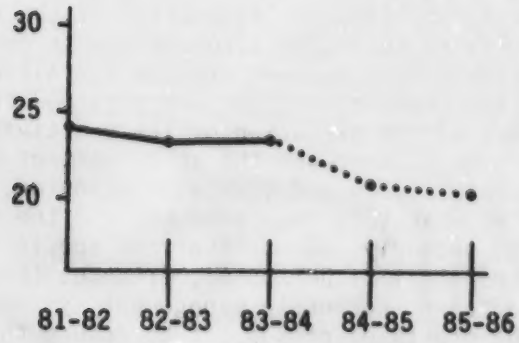
Common Services: Provides direction and support to ensure that the PSC's resources are acquired, utilized, controlled and disposed of effectively and efficiently and ensures that the Commission's internal management policies and systems are consistent with central agency requirements. It also includes the delivery of specialized services to the Public Service Commission. These services are divided along traditional lines of functional expertise, and include: administrative services, personnel services, financial services, EDP services, regional services, public affairs, corporate management systems and evaluation and audit.

Executive Direction: Establishes overall Commission policy in conformance with the Public Service Employment Act; provides overall direction to Commission activities; and provides the necessary support to the management objectives of the PSC through corporate policy and strategic planning, the administration of specific statutory requirements, and the publication of the Commission's annual report.

Performance Information/Resource Justification

The overall measure of efficiency for these sub-activities is expressed in terms of percentage of the total Commission person-year resources.

Figure 42: Total Person-Years in the Administration Activity (excluding COP) as a Per Cent of Total Program Person-Years



The following is a summary of resources allocated to components within the Sub-Activity for Common Services.

Figure 43: Common Services - Resource Summary ($000 and Person-Years)

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administrative Services	7,772	171	7,582	171	7,613	181
Personnel Services	3,594	89	3,509	89	3,470	91
Public Affairs	2,260	42	2,162	42	2,136	45
Financial Services	2,309	60	2,090	60	2,017	58
EDP Services	6,453	90	6,305	90	6,307	88
Corporate Management Systems	513	10	529	10	456	9
Regional Services	1,935	48	1,866	48	1,897	47
Evaluation and Audit	887	19	797	17	789	15
Legal Services	59	2	58	2	-	-
	25,782	531	24,898	529	24,685	534

The following is an udpate on the 1983-84 planned actions.

Agreements Between the Treasury Board of Canada and the Commission: Progress has been made toward finalizing agreements with respect to under-represented groups and management of the Management Category.

Impact of Canadian Charter of Rights on the Commission's Mandate: A comparative study of the Public Service Employment Act and the Canadian Charter of Rights was made and submitted to the Commission.

Program Evaluation: A program evaluation organization proposal and a program evaluation component structure was developed and approved by the Commission in 1983-84.

Improvement in Management Practices and Control (IMPAC) Study: The Commission submitted its first IMPAC Action Plan progress report to the Office of the Comptroller General in early 1984. Outstanding developmental areas relate to program evaluation and corporate management information systems. With documentation completed of the Commission's Integrated Management Process and its Operational Plan Framework in 1983-84, further progress is planned in 1984-85 on the identification of corporate management information needs to serve as a basis for corporate information policy and systems development.

Comprehensive Internal Management Audits and Conduct of Functional Audits: These audits are part of the ongoing operations of the Internal Audit Directorate.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 44: Expenditures by Object ($000)

	Appropriation			Revolving Fund		
	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel						
Salaries and wages	86,755	81,824	74,211	7,291	6,515	5,787
Contributions to employee benefit plans	12,146	10,625	11,081	1,021	864	729
Other personnel costs	253	205	248			
	99,154	92,654	85,540	8,312	7,379	6,516
Goods and Services						
Transportation and communications	6,942	6,942	5,263	542	526	419
Information	2,678	3,403	2,463	422	416	448
Professional and special services	7,170	7,702	5,928	1,063	1,220	906
Rentals	1,790	1,389	1,357	2,456	1,626	1,509
Purchased repair and upkeep	1,470	1,121	1,115	61	29	23
Utilities, materials and supplies	1,752	2,402	1,328	320	311	305
All other expenditures	3,897	3,526	2,954	630	517	658
	25,699	26,485	20,408	5,494	4,645	4,268
Total operating	124,853	119,139	105,948	13,806	12,024	10,784
Capital	384	629	1,316	250	1,270	409
Total expenditures	125,237	119,768	107,264	14,056	13,294	11,193
Less: Receipts credited to Revolving Fund				14,008	13,130	12,864
				48	164	(1,671)

2. Personnel Expenditures

Figure 45: Authorized Person-Years and Average Salary Provision

Category	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	Average Salary Provision
Management					
Executive	47	47	44	50,350-96,300	68,980
Senior Management	39	38	34	50,350-96,300	60,348
Scientific and Professional Education					
. Educational Services	96	110	143	13,609-68,070	39,548
. Language Teaching	535	543	601	13,609-68,070	39,548
Psychology	16	19	17	24,293-56,575	37,724
Other	9	10	11	13,609-88,120	35,913
Administrative and Foreign Services					
Administrative Services	243	245	228	13,912-57,987	36,243
Computer Systems Administration	56	53	46	18,766-61,433	38,543
Financial Administration	42	41	45	13,853-57,980	38,329
Information Services	23	23	23	13,579-57,980	40,953
Personnel Administration	470	456	443	13,330-63,870	41,634
Program Administration	216	176	69	13,912-57,987	33,865
Other	13	13	18	12,766-66,252	36,630
Technical					
General Technical	22	24	24	12,635-55,682	32,573
Social Science Support	15	18	11	12,635-57,764	31,451
Educational Support	29	25	2	10,719-28,517	23,959
Other	12	11	10	10,719-63,173	31,186
Administrative Support					
Data Processing	20	19	19	13,352-37,130	26,496
Clerical and Regulatory	607	601	666	12,932-31,743	21,909
Secretariat, Stenographic & Typing	130	140	133	12,636-31,946	21,375
Other	11	7	2	12,636-37,310	26,349
Operational					
General Services	16	15	15	13,253-39,988	22,647
Other	9	9	9	12,307-48,317	19,503

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations. The current salary range column shows the salary ranges by occupational group at October 31, 1984.

B. Cost Analysis

Net Program Cost

Figure 46: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs*	Total Cost	Deduct Revenue	Net Cost	Net Cost 1984-85
Management Category Programs	6,529	1,037	7,566	-	**7,566**	7,019
Non-Management Category Staffing Programs	43,721	6,964	50,685	-	**50,685**	46,480
Audit	2,552	405	2,957	-	**2,957**	2,706
Appeals and Investigations	4,606	732	5,338	-	**5,338**	5,010
Language Training	37,337	5,930	43,267	-	**43,267**	42,486
Staff Development and Training (Subsidy)	2,885	-	2,885	-	**2,885**	2,885
Administration	27,607	4,385	31,992	-	**31,992**	32,268
	125,237	19,453	144,690		**144,690**	138,854
Staff Development and Training (Revolving Fund)	14,056	-	14,056	14,008	**48**	164
	139,293	19,453	158,746	14,008	**144,738**	139,018

* Includes the cost of accommodation provided by the Public Works Canada ($17.4 million), the cost of surgical-medical insurance ($1.8 million), and other miscellaneous services provided free by other government departments.

C. Analysis of The Staff Development and Training Revolving Fund

1. Statements of Operations and Change in Financial Position ($000)

Figure 47: Statement of Operations ($000)

	Main Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Income			
Generated revenue	**11,011**	10,242	10,117
Subsidy	**2,885**	2,885	2,900
Total income	**13,896**	13,127	13,017
Expenses			
Personnel	**8,187**	7,609	6,590
Professional and special services	**1,069**	1,200	923
Rentals	**2,645**	1,600	1,253
Capital depreciation	**237**	220	-
All other expenditures	**1,871**	1,769	2,544
Total expenses	**14,009**	12,398	11,310
Net income (loss) for the year	**(113)**	729	1,707

Figure 48: Statement of Change in Financial Positions ($000)

	Main Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Net (income) loss for the year	**113**	(729)	(1,707)
Add: Provision for employee termination benefits	**(66)**	(115)	(65)
Depreciation	**(237)**	(220)	-
Operating requirements	**(190)**	(1,064)	(1,772)
Working capital requirements	**(12)**	(42)	(216)
Capital requirements for fixed assets	**250**	1,270	-
Other items	**-**	-	115
Net (income) expenditures applied to appropriation authority	**48**	164	(1,671)

D. Program Resource Summary By Category

The exclusive statutory authority entrusted to the Public Service Commission, to uphold the merit principle in all Public Service staffing operations, represents $ 52 million or 42% of the authorized program expenditures for 1985-86 as compared to $46.9 million or 44% in 1983-84. The remaining program expenditures relate to functions or activities delegated to the PSC by the Governor in Council or the Treasury Board such as managerial, specialty and language training and personnel audit; and, the implementation of programs established by the employer which are in the shared field of responsibility such as managing the Management Category, human resources planning and participation of under-represented groups. Program expenditures for delegated responsibilities are $68.2 million or 54% compared to $54.2 million or 52% in 1983-84. For shared responsibilities, program expenditures are $5.0 million or 4% compared to $4.4 million or 4% in 1983-84.

The following Figure 49 shows the Commission's resource requirements for each of the three categories.

Figure 49: Resource requirements by Category ($000 and Person-Years)

	Main Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
Category	$	P-Y	$	P-Y	$	P-Y
Exclusive Statutory Authority	**52,031**	**1,019**	50,081	1,028	46,917	1,021
Delegated and Assigned Responsibilities *	**68,188**	**1,563**	65,113	1,531	54,248	1,381
Program Operations in Shared Fields	**5,066**	**94**	4,738	94	4,428	95
Total	**125,285**	**2,676**	119,932	2,653	105,593	2,497

* Includes Revolving Fund operations

Public Service Staff Relations Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Public Service Staff
Relations Board

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is comprised of three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the purposes requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $8,771,000 in support of the 1985-86 Public Service Staff Relations Board. The remaining expenditures, estimated at $911,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Public Service Staff Relations Board		
25	Program expenditures	8,771	8,216
(S)	Contributions to employee benefit plans	911	807
	Total Program	9,682	9,023

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Public Service Staff Relations Board	
25	Public Service Staff Relations Board - Program expenditures	8,771,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Staff Relations Administration	97	5,457	49	5,506	5,120
Pay Research Bureau	77	4,176		4,176	3,903
	174	9,633	49	9,682	9,023

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 25 - Public Service Staff Relations Board - Program expenditures	7,706,000	7,706,000	6,982,193
Statutory - Contributions to Employee Benefit Plans	784,000	873,000	873,000
Total Program - Budgetary	8,490,000	8,579,000	7,855,193

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Public Service Staff Relations Board has established for its two activities, the Staff Relations Administration and the Pay Research Bureau, the major goals for 1985-86 set out below:

Staff Relations Administration: To fulfill its mandate which is to facilitate the resolution of collective bargaining and other disputes, and more particularly grievance adjudication, falling under the purview of the Public Service Staff Relations Act (PSSRA). This will be done in a manner which best utilizes the human and financial resources of all concerned and which will expedite the disposition of all proceedings coming before the Board. Towards the achievement of this goal it will take the following steps:

- provide such mediation, conciliation and arbitration services contemplated by the PSSRA as are appropriate in the circumstances towards the goal of resolving the differences between the parties in the negotiation of collective agreements and all other types of disputes that fall within the jurisdiction of the Board (see page 13).

- actively encourage the parties to assess the merits of all grievances referred to adjudication in advance of their being scheduled for hearing with a view to their settlement on the basis of existing precedents established by the Board, where possible, and to make timely preparations for those grievances requiring a hearing and determination by the Board so as to avoid the need for the adjournment or postponement of hearings (see page 13).

- continue endeavours by the above and such other means as are feasible to reduce the backlog of outstanding grievances referred to adjudication (see page 13).

Pay Research Bureau

- meet the requirements of the parties to collective bargaining for compensation data through consultation with members of the Advisory Committee on Pay Research, for use during and beyond the current restraint program (see p. 13);

- undertake a feasibility review of difficult-to-compare Public Service classes in relation to outside job classifications with a view to providing the parties to collective bargaining with compensation data for select groups in the Administrative and Foreign Service category (see p. 14);

- continue the review of the Bureau's national universe and sample for the 1986 biennial survey of employee benefits and conditions of employment in the Canadian economy (see p. 14);

- develop further compensation survey activity for Senior Management and Executive levels in the Public Service (see p. 14).

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2. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Staff Relations Administration	5,506	5,120	386	17
Pay Research Bureau	4,176	3,903	273	22
	9,682	9,023	659	
Person-years	174	173	1	

* The forecast expenditures are at the same level as those originally tabled in the 1984-85 Main Estimates. (Extracts from Part II of the Estimates, page 4).

Explanation of Change: The increase in expenditures represents the effect of inflation on salaries and wages and other operating costs and the full restoration of collective bargaining under the Public Service Staff Relations Act.

Increase due to inflation	$379
Increase in other operating costs	280
Net increase in expenditures	$659

B. Recent Performance

1. Highlights

Highlights of the Program's Performance during 1983-84 and 1984-85 are:

- The Board's efforts to have the parties, and more particularly the Treasury Board and the Public Service Alliance of Canada, review pending adjudication cases prior to their being scheduled for hearing, developed into a regular practice. It has resulted in the settlement of numbers of grievances that have been referred to adjudication prior to their being scheduled for hearing. This advance consultation, nonetheless, has only marginally improved the percentage of hearings that have been cancelled subsequent to being scheduled for hearing. The principal impediment to a more rapid and substantial disposition of the backlog of adjudications, however, is due to the limited number of cases which the parties, and especially the PSAC, are prepared or able to schedule having regard to their current resources to represent grievors at Board meetings.

- The Bureau completed during both years its survey program for over 450 classes and levels in collective bargaining and for excluded classes as well. During 1983-84 the health classes survey activity was annualized from a previously biennial survey program. Survey results are used by the parties to monitor outside trends for over thirty-five elements of compensation and to prepare for future collective bargaining.

- The development of survey activity for senior levels in the Public Service continued on course over the two-year period with an increase of survey sample firms from 43 in 1983 to 53 in 1984, with the number increasing to 66 in early 1985. The number of job evaluations was increased from 488 in 1983 to 636 in 1984, a more appropriate number given the scope of the survey sample.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Staff Relations Administration	3,831	4,275	(444)
Pay Research Bureau	4,024	4,215	(191)
Total	7,855	8,490	(635)
Person-years	166	172	(6)

The major portion of the lapse was due to vacancies at the Board level.

C. Background

1. Introduction

The Public Service Staff Relations Board is the neutral, third-party, quasi-judicial tribunal responsible for the administration of the Public Service Staff Relations Act which in 1967 established a system of collective bargaining and grievance adjudication in the federal Public Service. The Board is designated as a department within the meaning and purpose of the Financial Administration Act and has been declared to be a Separate Employer.

A total of approximately 203,000 employees are encompassed in 134 bargaining units for which 17 employee organizations have been certified as the bargaining agent. The Treasury Board acts for the government as the employer for 76 units in the central administration. The employees of the remaining units are in the employ of nine separate employers, the two largest of which are the National Research Council and the National Film Board. In addition, there are several thousand public servants who are not subject to collective bargaining but who are entitled to remedial procedures before the Board.

2. Legal Mandate

The Board is the statutory tribunal whose mandate is to administer the Public Service Staff Relations Act. Most proceedings under the Act are conducted on a quasi-judicial basis. Its mandate is to facilitate the resolution of collective bargaining and other disputes, and more particularly, grievance adjudications falling under the purview of the Act. The Pay Research Bureau was organized in 1957 under the administrative jurisdiction of the Civil Service Commission (now the Public Service Commission). Upon the enactment of the Public Service Staff Relations Act in 1967 the Bureau became an activity of the Board.

3. Program Objective

The objective of the Public Service Staff Relations Board is to provide the framework within which the various rights and responsibilities of participants to collective bargaining in the Public Service are to be exercised and to provide information to participants on rates of pay and other conditions of employment in Canada.

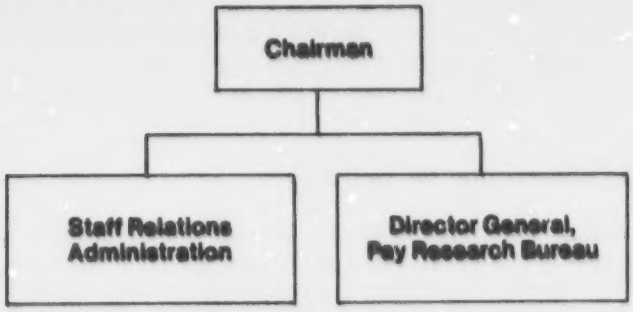
4. Program Organization for Delivery

Activity Structure: The Public Service Staff Relations Board is comprised of two activities, the Staff Relations Administration and the Pay Research Bureau. These activities are described further in Section II, Analysis by Activity (see page 19).

Organization Structure: The Public Service Staff Relations Act provides for a Board composed of a Chairman, a Vice-Chairman, not less than three Deputy Chairmen and such other full-time and such part-time members as the Governor in Council considers necessary to discharge the responsibilities of the Board. At most times since its present structure was established by amendment to the Public Service Staff Relations Act in 1975, the Board has consisted of a Chairman, a Vice-Chairman, three Deputy Chairmen, six full-time members and from 18 to 25 part-time members who are located across Canada. Under the Act divisions of the Board, consisting of one or more members, may be established to carry out the powers and functions of the Board in particular proceedings. The Act requires that members sit alone on references to adjudication. In other types of proceedings the Board most often sits in divisions composed of three members. The Board has its offices in Ottawa.

The Chairman is the Chief Executive Officer and is responsible for all matters relating to the two activities administered by the Public Service Staff Relations Board. The Director General of the Pay Research Bureau is responsible for the functions performed by the Bureau and he reports directly to the Chairman. The Chairman is responsible to Parliament through such Minister of the Crown as may be designated by the Governor in Council, other than a member of the Treasury Board. During most of the years since the Board's inception the designated Minister has been the President of the Privy Council. The Minister has the responsibility of laying before Parliament each year the annual report of the Board covering its administration during the previous year. He is also the line of communication with the Governor in Council for purposes of appointments to the Board. Further, he signs such documents as the Board's operational plans, estimates, and submissions to Treasury Board of a non-routine nature.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



	Staff Relations Administration	Director General, Pay Research Bureau	Activity Totals
Staff Relations Administration	5,506		5,506
Pay Research Bureau		4,176	4,176
	5,506	4,176	9,682

D. Planning Perspective

1. Environment

The environmental factors that have an influence on the operations and direction of the Public Service Staff Relations Board are briefly described below.

Economic Climate: Prevailing uncertain economic prospects will affect the operations of the Board. Public servants and their bargaining agents will be seeking to keep salaries in line with increases in the cost of living. The employers, on the other hand will be seeking to keep costs down in order to reduce overhead costs. There may be a willingness on the part of employees and their representatives to trade off increased benefits in favour of increased job security. These dynamics may result in some arduous negotiations and a substantial involvement of the resources of the Board in the collective bargaining dispute settlement processes provided for in the Act.

Social Climate: Job security and the maintenance of existing standards of living will continue to be among the primary concerns of employees. Uncertainty over the economic future discourages early retirement which, in turn, impedes the career progression of other employees. The impact of technological change may also be a factor affecting the social environment in which collective bargaining is conducted.

The Public Sector Compensation Restraint Act (PSCRA): During the 1985-86 fiscal year, the restraints imposed by the PSCRA will cease to have any effect on the collective bargaining process under the PSSRA as it relates to all but a few bargaining units. With respect to the Pay Research Bureau program, the

resumption of collective bargaining in mid-1984 has meant the updating of compensation survey results to meet the needs of the parties involved in the process. Throughout the restraint period, the Bureau continued to provide outside compensation information primarily for monitoring purposes.

2. Initiatives

The Public Service Staff Relations Board has identified the following initiatives for 1985-86.

Staff Relations Administration

Facilitate the Settlement of Collective Bargaining Disputes: The Board will be carrying out the full range of activities contemplated by the PSSRA in assisting the parties to collective bargaining in the negotiation of collective agreements. For those bargaining units that the bargaining agent has selected binding arbitration for the resolution of disputes in the negotiation of collective agreements, the Board will provide conciliation services as needed and render arbitral awards on those unresolved issues between the parties falling within the purview of its jurisdiction. For those bargaining units for which conciliation with the possibility of strike action is selected as the method of dispute resolution, the Board will provide conciliation services as needed which may include the appointment of individual conciliators and/or conciliation boards. As well, the Board will provide mediation services in all manner of disputes when deemed appropriate.

Encourage the Settlement of Grievances in Advance of Hearings and Reduce the Backlog of References to Adjudication: The Board will continue its efforts to have the parties of interest assess the merits of their positions on all grievances in advance of their being scheduled for hearing with a view to their possible settlement. This practice, if adhered to and developed, should sharply reduce the withdrawal of scheduled hearings due to last minute settlements. Also, early scrutiny of cases should prompt sufficient advance preparation of scheduled cases so as to avoid the need for postponements. The end result would be a more efficient utilization of human and financial resources as well as contributing to a more rapid reduction in the current backlog of references to adjudication.

Pay Research Bureau

Review Benefits Survey Sampling: An integral part of the Bureau's survey program centers on the non-salary elements of compensation. The biennial survey on benefits and conditions of employment will be undertaken in early 1986, and in preparation for it a major review of the cross-Canada sampling of organizations is underway. This review, the first since the mid-60's will result in as reflective as practicable a sample of the industrial and geographic mosaic of the Canadian economy. The results of this survey are used for analysis and review purposes at the bargaining table and by the National Joint Council, the advisory body on superannuation, and other forums.

Survey Feasibility Review for Difficult-to-Match Occupational Groups: While Bureau pay survey activity is regularly undertaken in the Canadian economy for a significant number of groups in the Public Service, there remains a small number for which outside occupations are difficult to match or evaluate. Examples of such groups are: Commerce, Foreign Affairs, Programme Administration, Administrative Services. Given the interest of the parties to collective bargaining for outside compensation data relatable to these groups, particularly the latter two, the Bureau will continue discussions in 1985 with representatives of the concerned parties on specific survey needs identification and priorities out of which further developmental work will be initiated.

Plan 1985-86 Compensation Survey Program: Based on deliberations at the Advisory Committee on Pay Research and at technical sub-committee meetings with representatives of the parties, any new requirements or special features impacting on the Bureau's 1985-86 and 1986-87 survey program will be addressed. Further, by July 1985, all groups certified under the aegis of the PSSRA will have exited from the current program of the Public Sector Compensation Restraint Act, resulting in the identification early that year of survey requirements for 1985-86, and beyond, for certain groups.

Develop Further Compensation Survey Activity: To provide the Treasury Board Secretariat with a Public Service source of external senior-level compensation information, the Bureau during 1985-86 is planning further survey developmental work with emphasis on certain aspects of sampling review and survey data requirements flowing from post-restraint period compensation policy determination.

3. Update on Previously Reported Initiatives

Staff Relations Administration: The Board's efforts to have the parties, and more particularly the Treasury Board and the Public Service Alliance of Canada, review pending adjudication cases prior to their being scheduled for hearing, has developed into a regular practice. It has resulted in the settlement of numbers of grievances that have been referred to adjudication prior to their being scheduled for hearing.

Pay Research Bureau: The Bureau completed its survey programs tailored to meet the requirements of the parties for bargained-for and excluded groups. In 1983-84 the Bureau met its commitment to the parties to annualize the survey of thirteen classes in the health area. In each of the fiscal years 1983-84 and 1984-85, the Bureau published or is publishing survey data on 450 occupational class levels. By comparison, in the mid '70's the number of survey class levels averaged 325. As for developmental work on isolated post allowances survey activity which findings would be used for the periodic review of these allowances by members of the National Joint Council, the Bureau completed its project during 1983-84.

As part of its program on classes excluded from bargaining the Bureau surveys Canadian industry for senior management and executive levels of classification, the EX/SM activity. The initiatives formulated for 1983-84 and 1984-85 have been met. With current emphasis for data primarily for the SM and EX-1 levels, no further increase in the number of job evaluations in each responding firm is projected.

4. Program Effectiveness

Staff Relations Administration: In the administration of the Staff Relations Activity, the Board is highly conscious of the need to maintain its neutral third party role in collective bargaining and all other proceedings for which it is responsible under the Act. The perception of the Board as an independent, neutral agency is essential to enable it to maintain its credibility and ultimately its effectiveness. The Board must not only be, but must be seen by the parties to be, without bias and independent of government in its capacity as the employer.

The volume and the variety of proceedings that come before the Board for determination are dependent on the use that the Board's client groups make of their respective rights and entitlements under the Act. Stated more simply, the case load of the Board is wholly dependent on the number of applications, complaints and references falling under the purview of the Act that are made by the Treasury Board as employer, the separate employers, the certified bargaining agents and the employees they represent. It follows that the control over the accumulation of backlogs in different types of proceedings are not by any means entirely within the control of the Board. Similarly the frequency with which the Board is called upon to act in a mediation or conciliation capacity and the scope and complexity of the impasses that the Board is called upon to try to resolve is equally dependent on the parties and the degree to which they are able to resolve their disputes without third-party assistance. Ultimately, the real test in evaluating the effectiveness of the Staff Relations Administration Activity is whether the Board has been able to command the respective trust of the parties and to maintain a climate among them which lends itself to the resolution of their differences.

To ensure the effective realization of its mandate, the Board closely monitors the proceedings coming before it to ensure their expeditious handling from initial application or reference to final disposition. The Board also ensures that its jurisprudence is available to assist individuals, the immediate parties to collective bargaining and the staff relations community at large through the publication and distribution of its decisions. The principal vehicle is the PSSRB Decisions. This publication contains a digest of all decisions. As well, the Annual Report of the Board includes significant developments in its jurisprudence. Finally, by way of conciliation, mediation or consultation the Board encourages the voluntary resolution of collective bargaining and all other kinds of disputes falling under the Act.

The Staff Relations Administration program has been granted an exemption from program evaluation by the Office of the Comptroller General. The exemption was based on the fact that the Board functions as a quasi-judicial body and it has no authority to alter or change the program.

Pay Research Bureau: To the extent that the effectiveness of the Pay Research Bureau Activity can be measured, the reliance which the parties to collective bargaining place on the compensation data produced by the Bureau in its survey reports is a criterion. Based on the requirements for data identified by the parties, the Bureau essentially continues to meet their needs. Through the Advisory Committee on Pay Research and its technical sub-committees, the parties have a significant input into the specifications of the surveys. Throughout the restraint period, extensive use was made by the parties of Bureau reports as compensation levels were being monitored. Representatives in the collective bargaining process significantly rely on Bureau findings in their analyses of compensation levels and in preparation for the period beyond the current restraint program. The historical reliance of the parties on Bureau reports in negotiations and at arbitration and conciliation board hearings is an indicator of the impartiality of its products and that the Bureau continues to fulfill its mandate of meeting the compensation requirements of the parties.

During 1984, the Pay Research Bureau activity was the subject of a program evaluation by an external consulting firm. The results have been reviewed by members of the Advisory Committee on Pay Research for further input and recommendations, as well as by senior staff of the Bureau. The evaluation results ascertain the extensive use made by the parties of Bureau compensation surveys and research activities in the process of collective bargaining and in the compensation-setting process for excluded or unrepresented classes in the Public Service. Further, the timeliness of the Bureau pay survey data was found to meet the needs of the parties. In addition, data-reporting was frequent enough to capture or reflect changes in the outside market. As well, research reports on the outcomes of Public Service collective bargaining are used to varying degrees by the parties, arbitrators and others.

Key recommendations in the program evaluation report focus on needs assessment for additional survey classes, benefits survey criteria review and assessment of level of details required, degree of survey data dissemination, and of communication to the parties of Bureau job-matching methods and procedures. In addition, the evaluation report recommends a review of the Bureau's executive and senior management survey in terms of additional usage and development, in addition to continued monitoring of the level of development of studies on the outcomes of collective bargaining. A plan of action has been implemented on all recommendations reported in the program evaluation study.

Section II
Analysis by Activity

A. Staff Relations Administration

Objective

The objective of the Staff Relations Administration Activity is to administer the Public Service Staff Relations Act in a fair and equitable manner which allows the employers, the bargaining agents and the employees they represent and others who have entitlements to exercise their rights as provided for in the Act.

Resource Summary

This Activity represents 57% of the total operating budget of the Public Service Staff Relations Board for 1985-86.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Staff Relations Administration	5,506	97	5,120	96	3,831	75

Past Financial Performance

Figure 5: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Staff Relations Administration	3,831	4,275	(444)
Person-years	75	80	(5)

The lapse was primarily due to vacancies in the Board complement.

Description

Adjudication: Grievance adjudications, which represent the largest single component of the Board's workload, are dealt with by individual adjudicators, who may be part-time or full-time members of the Board, but are largely the latter. The assignment of cases is made by the Deputy Chairman who is responsible for the administration of the system of grievance adjudication. As stated in the Initiatives, the Board will continue in its efforts to utilize the resources of the Board and parties to best advantage, with a view to reducing the backlog of references to adjudication as expeditiously as possible. Figure 6 presents a record of the number of references to adjudication made to the Board from the 1978-79 fiscal year to 1984-85.

Figure 6: References to Adjudication

Fiscal Year	Brought Forward	Receipts from Post Office	Receipts from Other Sources	Overall Total	Dispositions Total
1984-85 (Forecast)	2,565	0	450	3,015	2,000
1983-84	2,730	0	675	3,405	840
1982-83	3,305	235	940	4,480	1,750
1981-82	1,875	1,150	1,800	4,825	1,525
1980-81	3,425	775	400	4,600	2,725
1979-80	2,150	2,475	350	4,975	1,550
1978-79	550	2,150	200	2,900	750

Figure 7 gives the projected adjudication hearing workload for 1985-86.

Figure 7: Adjudication Hearing Workload

	Estimates 1985-86	Projected 1984-85	Actual 1983-84	Actual 1982-83
Hearings scheduled (Number of days)	350 (470)	325 (440)	339 (520)	425 (635)
Hearings held (Number of days)	226 (306)	210 (285)	206 (281)	221 (331)

The above table reveals the discrepancies between the adjudications scheduled for hearing and those actually held, referred to in the Highlights (page 9).

Mediation Services: As part of the daily functioning of the Office of Mediation Services, the staff maintains on-going communication with the parties to collective bargaining in the Public Service. Members of the staff are appointed under the relevant provisions of the Act as conciliators or mediators in the majority of interest disputes where the parties have reached an impasse in their negotiations. In other situations, where it seems appropriate, an ad hoc mediator or conciliator may be appointed. Members of the staff also are available at various stages of bargaining to facilitate communications and help resolve differences between the parties. On a continuing basis the staff endeavours to settle unresolved proposals for managerial or confidential exclusions from bargaining units and conduct examinations and prepare reports for use by the Board when it is called upon to make such determinations. As indicated in the Initiatives the Board will be providing the third party services contemplated by the Act to assist the parties in resolving their collective bargaining and other disputes.

Dispute Resolution: Prior to the giving of notice to bargain, a bargaining agent must select either binding arbitration or conciliation with the possibility of strike action as the method of dispute resolution in the event of an impasse in direct negotiations. In the former a three person division of the Board, composed of a member to act as chairman and two members representative of the interests of the parties selected one each from two permanent panels, makes a binding determination on the issues in dispute. Under the other option, following unsuccessful efforts by an ad hoc conciliation board, the employees in the bargaining unit, other than "designated" employees, may lawfully participate in strike action seven days after the board reports its findings and recommendations to the Chairman of the PSSRB.

Other Proceedings: Three-member divisions of the Board are regularly established to deal with such proceedings as certification of bargaining agents and the determination of bargaining rights, complaints of unfair labour practices, the determination of managerial or confidential exclusions and persons designated as necessary for the safety or security of the public, and declarations of strikes as lawful or unlawful.

National Joint Council (NJC): The Board provides physical premises and administrative support services to the NJC which is a consultative body composed of representatives of the government on the official side and representatives of the employees on the staff side. It serves both as a consultation forum on, and as a mechanism for the negotiation of, terms and conditions of employment that do not lend themselves to unit by unit bargaining.

Performance Information/Resource Justification

Specific goals in 1985-86 include:

- fulfilling its primary mandate as a neutral third party in facilitating the resolution of collective bargaining and other disputes in as an effective manner as possible; and

- reducing the backlog of references to adjudication by encouraging the parties of interest to assess the merits of all of the grievances concerned with a view to their settlement prior to being scheduled for hearing and to expedite the disposition of cases requiring a determination by the Board.

The volume and variety of proceedings that come before the Board for decision are dependent on the applications, references and complaints coming from employees, bargaining agents and the various employers. Similarly, the frequency with which the Board is called on to provide its services, and the scope and complexity of the issues involved, depend on the degree to which the parties to collective bargaining have by themselves been able to resolve their differences on terms and conditions of employment. The resource requirements are directly related to the above considerations. To the extent that it is possible in advance to anticipate the demand for services, the Board forecasts its workload and resource requirements based on its past years experience in administering the PSSRA.

Average costs for the conduct of the various Board proceedings in which part-time Board members and outside specialists participate have been developed and are used against the projected workload to determine financial resource requirements. These resources, in combination with the non-discretionary human and financial resources required to support the full-time Board members, form approximately 31% of the Staff Relations Administration Activity's budget.

The balance of the resources provide the support functions to the operations of the Board. They include the offices of the Secretary Registrar, General Counsel, Mediation Services and Administration. The latter provides services to both the Staff Relations Administration and the Pay Research activities and is largely a mandatory overhead. It comprises the Personnel, Financial, Administrative and Library services. Indicators are being considered to measure resource requirements and usage for these support functions.

B. Pay Research Bureau

Objective

To collect and provide timely compensation data primarily to assist the parties to collective bargaining in establishing wage rates and terms and conditions of employment for bargaining unit employees. Such data are prepared also for guidance in the determination of compensation for excluded groups and more particularly persons employed in managerial capacities.

Resource Summary

This Activity represents 43% of the total operating budget for the Public Service Staff Relations Board for 1985-86.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Pay Research Bureau	4,176	77	3,903	77	4,024	91

Past Financial Performance

Figure 9: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Pay Research Bureau	4,024	4,215	(191)
Person-years	91	92	(1)

Description

The Pay Research Bureau provides an independent and objective source of information on pay rates and conditions of employment for occupational classes found in outside sectors which are similar or comparable to those found in the Public Service. Primarily, such information is intended to meet the needs of the bargaining agents representing employees and the various employers in the collective bargaining process established by the Public Service Staff Relations

Act. Much of the most relevant information is gathered directly by Bureau officers in field surveys. In such surveys Bureau officers seek information on pay and other benefits applicable to comparable work on the outside. The Bureau has been making increasing use of automated techniques in keeping its pay information up-to-date. Through the Advisory Committee on Pay Research and its technical committees, the Bureau involves the representatives of employers and certified bargaining agents in the Public Service in the determination of programs and the development of research, survey methodology and policies. The compensation survey program measuring pay in the economy includes classes in the operational, administrative support, administrative and foreign service, technical, scientific and professional and management categories. Normally actual aggregate salary information is presented by level of occupation. Reports are generally published annually, or semi-annually for over 150 key classes and levels in all categories of employment.

To avoid duplication of effort, the Bureau, where it is feasible and consistent with its objectives, uses data from Statistics Canada and Labour Canada. However, this can be done for only a few classes as surveys from these two agencies are conducted for the Canadian community and not specifically for the Public Service. Thus, the activities of these organizations are not tailored to the specific needs of the parties to bargaining in the Public Service. On the other hand, the Pay Research Bureau has fully co-ordinated its activities with these two organizations to avoid duplication of effort. For example, the Bureau currently uses data for university teachers from Statistics Canada and for specific operational occupations from the Wage Rate Survey of Labour Canada. The data are processed within the Bureau to meet the requirements of the parties.

Performance Information/Resource Justification

Specific goals in 1985-86 include:

- providing pay and benefit survey data relevant to bargaining units;
- providing pay and benefit survey data for managerial personnel;
- measuring the outcomes of Public Service collective bargaining: analyses of collective agreement content, indices of issues dealt with in bargaining, adjudication processes; and
- on behalf of the Government of Canada answering requests from outside organizations participating in Bureau surveys, and other organizations, for Public Service compensation and related information.

The expenditures for the Pay Research Bureau Activity are principally comprised of salaries and the expenses involved in the conduct of surveys and the preparation of reports including reports measuring the outcomes of collective bargaining in the Public Service, and special studies. Figure 10 lists the planned nation-wide compensation surveys of industrial and other organizations during the upcoming year in addition to other research work.

Figure 10: Planned Compensation Surveys and Other Research Studies

Pay Survey Program	Eleven elements of compensation covering 464 or 97% of the total number (478) of occupational class levels in this program will be surveyed and reported on, at least once during this fiscal year.
Benefits and Working Conditions Survey Program	This year the benefits survey program will gather information on the incidence and characteristics for 58 or 85.3% of the total benefit items covering office, non office, scientific and professional and the executive group. As well, similar information for 38 benefit items gathered during the 1984-85 fiscal year will be reported on during the 1985-86 fiscal year.
Research Activities, Special Studies and Other Reports	In addition to reporting on the outcomes of collective bargaining, i.e. Public Service collective agreement analyses reports, index of issues dealt with in arbitral awards, final development of an index of issues dealt with in conciliation board reports is also planned. Seven other compensation and related special studies or reports will also be published: three on provincial government remuneration, one on Public Service benefits and conditions, two on highlights of compensation in industry, and one on school board pay and qualifications.

Note: Surveys can be carried out and reported on in the same fiscal year or carried out in one fiscal year and reported on in the next.

Information resulting from Bureau programs are presented in reports. Bureau reports, issued under various formats acceptable to the parties, contain either data collected through surveys or findings based on related research. The Bureau does not present an analysis of the data nor does it make recommendations to the parties. In this context, the quality of reports is directly related to the amount of data they contain. Thus, the number of occupational class levels surveyed, and the number of pages subsequently published in Bureau reports, are indicative of user requirements in terms of the need for data as well as the level of quality desired, and as such are selected as primary indicators of PRB output. When linked to resources expended in their production, these indicators provide a significant measure of Bureau productivity.

Since 1975-76, there has been a one-third increase in the number of class levels -or jobs - surveyed by the Bureau, from 338 to 458. During the period, the person-year allotment has increased by ten percent. In terms of report pages published by the Bureau, the number since 1980 has increased by seven percent, from 6190 to 6640. During the same period the number of person-years have increased by only half that amount. Increased output per resource expended has been effected through technological changes in the data processing methods and equipment, improvements in survey respondent information input processes into the Bureau's data bank, electronic and other printing and report production techniques, computer edit checks and other related procedures, administrative and organizational changes adapted to survey requirements and cycles.

Given the nature of Bureau activity, data on increased output should however be interpreted with caution. Certain Bureau projects require a great deal more research and resources allocation than others. For instance a difficult-to-survey class requires significant research input in early feasibility or development stages, in relation to other classes. Any resulting pilot study or survey could produce very little data or few report pages in relation to time and resources expended. For projects of this category and others as well, the Bureau must be prepared to devote resources in order to meet priorities and data requirements of the parties, regardless of the eventual quantity of output.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Public Service Staff Relations Board expenditures by object are presented in Figure 11.

Figure 11: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	6,509	6,207	5,624
Contributions to employee benefit plans	911	807	873
Other personnel costs	-	-	-
	7,420	7,014	6,497
Goods and services			
Transportation and Communications	536	526	467
Information	318	236	227
Professional and Special Services	595	555	391
Rentals	134	90	68
Purchased repair and upkeep	44	39	61
Utilities, materials and supplies	129	202	94
All other expenditures	457	323	1
	2,213	1,971	1,309
Total operating	9,633	8,985	7,806
Capital	49	38	49
Total expenditures	9,682	9,023	7,855

2. Personnel Expenditures

The Public Service Staff Relations Board is a labour intensive organization with personnel costs (including statutory contributions to employee benefit plans) constituting approximately 80% of total operating costs.

Figure 12: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Board Members and Management	22	22	22	50,350 - 105,050	72,430
Scientific and Professional	5	5	5	20,523 - 88,120	49,641
Administrative and Foreign Service	65	67	67	13,912 - 57,987	39,351
Technical	10	9	7	12,635 - 57,764	32,881
Administrative Support	72	70	71	12,636 - 31,946	23,046

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

Net Program Cost

The Board's 1985-86 Estimates include only authorities to be voted and statutory authorities. When describing the Program on a full cost basis other costs must be considered.

Figure 13: Net Cost of Program ($000)

	1985-86 Operating Expenditures	Add Other Costs	**Total Cost**	Total 1984-85
Public Service Staff Relations Board Program	9,682	1,355	11,037	10,677

Other costs include services provided without charge by Public Works Canada for accommodation ($1,222,000), the Treasury Board for the employer's share of insurance premiums and costs (Group Surgical Medical Plan and Provincial Health Insurance - $117,000) and Supply and Services Canada for cheque issue, pay, superannuation, administration and financial management statements ($16,000).

Public Works Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Public Works Canada

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Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

There are six chapters in this document. The first provides an introduction to the Department. The other five present the Expenditure Plans for each of the Department's programs.

Chapters 2 to 6 begin with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents.

Each Program Expenditure Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

Note: The Program/Activity Structrue shown in this plan represents a complete revision from that used in previous years. A table showing the totals for the old and new programs based on the Main Estimates for 1984-85 is shown on page 1-10.

In view of the new Program/Activity Structure, some of the data, such as details by Sub-activity, is not available. This will be remedied in future presentations.

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Departmental Summary

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Roles and Responsibilities of Public Works Canada

The mission of Public Works Canada is to manage Real Property for the Government of Canada and to provide Planning, Design, Construction and Realty Services to government departments and agencies while contributing to the Government's wider social, economic, and environmental objectives in relation to that property. Real Property includes land, buildings (occupied or surplus), roads, highways, bridges and related works, marine works such as locks, dams and dry docks.

The Department's primary role is that of a Common Service organization in the provision of accommodation and services to clients within the requirements of legislation, policies and directives of the Treasury Board of Canada or other appropriate authorities, to achieve certain standards of prudence and probity and to conform with the socio-economic decisions of government.

The Department is expected to obtain the maximum value for money within the context of government-wide requirements as established primarily by the Treasury Board. The Department serves as an advisor to the Board on its directives, and to clients, on their effective use of the services available. The Treasury Board is responsible for issuing directives and guidelines which apply generally or approving specific variations from those directives and guidelines. Departments and agencies are responsible for determining what they need and, to the extent authorized, funding their requirements.

The Department is also responsible for the administration of all or portions of several statutes and for the fulfillment of a number of specific government mandates related to Real Property. These statutes include the Bridges Act, the Dry Dock Subsidies Act, the Expropriation Act, the Kingsmere Park Act, the Laurier House Act, the Municipal Grants Acts, the Official Residences Act, the Ottawa River Act, the Public Works Act, the Surplus Crown Assets Act and the Trans-Canada Highway Act.

To meet these requirements the Department has been structured into several Programs and has been organized into several organizational units and regions which are described in the following pages.

Program Structure

A significantly revised Program/Activity structure has been introduced for 1985-86. The number of programs has been reduced from seven to five, each of which relates directly to the role expected of the Department in relation to the several "businesses" the Department is involved in. See page 1-10, Figure 6 for a description of the major changes and comparison of the amounts using 1984-85 Main Estimates. These businesses are as follows:

Provision of Services

The Services Program: which fulfils the common service role to provide a wide range of professional, technical, operational services required by the Government in relation to the acquisition, management, and operation of Real Property.

Provision of Space

The Accommodation Program: which fulfils the common service role to provide the full range of office and other forms of accommodation required to support the operations of Government.

Fulfilment of Specific Government Mandates

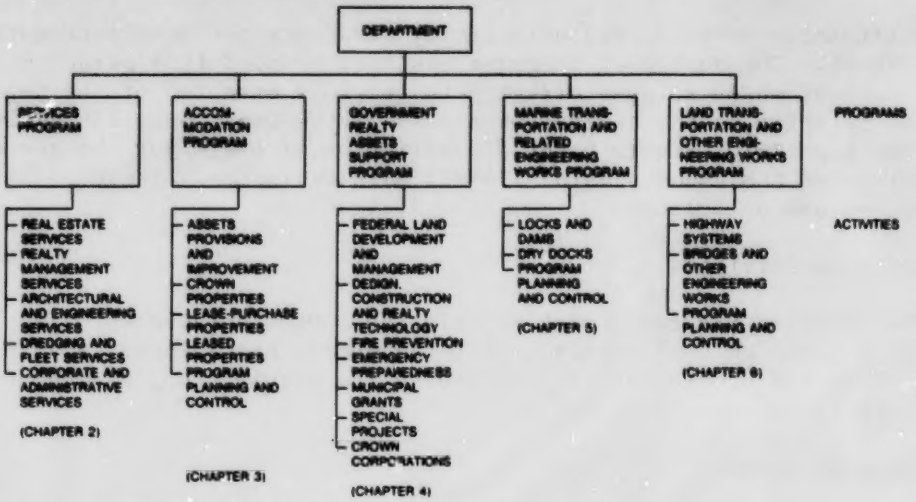
The Government Realty Assets Support Program: which provides a central capability for the Government to achieve wider social, economic and environmental objectives related to real property.

The Marine Transportation and Related Engineering Works Program: which provides specific Marine Works and related infrastructure to facilitate marine transportation and related economic and social development goals.

The Land Transportation and Other Engineering Works Program: which provides certain highways, bridges and other engineering works to facilitate land transportation and related economic and social development goals.

Figure 1 shows this structure and the related activities within each Program. Figure 4 shows the spending plan for each Program. A detailed description of each program and activity can be found in Chapters 2 to 6.

Figure 1: Program Activity Structure



Funding Structure and Charging Practices

The introduction of the revised Program/Activity structure and the charging of clients for direct costs for all services provided by the new Services Program is part of the Department's initiative to improve management and control. This results in a major change in funding structure and charging practices being introduced in 1985-86 which is reflected in this Plan.

Funding/Vote Structure: This Plan reflects a completely revised vote structure to support the revised Program/Activity structure which has been described above (see Figure 6). The major features of the new funding/vote structure are:

- the operating expenses of the Services Program are funded through the Public Works Revolving Fund (Services and Management Account), with an appropriation to cover costs not recovered from client departments and agencies or other programs of the Department. A capital vote is provided for equipment for use in the Services Program.

- the Accommodation Program will continue to be funded from an operating vote with the authority to spend revenue, with a capital vote for the acquisition and improvements of assets.

- the expenditures for the other programs, that is, Government Realty Assets Support, Land and Marine Transportation, will be funded from the operating, capital, transfer payment appropriations, plus, payments to Crown Corporations and, statutory appropriations for contributions to employee benefit plans, Municipal Grants, etc.

Human Resource Allocation: This Plan shows the majority of the Person-years in the Services Program. Other Public Works Programs and other departments and agencies are treated as "clients". (as defined by the Treasury Board's Common Services Policy) Thus, the Service Program includes:

- The personnel dedicated to the management and control of the Department as a whole, as well as each region (e.g. the offices of the Minister, the Deputy Minister, Executive Committee members, Regional Directors General, financial, personnel, administrative and other support staff).

- The personnel assigned to program support for the respective activities in the Services Program.

- The professional, technical and operational personnel which are employed, primarily on a project or building basis to provide services to all clients including other programs of the Department. For example, an architect could be working on a variety of building design projects for the Solicitor General, the Canada Post Corporation, and the Public Works Accommodation Program in any given year, depending on the approved projects within these clients' appropriations.

Generally the Person-Years included in the other programs reflect only the resources allocated for the direct management of the Program or Activity. They, in effect represent the "client or owner" role.

Charging Practices: The revenues for the Services Program represent, primarily, the recovery from client departments and agencies of direct costs including disbursements. In addition, due to the placement of the majority of the Person-Years in the Services Program, its revenues also include of the recovery from other Public Works programs of the cost, of the staff involved in providing the professional, technical and operational services plus disbursements made by Service managers on behalf of other programs. The remaining expenditures related to other programs are charged directly to the respective program.

In the Services Program, recoveries of overhead, fees, any profit margin as well as revenues from outside parties, are shown as Non-Tax Revenue.

The revenue credited to the Accommodation Operating Vote represents recoveries from other departments and agencies who are required by legislation or government policy to pay for accommodation.

All other revenue for other Programs, primarily from outside parties, is shown as Non-Tax Revenue for the respective program.

Organization Structure

The Deputy Minister of Public Works is accountable for the management of the Department. The Departmental Executive Committee plays a key role in departmental decision making including the establishment of corporate priorities, approval of programs, the determination and allocation of financial and human resources, approval of departmental policies and the monitoring the implementation of its decisions. This Committee is composed of the Deputy Minister, ten senior headquarters managers reporting to the Deputy Minister and the six regional directors-general. In addition, as much of the departmental activity is carried out on a project basis, a formal Project Delivery System is used, with approval and monitoring of major projects the responsibility of the Corporate Projects Policy Committee, a sub-committee of the Departmental Executive Committee.

The management of Public Works Canada is subdivided into two basic categories:

Operational Management: consisting of the Assistant Deputy Minister, Operations and Regional Directors General, Regional Managers and their related staff. Their primary responsibility is to implement and deliver Executive Committee approved programs and projects.

Functional Management: consisting of the Assistant Deputy Minister, Realty, Assistant Deputy Minister, Design and Construction, Assistant Deputy Minister, Revenue Dependency, Director General, Corporate Affairs, Executive Secretary, Director, Public Relations and Information Services and their related staff. Their primary responsibilities are to develop professional/technical standards, guidelines, functional control procedures and criteria, maintain state of the art capabilities in these areas, and to maintain quality control at the planning, implementation and evaluation stages of projects and programs.

The Assistant Deputy Minister, Finance, the Director General, Personnel and the Fire Commissioner of Canada are in a special category as their roles are covered by legislation and central agency policies and regulations.

Most of the activity of the Department is carried out through the six regional offices located in Halifax, Montreal, Ottawa, Toronto, Edmonton and Vancouver. In addition, there are district offices located in St. John's, Charlottetown, Halifax, Saint John, Rimouski, Quebec, Montreal, Ottawa, Hull, London, Sault Ste. Marie, Thunder Bay, Winnipeg, Regina, Saskatoon, Calgary, Yellowknife and Whitehorse. See Figure 3 for a map of the regions.

Figure 2 shows the overall organization structure of the Department.

Figure 2: Organization of Public Works Canada

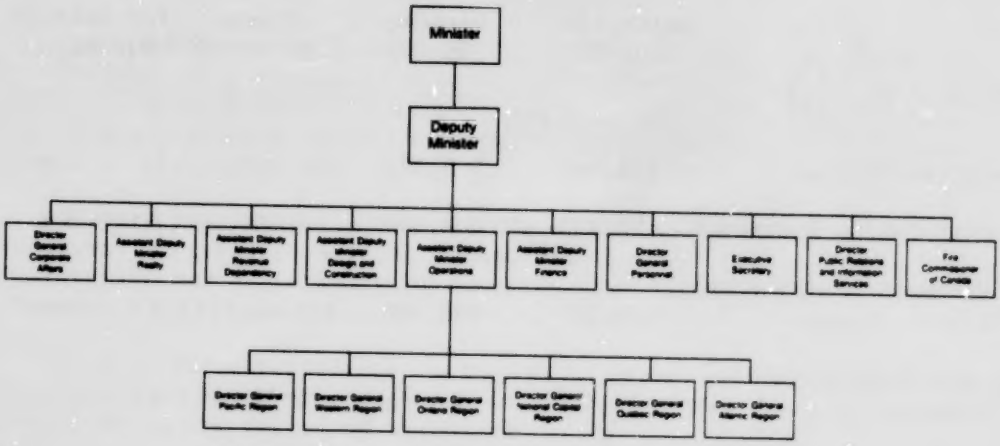


Figure 3: Regions of Public Works Canada

Departmental Spending Plans

Figure 4: Departmental Spending Plan by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Services Program	158,305	179,523	(21,218)	(11.8)	2-6
Accommodation Program	605,393	600,993	4,400	.7	3-6
Government Realty Assets Support Program	375,215	435,696	(60,481)	(13.9)	4-8
Marine Transportation Program	12,414	14,230	(1,816)	(12.8)	5-6
Land Transportation Program	65,956	84,711	(18,755)	(22.1)	6-6
Total Department	1,217,283	1,315,153	(97,870)	(7.4)	

For 1985-86 gross expenditures are expected to be $2,747 million with revenues totalling $1,529 million. See Figure 5 for further details.

Priorities

The Department will be pursuing four major priorities during 1985-86. In some cases the priorities will significantly alter the manner in which the Department carries out its responsibilities, and its relationships with other departments and agencies. The priorities are:

Restraint: which is being applied to all program areas (with substantial reductions in overhead) most specifically through the government's Expenditure and Program Review. As a result of the review, expenditures of the Department will be reduced by $34.8 million and revenues will increase by $40.7 million. In addition the Department will absorb the bulk of the effect of inflation on its programs estimated at $15 million.

Improved Management Practices: most of which are being carried out under the departmental IMPAC/Revenue Dependency Incremental Plan. In particular, the Department will extend direct cost charging to all clients of the Services Program, including other programs of the Department and will introduce several new computer based management systems including a new Financial Management System.

Improved Operational and Functional Performance: including the introduction of a new operational planning framework, program/ activity structure, accountability structure and an improved service relationship with all clients based on formally signed agreements with each one.

Support for Broader Government Objectives: including Official Languages, Affirmative Action, Economic Equality, accessibility, Energy Conservation and exploration of opportunities for cooperation with the provinces.

Each of these priorities is supported by one or more initiatives, the details of which are described in the respective Program Expenditure Plans in the following chapters.

Departmental Spending Plan by Organization

Figure 5 shows the expenditures, revenues and person-years for which each senior manager within the department is responsible.

Figure 5: Departmental Spending Plan by Organization/Program ($000) and Person-Years (P-Y) 1985-86

	Services		Accommodation		Government Realty Assets Support		Marine Trans-portation		Land Trans-portation		Total	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Deputy Minister	2,401	44									2,401	44
ADM Corporate Affairs	4,782	67									4,782	67
DG Personnel	6,111	135									6,111	135
ADM Realty	4,183	84	503	13	17,626	2					22,312	99
ADM Revenue Dependency	653	9									653	9
ADM Operations	1,440,685	7418	781,612	117	349,407	59	12,345	4	65,890	2	2,649,939	7600
ADM Design and Construction	16,878	227			6,257	2	69	1	66	1	23,270	231
ADM Finance	26,858	168									26,858	168
Executive Secretary	7,533	158			1,104	20					8,637	178
Director, Public Relations and Information Services	911	13									911	13
Fire Commissioner of Canada					821	14					821	14
	1,510,995		782,115		375,215		12,414		65,956		2,746,695	
Less: Revenue	(1,352,690)		(176,722)								(1,529,412)	
	158,305	8323	605,393	130	375,215	97	12,414	5	65,956	3	1,217,283	8558

Change in Program/Activity Structure

As noted earlier, a major change has been made in the program/activity structure for 1985-86. Following is a summary of the principal changes:

- The new Services Program includes the entire old Administration Program, a major portion of the Professional and Technical Services Program, all of the Construction Services Revolving Fund, Dredging and Fleet Services from the Marine Program, Canada Post operations from the Accommodation Program plus most of the staff from the remaining programs.

- The new Government Realty Asset Support Program combines designated properties and the Special Projects/Activity from the Accommodation Program, the Land Management and Development Program, the Municipal Grants Program, Technology, Fire Prevention and Emergency Preparedness from the Professional and Technical Services Program.

Figure 6 shows the relationship between the old and new Program/Activity structure using the amounts for 1984-85 Main Estimates.

Figure 6: 1984-85 Main Estimates Crosswalk

Old Structure	$000	P-Y	New Structure	$000	P-Y
Administration Program	56,682	1316	Services Program		
Professional and Technical Services Program	56,744	953	Expenditures	1,376,363	8575
Construction Services Revolving Fund:			Less: Receipts credited to the Fund	1,224,049	
Disbursements	619,495	650	Total	152,314	8575
Less: Receipts credited to the Fund	619,495		Accommodation Program		
Total	-	650	Expenditures	759,915	130
Accommodation Program			Less: Receipts credited to the Vote	166,217	
Expenditures	1,052,169	5383	Total	593,698	130
Less: Receipts credited to the Vote	310,348		Government Realty Assets Support Program	392,966	78
Total	741,821	5383	Marine Transportation and Related Engineering Works Program	14,230	5
Marine Program	22,894	245	Land Transportation and Other Engineering Works Program	84,711	3
Transportation and Other Engineering Program	82,096	127			
Land Management and Development Program	82,080	77			
Municipal Grants Program	260,502	40			
1984-85 Main Estimates	1,302,819	8791			
Less: Transfers to other Departments*	64,900	-			
Revised Total	1,237,919	8791		1,237,919	8791

* Includes Canada Museums Construction Corporation transferred to Communications Canada ($[illegible]2 million) and Canada Harbour Place Corporation transferred to Transport Canada ($2.9 million).

Services Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $158,263,000 in support of the 1985-86 Services Program. The remaining expenditures, estimated at $42,400 for the Minister's salary and motor car allowance will be made under existing statutory authority.

Parliament has previously authorized a total drawdown of $150,000,000 for the Public Works Revolving Fund. For the 1985-86 Estimates year the net cash requirements of the Fund will be met by appropriation.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85* Main Estimates
	Services Program		
1	Public Works Revolving Fund - Services and Management Account - Planned deficit	146,644	149,700
5	Capital expenditures	11,619	2,572
(S)	Minister of Public Works - Salary and motor car allowance	42	42
(S)	Public Works Revolving Fund - Services and Management Account	-	-
	Total Program	158,305	152,314

*A new Program/Vote structure is being introduced in 1985-86 (1984-85 amounts have been adjusted to reflect the revised structure).

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Services Program	
1	Public Works Revolving Fund - Services and Management Account - Planned deficit	146,644,000
5	Services - Capital expenditures	11,619,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						1984-85* Main Estimates
	Authorized person-Years	Budgetary				Total	
		Operating	Capital	Sub-total	Less: Revenue Credited to the Vote		
Services Program	8,323	1,499,376	11,619	1,510,995	1,352,690	158,305	152,314
	8,323	1,499,376	11,619	1,510,995	1,352,690	158,305	152,314

*A new Program/Activity structure is being introduced in 1985-86 (1984-85 amounts have been adjusted to reflect the revised structure).

Section 1
Program Overview

A. Highlights

For 1985-86, the following goals have been established for the Services Program:

- implement the new Operational Planning Framework and operate the Program as a revolving fund on a direct cost recovery basis. All client departments and agencies and other Public Works Canada Programs utilizing the services will sign service agreements and be charged with the salaries and employee benefit costs of the human resource required, plus all associated disbursements made on their behalf (see page 2-32).

- implement a new computer-based financial management system, one of the significant milestones of the incremental plan for the introduction of improved management practices and in preparation for market rate charging for services (see page 2-32).

- generate $1,352.7 million revenues and recoveries including $465.9 million in internal charges for services provided to other Public Works programs (see page 2-7).

- carry out 3,731 realty projects for clients involving acquisitions, evaluations, surveys and disposals of real property, and process 3,267 applications for Municipal Grants (see page 2-18).

- provide realty management services for 8.3 million square metres of space primarily for the Accommodation Program and Canada Post Corporation (see page 2-21).

- provide architectural and engineering services required in the delivery of $903 million in value of construction and improvement projects (see 2-26).

- provide $17.5 million worth of dredging and related services in response to client demands (see 2-30).

B. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86			Forecast 1984-85			
	Revenues	Expenses	Excess (Revenues) Expenses	Revenues	Expenses	Excess (Revenues) Expenses	For Details See Page
Real Estate Services	23,033	29,374	6,341	14,740	23,421	8,681	2-16
Realty Management Services	379,465	421,099	41,634	313,792	355,072	41,280	2-19
Architectural and Engineering Services	931,699	955,957	24,258	854,637	889,016	34,379	2-24
Dredging and Fleet Services	17,454	22,961	5,507	7,275	21,642	14,367	2-28
Corporate and Administrative Services	1,039	81,604	80,565	886	81,702	80,816	2-31
Total	1,352,690	1,510,995	158,305	1,191,330	1,370,853	179,523	
Add: Change in Working Capital Required			-			-	
Net Modified Cash Requirements			158,305			179,523	
Authorized Person-Years			8,323			8,575	

NOTES:
1. Revenues and Expenses include disbursements on behalf of, and recoveries from, clients totalling $1,146.4 million in 1985-86 and $1,019.6 million in 1984-85.
2. Revenues shown do not include an estimated annual amount of $20 million fees and recoveries of overhead which are credited to non-tax revenue.
3. 1985/86 Excess Expenses are made up of $75.7 million Corporate Overhead, $19.9 million Program Support, $51.1 million unbillable time and $11.6 million Capital Expenditures.

Figure 2: Net Change ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Total Program	158,305	179,523	(21,218)

Explanation of Change: The financial requirements for 1985-86 are $21.2 million or 11.8% lower than the 1984-85 forecast expenditures. The net resource requirement reduction is due primarily to:

- implementation of various restraint measures as part of the government's Expenditure and Program Review ($ 7.1 million)
- provision for salaries and wages increases due to inflation $ 4.6 million
- increased revenue for services provided free to clients in previous years ($27.6 million)
- the increase in net resource requirement as a result of an increase in work load $ 8.9 million

Explanation of 1984-85 Forecast: The 1984-85 forecast (based on information available as of 31 October 1984) is $27.2 million or 17.9% higher than the 1984-85 Main Estimates of $152.3 million (Extracts from Part II of the Estimates, page 2-4). The increase is primarily due to:

• a reduction in revenue from Canada Post Corporation	$10.0 million
• the approval of the Dredge Fleet Capital Plan in Supplementary Estimates "B"	$ 5.7 million
• the approved funding transfer from Accommodation Program for acquisition of systems hardware and development of systems software	$11.5 million

Method of Financing:

In 1985-86 the Services Program is funded by:

- a statutory appropriation for the Minister's Salary and Motor Car Allowance;

- the Public Works Revolving Fund - Services and Management Account. Established under the authority of the Adjustment of Account Act 1980 (see Figure 29), the Account is charged with all operating expenses for the Program as well as disbursements on behalf of clients and credited with recoveries from client departments and agencies and other Public Works programs based on disbursements and project costs plus salaries and benefit costs of the employees involved.

- an appropriation to cover for the shortfall of the operation of the revolving fund. This provides for the costs not recoverable from client departments or other Public Works programs, the costs of program support, unbillable time and departmental overhead. Also included in the appropriation is an amount equal to the non-tax revenues (fees and recoveries of overhead) since these are not credited to the revolving fund.

- a capital appropriation for acquisitions of capital for the Program.

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C. Background

1. Introduction

The Services Program is a Common Services Program, operating within the Treasury Board Common Services Policy and serves a variety of clients including:

- Departments and Departmental Corporations listed in Schedules A and B of the Financial Administration Act, and branches designated as departments for purposes of the Act;
- Crown Corporations listed in Schedule C of the Financial Administration Act which choose to use Public Works Canada services;
- All other Programs of Public Works Canada;
- Organizations outside of federal government which qualify, within governmental and departmental policy, to receive Public Works Canada services.

The Program provides a wide range of professional, technical, operational and managerial services in the general categories of Real Estate Services, Realty Management, Architectural and Engineering and Dredging and Fleet Services. Services Program also includes Corporate and Administrative Services for all other programs of Public Works Canada itself.

2. Legal Mandate

The Public Works Act (sections 8 and 9) sets out the responsibilities of the Minister to provide engineering and architectural services and to direct the construction, maintenance and repair of public works placed under his management and control. Other statutory authorities include the Expropriation Act, the Surplus Crown Assets Act, the Public Lands Grants Act and the Adjustment of Accounts Act. In addition, a number of Treasury Board policies and regulations directly relate to the activities carried out by the Services Program. These include the Common Services Policy, the Government Contracts Regulations, Public Land Leasing and Licencing Regulations, Public Works Leasing Regulations, and the Government Land Purchase Regulations.

As the Services Program provides the management and administrative services for the department, these services are provided in accordance with a variety of Acts and central agencies' directives and policies which apply to all departments.

3. Program Objective

The objective of the Services Program is "to provide the professional, technical, and real property services required by federal government departments, agencies and other programs of the department for the construction, acquisition, management, operation and disposal of real property; and to provide the management and administrative services for the department".

4. Program Organization for Delivery

Activity Structure: The program is composed of the following five activities as shown in Figure 3.

Real Estate Services: To provide departments, agencies and other programs of the department with those real estate and related advisory services required for the evaluation, survey, acquisition, development and disposal of real property.

Realty Management Services: To provide departments, agencies and other programs of the department with those realty management and related advisory services required for the management, operation and maintenance of real property.

Architectural and Engineering Services: To provide departments, agencies and other programs of the department with those professional and technical and related advisory services required for the design, construction and project management of buildings, marine and land transportation facilities, and technology development.

Dredging and Fleet Services: To provide departments and agencies with dredging and the related fleet services.

Corporate and Administrative Services: To provide executive and general management, policy direction and administrative services for all departmental programs.

Figure 4 shows the relative resource allocation among the five activities. While more than half of the Services' person-years is allocated to Realty Management Services, 63.3% of the Program expenditures is in Architectural and Engineering Services. Both Real Estate and Dredging and Fleet Services are allocated only about 3% of the human resources and 2% of the Program expenditures.

Figure 3: Activity Structure

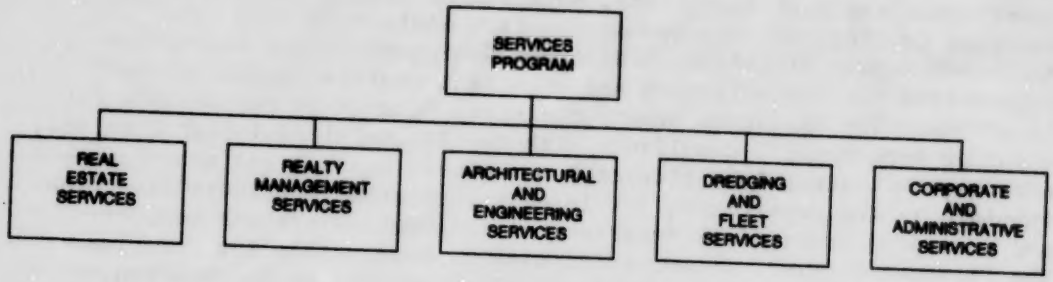
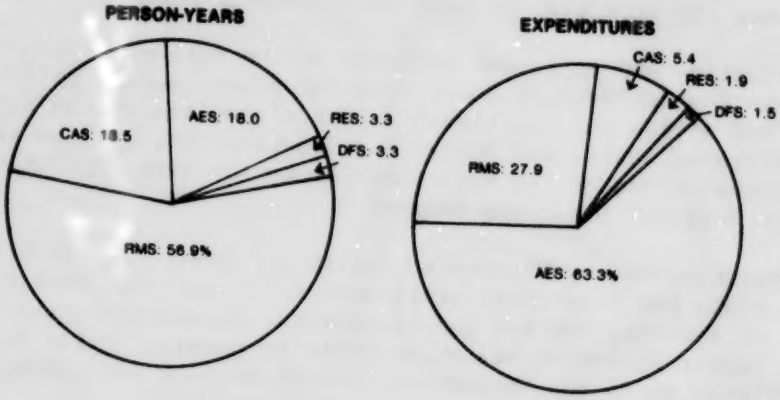


Figure 4: Services Program Resource Allocation by Activity



RES: Real Estate Services
RMS: Realty Management Services
AES: Architectural and Engineering Services
DFS: Dredging and Fleet Services
CAS: Corporate and Administrative Services

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Organization Structure: The Deputy Minister is directly accountable for ensuring that the objectives of the Program are achieved. The Assistant Deputy Minister, Operations is accountable for integrated and coordinated regional operations, maintaining good client relations and ensuring probity and prudence in contract administration. The Assistant Deputy Ministers, Design and Construction and Realty are responsible for the effective and efficient administration of their functions. The Assistant Deputy Minister, Finance is responsible for ensuring departmental compliance with the Financial Administration Act, ensuring the appropriate financial management systems and practices are in place in the department, providing the related functional direction and providing appropriate departmental information systems support. The Director General, Corporate Affairs is responsible for ensuring appropriate corporate and functional planning, policy formulation, evaluation, audit, and management consulting services to all departmental activities. The Director General, Personnel is responsible for ensuring compliance with governmental personnel regulations and policies and providing functional advice. The Executive Secretary is accountable for the provision of functional direction and advisory services on administrative services and materiel management support. The Regional Directors General are accountable for the efficient and effective management of their respective regions.

The effective and efficient delivery of the various services within Public Works Canada/Treasury Board approved plans, norms, policies and standards and within the functional guidance provided by the Assistant Deputy Ministers, Realty and Design and Construction, will be the direct responsibility of the Assistant Deputy Minister, Operations through the Regional Directors General.

The Assistant Deputy Ministers, Realty and Design and Construction are responsible for functional management which includes developing policies, procedures, systems and standards. In addition, these Assistant Deputy Ministers are responsible to provide advice to the Deputy Minister as to how to improve overall service performance and to provide quality consultation on relevant issues.

Figure 5 presents the Expenses, Revenues and Person-Years, by Activity, for which each member of the Executive Committee is responsible. The amounts shown for the Assistant Deputy Minister, Operations include the amounts for all Operational Management which is located at headquarters, in the six regional offices and in the various district offices across Canada.

Figure 5: Expenses, Revenues and Person-Years by Organization and Activity 1985-86

	Real Estate Services		Realty Management Services		Architectural and Engineering Services		Dredging and Fleet Services		Corporate and Administrative Services		Total	
	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y	$000	P-Y
Deputy Minister									2,401	44	2,401	44
Executive Secretary									7,533	158	7,533	158
Director General Corporate Affairs									4,782	67	4,782	67
Assistant Deputy Minister, Finance									26,858	168	26,858	168
Director General, Personnel									6,111	135	6,111	135
Director, Public Relations									911	13	911	13
Assistant Deputy Minister, Revenue Dependency									653	9	653	9
Assistant Deputy Minister, Design and Construction					16,878	227					16,878	227
Assistant Deputy Minister, Realty	2,689	54	1,494	30							4,183	84
Assistant Deputy Minister, Operations	26,685	222	419,605	4,703	939,079	1,272	22,961	277	32,355	944	1,440,685	7,418
	29,374	276	421,099	4,733	955,957	1,499	22,961	277	81,604	1,538	1,510,995	8,323
Less: Revenue	23,033		379,465		931,699		17 454		1,039		1,352,690	
	6,341	276	41,634	4,733	24,258	1,499	5,507	277	80,565	1,538	158,305	8,323

D. Planning Perspective

1. Environment

The Public Works Services Program is a Common Services Program, thus responsible for responding to government-wide initiatives as well as the requirements of individual departments and agencies for its services in the most efficient and effective manner.

During 1985-86 the following significant factors will influence the resources needed for the Services Program:

- **Program Financing.** Starting 1 April 1985, the Program will be financed by means of a revolving fund and on a direct cost recovery basis. All client departments and agencies, as well as other Public Works Canada programs which utilize the services provided by the Services Program, will be charged for the services based on either existing agreements or on a direct cost recovery basis.

- **Client Relationships.** The implementation of the Common Services policy and the Client Relations policy greatly affects the relationship between the department and its clients. According to these policies, client departments and agencies and other programs of the department are responsible for deciding what services are required as well as where and when the services will be provided. Services Program as the services seller, has the responsibility for determining how the required services are to be provided and for managing the process to deliver them to clients' satisfaction and within government's policies and guidelines.

- **Relationship with Canada Post Corporation.** The department is working closely with the Corporation, one of the department's principal clients, seeking to reduce the costs of servicing the Corporation's holdings.

- **Government Restraint Measures.** Numerous restraint measures initiated by the government and from within the department will greatly affect the resource allocation to and within Services Program particularly in the areas of Program Support and Corporate and Administrative Services.

2. Initiatives

The following major initiatives are underway which significantly affect the operations of the Services Program:

- **Management Improvement.** The implementation of the departmental incremental plan will lead to a number of major improvements in management practices including development of a new financial management system, introduction of corporate and operational performance measures, expanded time reporting systems, and formal service agreements with clients (See page 2-32).

- **Development of Services Standards.** Approved standards, norms and levels of service have been developed for Architectural and Engineering Services and are being developed for the other Services using inputs from the respective industries to ensure compliance with market practices for the services provided.

- **Resource Restraint.** An internal restraint program has been introduced in response to the external program as well as to respond to the long term objective of self-sufficiency for the Services Program.

3. Program Effectiveness

As a Common Services program one of the measures of the success of the Services Program is the degree to which it recovers its costs. At the present time the general policy is to recover only the direct costs which can be readily identified with a client, either another department or agency, or another Public Works program. In 1985-86 it is expected that Services Program will recover 89.5% of its expenditures as compared to 86.9% in 1984-85. A second indicator of the performance of the Program is the extent to which its staff provide services to clients. In 1985-86 68.7% of the person-years are chargeable as compared to 60.2% in 1984-85.

Section II
Analysis by Activity

A. Real Estate Services

Objective

To provide departments, agencies and other programs of the department with those real estate and related advisory services required for the evaluation, survey, acquisition, development, and disposal of real property.

Resource Summary

This Activity represents 3.3% of the Program's person-years and 1.9% of the gross expenditure requirements.

Figure 6: Activity Expenses and Revenues ($000)

	Estimates 1985-86				Forecast 1984-85			
	Revenues	Expenses	Excess Expenses	P-Y	Revenues	Expenses	Excess Expenses	P-Y
Real Estate Services	7,777	10,605	2,828	225	4,404	9,454	5,050	225
Program support	-	3,513	3,513	51	-	3,631	3,631	56
Sub Total	7,777	14,118	6,341	276	4,404	13,085	8,681	281
Disbursements on behalf of clients	15,256	15,256	-	-	10,336	10,336	-	-
	23,033	29,374	6,341	276	14,740	23,421	8,681	281

Salaries, employee benefit plan contributions and other personnel costs make up $12.5 million or 42.7% of the expenses of this Activity in 1985-86.

Description

This Activity provides for a variety of realty services to other departmental programs and other government departments and agencies relating to the appraisal, acquisition, development and disposal of

real property. The services provided under this Activity can be classified as follows:

Property Acquisition: This includes the acquisition of property by purchase, lease, expropriation, exchange, transfers of administration and control and the obtaining of licenses.

Property Appraisal: This includes carrying out the appraisal of property designated for acquisition or disposal or to allow the property interests to be leased.

Survey: This includes land or property surveys used in the acquisition, disposal or leasing of property, topographical surveys, hydrographical surveys, airport zonings, and building surveys required under condominimum or air right legislation.

Property Investment Analysis and Development: This includes such items as real estate investment analysis, cost benefit, feasibility studies, land use studies, market surveys, analysis of lease/purchase proposals, analysis of development proposals, Federal Land Management studies, Area Screening studies, Asset Management studies and other related investment and financial studies and analyses.

Property Disposal: This includes the services required in the disposal of property by sale, lease, exchange, transfer of administration and control, the granting of licenses and the demolition of structures (buildings, wharves, etc.).

Municipal Grants: This includes the services required for the determination and payment of grants in lieu of taxes to be paid by the department under the Government Realty Assets Support Program on behalf of federal departments and agencies as well as those grants paid by Crown Corporations and the Department of External Affairs. (See the Government Realty Assets Support Program for the payments to the municipalities.)

Property Control: This includes the maintenance of the Crown Real Property and Land Inventory systems which record basic data on all lands and improvements owned or leased by the Federal Government.

Program Support: This includes the management and administrative support staff necessary to direct, control and provide administrative support for this Activity as well as for Crown Corporations reporting to the Minister of Public Works.

Performance Information/Resource Justification

The output of this Activity is a large number of different units or projects of different magnitude which are related directly to each

type of services provided. Figure 7 presents the expected volumes of each and overall total.

Figure 7: Business Volumes

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Number of acquisitions	880	965	599
Number of evaluations	1,288	1,816	1,486
Number of surveys	1,014	1,042	997
Number of disposals	549	524	541
Number of Municipal Grants applications	3,267	3,000	2,889
Total Number of Projects	6,998	7,347	6,512

Revenue: The revenue for this Activity consists of recovery of salaries and employee benefit costs and project expenditures incurred in the provision of services to client departments and agencies and other programs of the department. Figure 8 sets out the expected revenue by source and the number of person-years utilized in providing those services. The significant increase in the percentage of cost recovery and the percentage of chargeable time is the result of the introduction of direct cost charging for all services provided to client departments and agencies.

Figure 8: Revenues and Recoveries By Source ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Other Departments and Agencies	8,931	79	228	5
Other Public Works Canada Programs:				
o Government Realty Assets Support	12,961	76	13,408	76
o Accommodation	1,141	27	1,104	27
	23,033	182	14,740	108
Percentage of Cost Recovery	78.4%		62.9%	
Percentage of Person-Years Chargeable		65.9%		38.4%

B. Realty Management Services

Objective

To provide departments, agencies and other programs of the department with those realty management and related advisory services required for the management, operation and maintenance of real property.

Resource Summary

This Activity represents 56.9% of the Program's person-years and 27.9% of gross expenditure requirements.

Figure 9: Activity Expenses and Revenues ($000)

	Estimates 1985-86				Forecast 1984-85			
	Revenues	Expenses	Excess Expenses	P-Y	Revenues	Expenses	Excess Expenses	P-Y
Realty Management Services	127,061	161,673	34,612	4,640	122,228	156,613	34,385	4,783
Program support	-	7,022	7,022	93	-	6,895	6,895	93
Sub Total	127,061	168,695	41,634	4,733	122,228	163,508	41,280	4,876
Disbursements on behalf of clients	252,404	252,404	-	-	191,564	191,564	-	-
	379,465	421,099	41,634	4,733	313,792	355,072	41,280	4,876

Salaries, employee benefits plan contributions and other personnel costs make up $164.2 million or 39.0% of the expenses of this Activity in 1985/86.

Description

This Activity provides for the services to other departmental programs and federal departments and agencies related to the management, operation, and maintenance of real property. The following four types of services are provided by this Activity:

Property Management: This includes the services required for the management of Crown accommodation to acceptable standards of effectiveness, efficiency and economy; the development of strategies, policies and guidelines for efficient management of assets; implementation of federal government programs such as energy conservation, federal identity, accessibility for the handicapped, etc; and the management and administration of tenant occupancy agreements and agreements governing the provision of a full range of tenant services including planning, alterations during occupancy, food and security services, parking, etc.

Operational and Technical: This includes the provision of all services necessary to operate and maintain and protect accommodation (land, buildings and related plant facilities) to acceptable standards of cleanliness, utility and efficiency, ensuring the health, safety and comfort of occupants and the general public; the development of strategies, policies and guidelines together with the provision of technical advisory and other support services to ensure that new assets are planned and built to standards which will permit the building operating and maintenance function to be effectively and efficiently carried out, and existing assets can continue to perform effectively and economically the function for which they were originally provided through the full life of these investments.

Accommodation Services: This includes the provision of space leasing, letting and marketing expertise. It also includes the provision of related and supportive services such as development of recommended rental rates and fee schedules; the implementation of special programs for space optimization, the development of accommodation strategies, policies and guidelines; the implementation of services related to parking, retail food services, moving, housing and conference facilities; the management of the computerized Facilities Information System related to accommodation assets, and accommodation advisory services to central agencies and other government departments.

Program Support: This includes the management and administrative support staff necessary to direct, control and provide administration support for this Activity.

Performance Information/Resource Justification

Performance Information: This Activity has two major clients, the Accommodation Program and the Canada Post Corporation. However, in both cases the principal output is the same i.e. space operated and maintained on behalf of clients.

Figure 10 depicts the growth in the space operated and maintained for the Accommodation Program and Canada Post Corporation. Included in the square metre figures are all Public Works and Canada Post Corporation inventories except for Goose Bay, Surplus Properties and properties under Management Agreements other than Canada Post Corporation (e.g. RCMP).

Figure 10: Total Space Operated and Maintained (000 Square Metres)

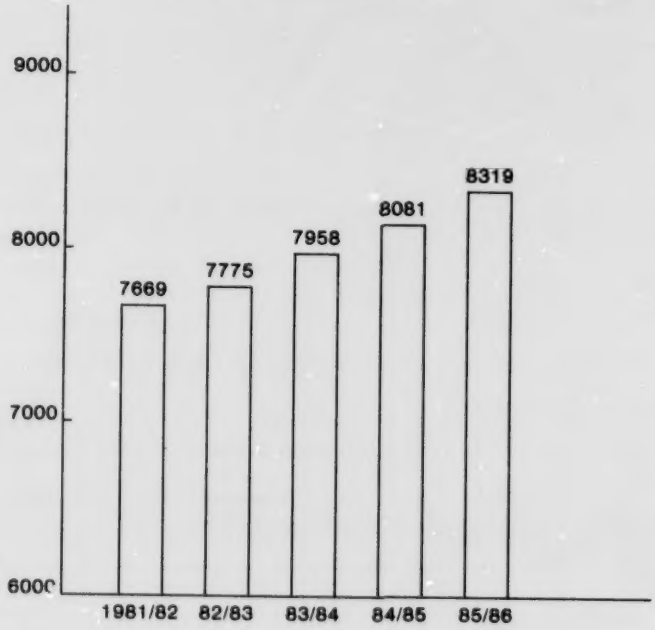
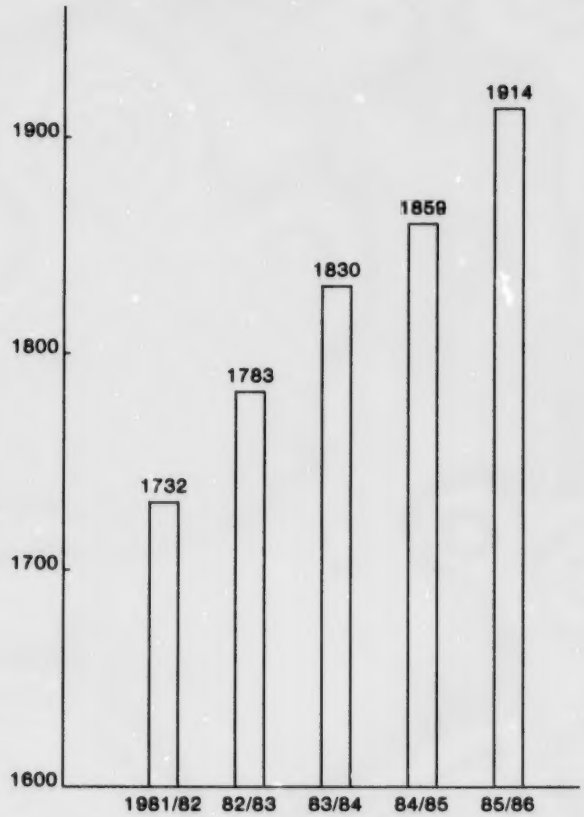


Figure 11 shows the average number of square metres of total inventory managed per person-year utilization. Included in the person-year figures are those for the administration, management, operation and maintenance of the inventory. The person-years dedicated to Goose Bay, Surplus Properties, Management Agreements other than with Canada Post Corporation, minor projects and advisory services are excluded.

Figure 11: Square Metres Operated and Maintained per Person-Year



Revenue: The revenue of this Activity consists of recoveries from client departments and agencies and other programs of the department the project costs incurred plus salaries and employee benefit costs of the staff involved in providing the services. Figure 12 summarizes the total revenue by source and indicates that the introduction of direct cost charging results in improvements in both percentages of cost recovery and person-years chargeable in 1985-86.

Figure 12: Revenues and Recoveries by Source ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Canada Post Corporation	126,408	712	126,691	712
Other Government Departments and Agencies	59,879	197	7,886	13
Other Public Works Canada Programs:				
• Government Realty Assets Support	21,638	431	27,071	433
• Accommodation	171,540	2,664	152,144	2,784
	379,465	4,004	313,792	3,942
Percentage of Cost Recovery	90.2%		88.4%	
Percentage of Person-Years Chargeable		84.6%		80.8%

C. Architectural and Engineering Services

Objective

To provide departments, agencies and other programs of the department with those professional and technical and related advisory services required for the design, construction and project management of buildings, marine and land transportation facilities, and technology development.

Resource Summary

This Activity represents 18.0% of the Program's person-years and 63.3% of the gross expenditure requirements.

Figure 13: Activity Expenses and Revenues ($000)

	Estimates 1985-86				Forecast 1984-85			
	Revenues	Expenses	Excess Expenses	P-Y	Revenues	Expenses	Excess Expenses	P-Y
Architectural and Engineering Services	52,997	67,927	14,930	1,402	39,215	63,540	24,325	1,435
Program support	-	9,328	9,328	97	-	10,054	10,054	116
Sub Total	52,997	77,255	24,258	1,499	39,215	73,594	34,379	1,551
Disbursements on behalf of clients	878,702	878,702	-	-	815,422	815,422	-	-
	931,699	955,957	24,258	1,499	854,637	889,016	34,379	1,551

Salaries, employee benefit plan contributions and other personnel costs make up $72.4 million or 7.6% of the expenditures of this Activity in 1985-86.

Description

This Activity provides for architectural and engineering services to other programs of the department, other federal departments and agencies primarily on a project or a specific facility basis. These services include:

- the management of the professional and technical services and special services including planning, organizing, staffing, directing and controlling in order to deliver products within defined parameters such as time, cost, scope, quality;

- the provision of architectural, landscape architectural, urban design, office planning, interior design, civil, structural, mechanical and electrical engineering and other specialist services in support of the planning, design and construction of products or for technological development;

- the provision of managerial resources to enable economical and efficient operation and maintenance of the fixed assets (e.g. bridges, dry docks, locks, dams);

- the provision of resources for the direct management of construction projects i.e. the Prime Contractor role; and

- the provision of supporting tradesmen, operators, and labourers as required.

This Activity is made up of the following product lines:

Buildings: This includes office, special purpose and miscellaneous buildings.

Marine: This includes marine structures, channels, equipment, dry docks, locks and dams and other marine works.

Transportation: This includes highways, bridges, retaining walls and related works.

Technology Development: This includes the development of standards and the undertaking of research and development.

Program Support Services: This includes the managerial personnel and support staff to direct, control and provide the administrative support for the activity.

Performance Information/Resource Information

The work of the staff in this Activity is primarily carried out on a project basis. Thus, the resources required and the performance of the Activity are related to the number and value of projects undertaken on behalf of clients. Figure 14 shows the percentage of the Activity staff chargeable to clients and Figure 15 depicts the growth of the Activity workload as measured by total construction values in millions of constant 1982/83 as well as current dollars and net of site and consultant costs. The workload peaked in 1984/85 due to the Special Recovery Capital Projects Program which is currently in the process of completion in 1985/86.

Figure 14: Percentage of Person-Years Chargeable

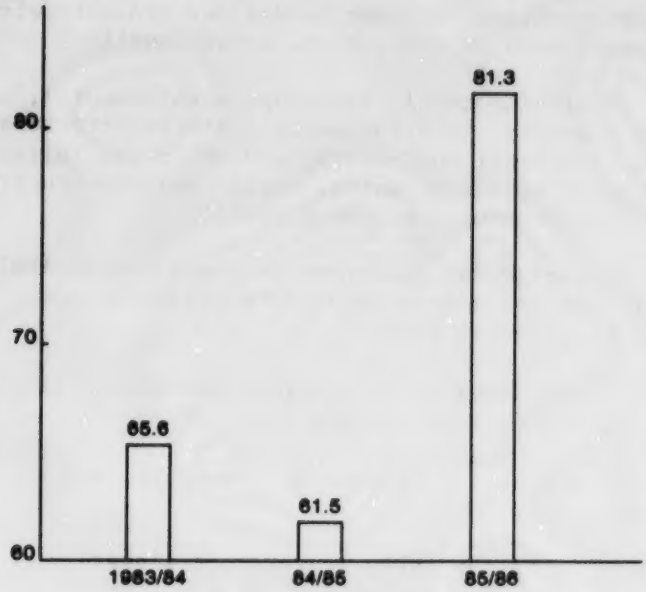
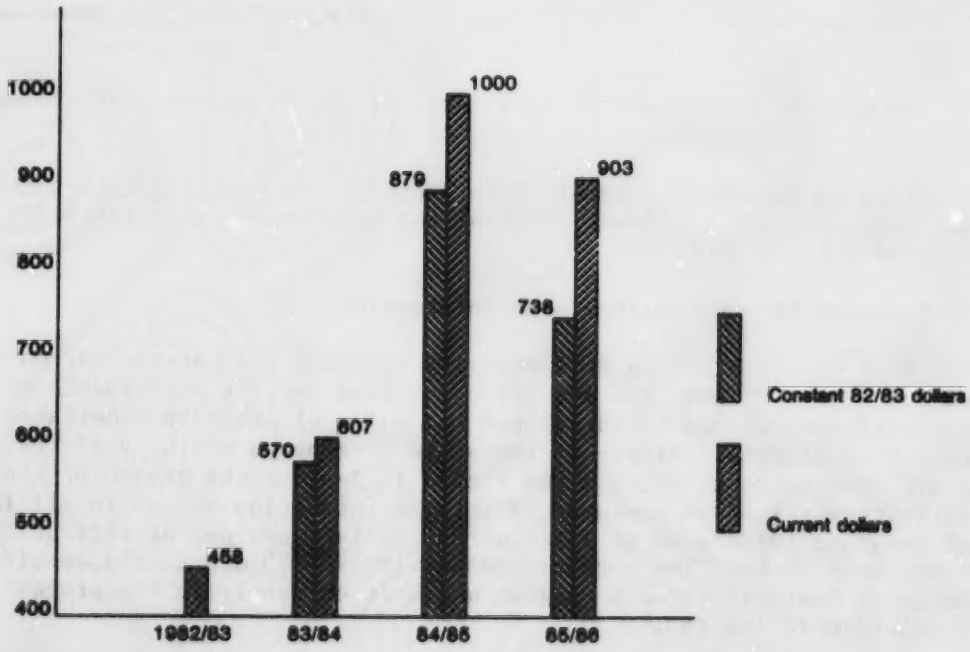


Figure 15: Level of Construction Workload
Millions of Dollars



Revenue: The revenue for this Activity consists of the recovery of directly identifiable costs (including salaries) and disbursements which can be attributed to projects undertaken on behalf of client departments and agencies. In addition, the project costs incurred and salaries and employee benefit costs utilized in the provision of services to other Public Works programs are recovered from these programs. Figure 16 sets out the revenues and the number of recoverable person-years by source. The introduction of direct cost charging in 1985-86 results in a large increase in the percentage of the Architectural and Engineering person-years recoverable. The cost recovery ratio, however, only increases slightly. This is mainly due to the offset effect of a reduction in project costs incurred on behalf of non-federal government clients and for the Land Transportation Program as a result of the completion of the Phase I Banff Highway in 1984-85.

Figure 16: Revenues and Recoveries by Source ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Other Government Departments and Agencies	670,580	749	588,940	463
Non federal projects	2,493	11	21,720	6
Other Public Works Canada Programs:				
• Accommodation Program	165,223	161	132,969	161
• Government Realty Assets Support	6,673	54	6,881	54
• Marine Transportation Program	11,888	102	13,905	102
• Land Transportation Program	65,735	141	84,513	168
• Dredging and Fleet Services	9,107	-	5,709	-
	931,699	1,218	854,637	954
Percentage of Cost Recovery	97.4%		96.1%	
Percentage of Person-Years Chargeable		81.3		61.5%

D. Dredging and Fleet Services

Objective

To provide departments and agencies with dredging and the related fleet services.

Resource Summary

This Activity represents 3.3% of the Program's person-years and 1.5% of the gross expenditure requirements for 1985-86.

Figure 17: Activity Expenses and Revenues ($000)

	Estimates 1985-86				Forecast 1984-85			
	Revenues	Expenses	Excess Expenses	P-Y	Revenues	Expenses	Excess Expenses	P-Y
Dredging and Fleet Services	17,454	17,454	-	277	7,275	15,933	8,658	277
Fleet Replacement Plan	-	5,507	5,507	-	-	5,709	5,709	-
	17,454	22,961	5,507	277	7,275	21,642	14,367	277

Salaries, wages, employee benefit plan contributions and other personnel costs make up $11.3 million or 49.2% of the expenditures of this Activity in 1985-86.

Description

This Activity provides for dredging and related fleet services to departments and agencies including the management, acquisition, operation and maintenance of floating marine equipment consisting of dredge plant, work boats and other support craft and related shore based plant and equipment. The Activity encompasses the following product lines:

Dredging: This includes the underwater excavation and disposal of material from navigation and approach channels, harbours and berths through the provision and operation of departmental dredge plant.

Facilities Maintenance: This includes the maintenance of wharves and other marine structures, in areas where private contractor services are not available, through the provision of self contained workboats and skilled tradesmen.

Other Fleet Services: This includes the removal of obstructions to navigation such as floating logs and deadheads, obsolete structures and the provision of survey launches and crews to assist in the surveying of navigable waters and miscellaneous services such as emergency oil spill clean-ups which require the use of floating plant.

Floating Marine Equipment Acquisition: This includes the acquisitions and major capital improvements to the dredges and related equipment.

Shore Based Plant Acquisition: This includes the acquisitions and major capital improvements to the wharves and other shore based facilities.

Program Support: This includes the management and administrative support staff necessary to direct, control and provide administrative support for this Activity.

Performance Information/Resource Justification

Performance Information: For Dredging Services, an indicator which could be used to measure work load is the number of cubic metres dredged with the unit cost per cubic metre being an indicator for the Activity's efficiency. For dredging fleet and equipment, indicators such as numbers of operational hours and cubic metres dredged per operational hour could be used to measure the fleet's productivity. However, in the case of the services provided under Dredging and Fleet Services Activity, most of the work done is either on remote marine structures not easily accessible by road or of such a small scale and far apart that the work could not feasibly be done by outside contractors (Dredging contracts are currently reported under Architectural and Engineering Services rather than under Dredging and Fleet Services. This practice of reporting dredging contracts is currently under departmental review). Consequently various macro indicators mentioned above do not take into account the particular nature of the services provided by Dredging and Fleet Services Activity and hence could not be used without further modification and careful interpretation. Specific norms and standards are being developed and once finalized will better serve as a linkage between the Activity's workload and performance.

Revenue: This Activity has two major clients: Transport Canada and Fisheries and Oceans. In previous years, dredging services provided to Fisheries and Oceans were non-recoverable. Starting 1 April 1985, both clients will reimburse Public Works Canada with the total directly related salary and project costs incurred on their behalf.

Figure 18: Revenues and Recoveries by Source ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Transport Canada	10,221	159	7,275	129
Fisheries and Oceans	7,233	118	-	-
Total	17,454	277	7,275	129
Percentage of Cost Recovery	76.0%		33.6%	
Percentage of Person-Years Chargeable		100%		46.6%

E. Corporate and Administrative Services

Objective

To provide executive and general management, policy direction and administrative services for all departmental programs.

Resource Summary

This Activity represents 18.5% of the Program's person-years and 5.4% of the gross expenditure requirements.

Figure 19: Activity Expenses and Revenues ($000)

	Estimates 1985-86				Forecast 1984-85			
	Revenues	Expenses	Excess Expenses	P-Y	Revenues	Expenses	Excess Expenses	P-Y
Executive Offices	-	2,401	2,401	44	-	2,298	2,298	44
General Management	1,039	79,203	78,164	1,494	886	79,404	78,518	1,546
	1,039	81,604	80,565	1,538	886	81,702	80,816	1,590

Salaries, employee benefit plan contributions and other personnel costs make up $57.5 million or 70.5% of the cost of this Activity in 1985-86.

Description

This Activity provides for the general departmental management, policy direction, and administrative support services for all departmental programs and is divided into the following sub-activities:

Executive Offices: This includes the cost of executive direction to the department in order to ensure the accomplishment of the departmental mission and adherence to government priorities. This direction is provided by the Offices of the Minister, Deputy Minister, Assistant Deputy Ministers, Executive Secretary, Directors General of Personnel and Regional Directors General.

General Management Services: This includes the cost of general management, policy formulation and implementation, and common support services to all departmental programs. The services provided include financial, administrative, personnel, management information, corporate planning, evaluation and review, management consulting, operational planning and control services, and public relations and information services.

Performance Information/Resource Justification

The expected result of this Activity is the accomplishment of the department's mission through the efficient and effective direction of departmental programs in accordance with departmental or government priorities. In addition, efficient and effective departmental, administrative, financial and personnel practices are expected.

In 1985-86 it is expected that the following major achievements in the Management Improvement Plan will be carried out using the resources allocated to this activity:

- introduction of the new Operational Planning Framework and the financing of the Program by means of a revolving fund which will charge all clients for services rendered, based on either existing service agreements or direct cost recovery.

- introduction in regional offices of a revised accountability structure which clearly distinguishes between the "Service Provider": the Services Program and Branches and the "Client" or "Owner" roles, i.e. Program Planning and Control as described in the Common Services Policy.

- implementation of a new computer based Financial Management System.

- introduction of the corporate and operational performance reporting for most activities of the department.

- development of signed agreements with all clients for the services which they will require from this Program.

The resources required to perform these functions should ideally be based on norms and quality of service standards. However, as such do not exist it has been decided that two ratios be established with year to year comparisons being used to assess the resource requirements for

this Activity. These two ratios are, the dollars expended on this Activity to the total for the department, and the person-years to those for the department. Figures 20 and 21 show those ratios.

Figure 20: Corporate and Administrative Costs as a Percentage of Gross Departmental Expenditures

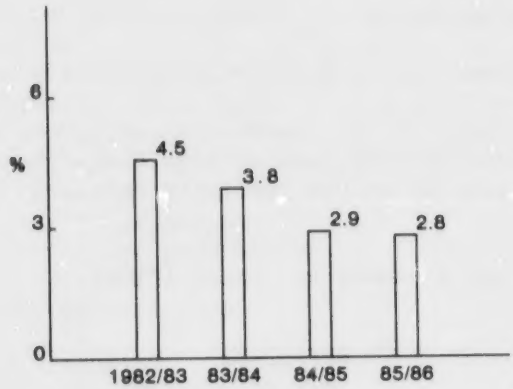
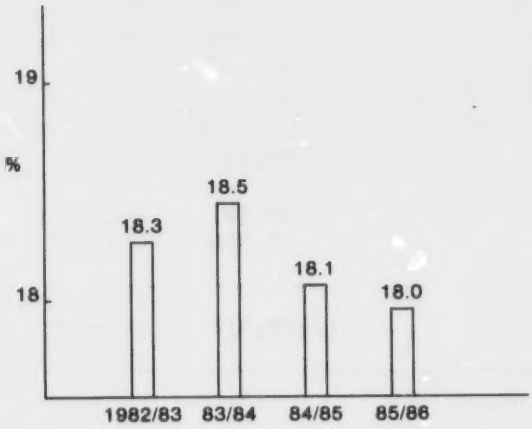


Figure 21: Corporate and Administrative Person-Years as a Percentage of Departmental Person-Years



Revenue: The revenue for this Activity represents the recoveries of salary costs of staff who are dedicated to the administrative support of specific projects funded by clients.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures and Revenues by Object

The Services Program Expenditures and Revenues by Object are presented in Figure 22. They include the cost of the salaries and employee benefits for the majority of the staff of the department, their related expenses along with the expenditures incurred on behalf of clients which are to be temporarily financed by the Revolving Fund prior to recovery from the client.

Figure 22: Expenditures and Revenues by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	269,491	263,143	248,101
Contributions to employee benefit plans	43,358	34,204	33,002
Other personnel costs	5,148	4,950	4,326
Transportation and communications	28,307	27,474	18,936
Information	3,325	3,259	3,002
Professional and special services	144,846	122,228	105,317
Rentals	47,939	44,929	36,220
Purchased repair and upkeep	268,987	238,111	168,203
Utilities, materials, and supplies	62,325	57,714	49,895
Construction and acquisition of land, buildings and works*	599,433	533,951	432,998
Construction and acquisition of machinery and equipment*	20,127	22,240	10,110
All other expenditures	6,090	5,259	3,053
	1,499,376	1,357,462	1,113,163

Figure 22: Expenditures and Revenues by Object ($000) (cont'd)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Capital			
Salaries and wages	0	0	358
Transportation and communications	101	0	5
Information	1	0	2
Professional and special services	989	509	69
Rentals	37	0	1
Purchased repair and upkeep	671	407	9
Utilities, materials, and supplies	508	0	7
Construction and acquisition of land, buildings and works	197	0	1,175
Construction and acquisition of machinery and equipment	9,096	12,365	6,309
All other expenditures	19	0	0
	11,619	13,281	7,935
Transfer Payments	-	110	83
	1,510,995	1,370,853	1,121,181
Less: Receipts credited to the Revolving Fund	1,352,690	1,191,330	967,482
Net program expenditure	158,305	179,523	153,699

*Capital acquisitions on behalf of clients.

2. Personnel Expenditures

Figure 23: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	127	114	75	50,350-96,300	66,348
Scientific and Professional					
Architecture and Town Planning	140	135	159	18,610-76,130	47,062
Economics, Sociology and Statistics	10	9	20	14,570-65,080	43,656
Engineering and Land Survey	416	423	425	23,306-76,130	49,973
Library Science	7	7	7	19,782-50,712	34,374
Physical Sciences	4	4	3	15,304-68,070	43,087
Scientific Research	2	4	7	28,176-67,720	62,119
Administrative and Foreign Service					
Administrative Services	967	995	954	13,912-57,987	39,304
Computer System Administration	81	61	70	18,766-61,433	42,415
Financial Administration	144	132	135	13,853-57,980	40,097
Information Services	21	21	20	13,579-57,980	39,303
Organization and Methods	16	23	26	13,520-57,980	41,617
Personnel Administration	91	87	94	13,330-63,870	39,647
Program Administration	32	29	30	13,912-57,987	40,034
Purchasing and Supply	39	41	41	12,766-57,980	33,541
Administrative Trainee	9	21	24	13,980-27,530	26,570
Commerce	3	-	-	15,635-60,465	48,510
Technical					
Drafting and Illustration	152	149	147	15,557-40,310	29,555
Engineering and Scientific Support	877	889	848	14,041-50,866	36,948
General Technical	70	70	65	12,635-55,682	34,437
Ships' Officers	87	74	75	20,486-51,531	31,926
Social Science Support	2	3	-	12,635-57,764	28,015
Other	-	-	81		
Administrative Support					
Communications	8	8	11	15,364-31,824	20,082
Clerical and Regulatory	1,012	1,016	967	12,932-31,743	23,768
Data Processing	30	36	39	13,352-37,130	24,018
Office Equipment Operation	10	12	21	12,665-25,271	20,456
Secretarial, Stenographic and Typing	273	300	310	12,636-31,946	21,489
Other	-	-	30		-
Operational					
Firefighters	62	68	72	21,147-37,036	35,208
General Labour and Trades	1,650	1,675	1,506	14,776-40,676	26,842
General Services	1,324	1,449	1,420	13,253-39,988	21,717
Heating, Power and Stationary Plant Operation	492	539	584	18,242-35,598	25,783
Ship's Crews	158	154	107	18,840-29,988	23,921
Other	-	-	230		-
Other	9	8	8		28,933

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at 31 October 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Internal Charges for Services Provided to Other Public Works Programs

The Estimates of the department reflect the placement of the majority of the person-years in the Services Program. Other Public Works programs, like government departments, are treated as clients (as defined in the Common Services Policy). Other Public Works programs generally include person-years for direct program management only.

The following Figure 24 summarizes the amount of the internal charges for services provided by each Activity and the number of person-years involved in providing such services.

Figure 24: Summary of Internal Charges by Activity ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Real Estate Services	14,102	103	14,512	103
Realty Management Services	193,178	3,095	179,215	3,217
Architectural and Engineering Services	258,626	458	243,977	485
Dredging and Fleet Services	-	-	-	-
	465,906	3,656	437,704	3,805

Note: Internal Charge amounts shown include disbursements on behalf of clients totalling $343.2 million in 1985-86 and $317.1 million in 1984-85.

4. Capital Expenditures

Figure 25: Summary of Capital Expenditures by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Real Estate Services	190	190	143
Realty Management Services	760	760	794
Architectural and Engineering Services	340	316	653
Dredging and Fleet Services	5,507	5,709	1,852
Corporate and Administrative Services	4,822	6,306	4,493
	11,619	13,281	7,935

Figure 26: Major Capital Projects ($000)

Project by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expend. to March 31, 1985	Estimates 1985-86	Future Years Requirements
Dredging and Fleet Services					
Prince Edward Island Marine Service Base	7,401	8,699	58	284	8,357
British Columbia Dredge No. 322-Larger Pump System	2,913	3,244	116	2,793	335

5. Transfer Payments

Figure 27: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Architectural and Engineering Services			
Construction Management Development Institute	-	60	46
Canadian Standards Association	-	-	12
North American Infrared Thermographic	-	-	26
Dredging and Fleet Services			
Contribution to the Council of Forest Industries for the purpose of a debris abatement program on the Fraser River	-	50	-

B. Revolving Fund Statements

1. Statement of Income

Figure 28 shows the income and expenses of the Public Works Revolving Fund - Services and Management Account on an accrual basis, eliminating from the income and expenses, disbursements paid to outside parties and recovered from clients.

Figure 28: Statement of Income ($000)

	Estimates 1985-86				
	Real Estate	Realty Management	Architectural and Engineering	Dredging and Fleet	Total
Income					
Accommodation Program	1,141	84,775	7,616	-	93,532
Other PWC Programs	3,197	14,587	11,426	-	29,210
Other Departments and Agencies	3,439	27,699	33,955	17,454	82,547
Total Income	7,777	127,061	52,997	17,454	205,289
Expenses					
Salaries and Wages	10,674	138,190	62,262	9,146	220,272
Employee Benefits	1,680	22,526	9,724	1,467	35,397
Other Personnel Costs	178	3,314	447	673	4,812
Other Operating Costs	1,396	3,705	4,482	6,168	15,751
Total Direct Expenses	13,928	167,935	76,915	17,454	276,232
Net Direct Expenses	6,151	40,874	23,918	0	70,943
Other Expenses					
Corporate and Administrative Services (net)					75,701
Net Expenses for the year					146,644

Note: Amounts shown do not include:

1) Services provided without charge from Department of Labour ($.9 million), Supply and Services ($.9 million) and Accommodation Program ($28.4 million)
2) An estimated amount of $20 million fees and recoveries of overhead which are credited to non-tax revenue.
3) Disbursements on behalf of clients totaling $1,146.4 million.
4) Minister's salary and allowance $42,400
5) Capital expenditure totalling $11.6 million

2. Projected Use of the Revolving Fund Authority

It is expected that on the basis of planned operation the charges to the Public Works Revolving Fund - Services and Management Account will exceed the credits by $146.6 million during 1985-86. To provide sufficient authority for the continued operation of the Account a subsidy appropriation is being sought for that amount. Figure 29 shows the use of the Account's authority during the year.

Figure 29: Projected Use of the Revolving Fund Authority ($000)

Authority (as established by Adjustment of Accounts Act 1980 as amended by Supplementary Estimates B - 1983-84)		$150,000
Drawdown		
Projected Balance April 1, 1985	15,000 (1)	
Net Expenditures charged to appropriation authority for 1985-86	146,644	
	161,644	
Less: Subsidy to be appropriated under Vote 1	146,644	15,000
Projected Balance - 31 March 1986		$135,000

Note: (1) Estimated balance of Accounts Receivable at year end.

Accommodation Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $604,647,000 in support of the 1985-86 Accommodation Program. The remaining expenditures, estimated at $746,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85* Main Estimates
	Accommodation Program		
10	Operating expenditures	**468,261**	447,408
15	Capital expenditures	**136,386**	145,650
(S)	Contributions to employee benefit plans	**746**	640
	Total Program	**605,393**	593,698

* A new Program/Vote structure is being introduced in 1985-86. (The 1984-85 amounts have been adjusted to reflect the revised structure.)

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Accommodation Program	
10	Accommodation - Operating expenditures, the provision on a recoverable basis of accommodation for the purposes of the Canada Pension Plan Act and the Unemployment Insurance Act 1971 and authority to spend revenue received during the year	**468,261,000**
15	Accommodation - Capital expenditures including expenditures on works on other than federal property and authority to reimburse tenants of federal property for improvements authorized by the Minister	**136,386,000**

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						1984-85* Main Estimates
	Authorized Person-Years	Budgetary			Less: Revenues Credited to the Vote	Total	
		Operating	Capital	Subtotal			
Assets Provision and Improvement			136,386	136,386	-	136,386	145,650
Crown Properties		215,391		215,391	98,574	116,817	119,288
Leased Properties		319,902		319,902	74,502	245,400	233,779
Lease-Purchase Properties		89,951		89,951	3,646	86,305	81,345
Program Planning and Control	130	20,485		20,485	-	20,485	13,636
	130	645,729	136,386	782,115	176,722	605,393	593,698

* A new Program/Activity structure is being introduced in 1985-86. (The 1984-85 amounts have been adjusted to reflect the revised structure.)

Section I
Program Overview

A. Highlights

For 1985-86, the following goals have been established for the Accommodation Program:

- to provide 5.9 million square metres of office and other space in response to the requirements of client departments and agencies (see page 3-13);

- to operate and maintain 3.3 million square metre-years of Crown- owned space at a cost of $215.4 million (see page 3-17), 2.1 million square metre-years of leased space at a cost of $319.9 million (see page 3-20) and .5 million square metre-years of lease-purchase space at a cost of $89.9 million (see page 3-23);

- to carry out space optimization projects on 126,000 square metres of space (see page 3-26);

- to undertake major improvement projects including energy retrofits and fire safety improvements (see page 3-16);

- to bring into service 30 thousand square metre-years of new Crown-owned and lease-purchase space (see page 3-16).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86			Forecast 1984-85			
	Expen.	Revenue Credited to Vote	Net Expen.	Expen.	Revenue Credited to Vote	Net Expen.	For Details See Page
Assets Provision and Improvement	136,386	-	136,386	137,150	-	137,150	3-14
Crown Properties	215,391	98,574	116,817	211,517	98,729	112,788	3-17
Leased Properties	319,902	74,502	245,400	304,662	65,445	239,217	3-20
Lease - Purchase Properties	89,951	3,646	86,305	83,388	2,043	81,345	3-23
Program Planning and Control	20,485	-	20,485	30,493	-	30,493	3-25
	782,115	176,722	605,393	767,210	166,217	600,993	
Authorized Person-Years		130				130	

Figure 2: Change in Net Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Total Program	605,393	600,993	4,400

Explanation of Change: The financial requirements for 1985-86 are 0.7% or $4.4 million higher than the 1984-85 forecast expenditures. This increase is primarily due to:

• increase due to cashflow adjustments to approved capital projects (Sydney, Chicoutimi and others)	$6.5 million
• adjustment for Departmental occupancy in Canada Post Corporation buildings	$4.5 million
• increase for expansion lease space	$2.0 million
• increase due to allowance for inflation	$2.7 million
• net increase for other volume/workoad items	$10.8 million
• decrease in exependitures as part of the Government's Expenditure and Program Review	($22.1 million)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to managers as of October 31, 1984) is $7.3 million more than the 1984-85 Main Estimates of $593.7 million (Extracts from Part II of the Estimates, page 3-5). The difference of $7.3 million reflects the following Major offsetting items:

• increase in lease cost of major new building (Centennial Towers) coming into full service during the year	$16.9 million
• increased activity for space optimization	$ 6.9 million
• increase for fit-up and other costs associated with the relocation of various Government Departments for the purpose of consolidating the Department of Finance, Treasury Board and the Office of the Comptroller General	$10.0 million
• decrease for transfer of funding to the Services Program for the acquisition of systems hardware and development of systems software	($11.5 million)
• decrease due to transfer of payments for the Canada Lands Company for Vieux Port du Quebec to Government Realty Assets Support Program	($ 3.5 million)
• decrease in leasing as part of Government expenditure reductions	($11.5 million)

3-8 (Accommodation Program)

C. Background

1. Introduction

The Accommodation Program is a Common Services Program. Its prime purpose is to provide and maintain a comprehensive and cost effective portfolio of space to meet the accommodation needs of other government departments and agencies, other Public Works programs and other clients. The Program includes provision for improvements to existing space and acquisition of new space.

2. Legal Mandate

Under the provisions of the Public Works Act, the Department is responsible for the "management, charge, and direction of federal buildings and properties not under the jurisdiction of other departments" and "the heating, maintenance and keeping in repair of the government buildings and any alterations from time to time therein and the supplying of furniture or fittings or repairs to those buildings".

The Treasury Board, through several policy pronouncements has made PWC responsible for planning for and fulfilling government requirements for accommodation in response to the requirements of federal departments and agencies.

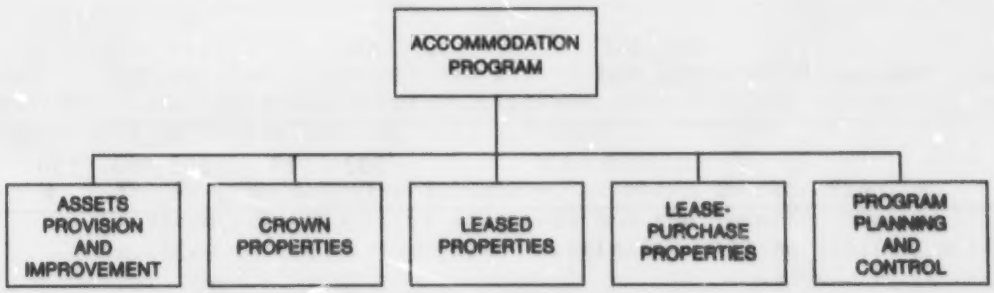
3. Program Objective

The objective of the Accommodation Program is "to provide accommodation required by federal government departments and agencies".

4. Program Organization for Delivery

Activity Structure: The Accommodation Program is composed of five activities. Figure 3 illustrates the Activity structure.

Figure 3: Accommodation Program-Activity Structure



Organization Structure: The manager with the responsibility for the achievement of the results, within Public Works Canada/Treasury Board approved programs and projects, standards, policies, terms and conditions is the Assistant Deputy Minister, Operations through the Regional Directors General. The Assistant Deputy Minister, Realty also provides functional management including provision of advice on investment planning, realty business development standards, policies systems, operating and maintenance standards, and plans and in the monitoring of results in relation to them. The Assistant Deputy Minister, Design and Construction, provides functional management on accommodation project development, design and delivery. The Assistant Deputy Minister, Finance, provides functional management on portfolio financial performance and financial control. The Director General Corporate Affairs, provides functional management on the Government's priorities and broader socio-economic objectives. The resources by organization are shown in Figure 4.

Figure 4: 1985-86 Resources by Organization/Activity ($000) and Person-Years

	ADM Operations		ADM Realty		Total	
	$	P-Y	$	P-Y	$	P-Y
Assets Provision and Improvement	136,386				136,386	
Crown Properties	215,391				215,391	
Leased Properties	319,902				319,902	
Lease-Purchase Properties	89,951				89,951	
Program Planning and Control	19,952	117	533	13	20,485	130
	781,582		533		782,115	
Less: Revenue	176,722				176,722	
	604,860	117	533	13	605,393	130

D. Planning Perspective

1. Environment

The Accommodation Program represents Public Works Canada's management of the Accommodation Portfolio assigned to it to meet the accommodation needs of most departments and agencies of the federal government within the context of the Treasury Board's Common Services Policy.

The following factors will significantly influence the Program and the resources allocated to it during 1985-86:

- the Government's ongoing efforts of restraint generally as well as a number of specific directives on administrative restraint;

- the Departmental IMPAC/Revenue Dependency Incremental Plan which will result in major improvements in management practices in the areas of accommodation, financial and corporate management and the establishment of the required infrastructure to permit charging all clients for accommodation and services;

- the recently introduced policy of the Treasury Board which establishes clearly the roles of service and control expected of the Department as a Common Service organization;

- the trend for several years to restricted funding for new capital which has resulted in a major growth in the use of leased space. Many of these leases will expire during 1985-86 and must be replaced by new leases at higher rates; and

- office space is expected to grow at least at the same rate as the overall growth in the public service, approximately 0.5% a year, while non-office space will grow at a rate required to meet client program requirements, approximately 2-3% a year over the long term.

2. Initiatives

Faced with these challenges and the priorities established for the Department, the following major initiatives affecting the Accommodation Program will be undertaken, or will continue in 1985-86:

- **The Program/Activity Structure**, as shown in this Plan, a revised accountability structure and the "owner" role, as applied to the Accommodation Portfolio, will be introduced.

- **Major Management Improvements** such as a revised computer-based Facilities Information System which will contain validated records of space occupied by all clients was

approved by Treasury Board with the introduction of an Incremental Plan. This will serve as the basis for formalized occupancy agreements and ultimately the base for charging for such space. Other improvements underway include an accommodation management information system, classification of buildings and optimizing space utilization savings;

- **Major Projects** are underway to renovate present Crown-owned properties, to extend their economic life as well as to meet the Governments objectives on energy conservation, improved safety and fire standards;

- **A Long Range Accommodation Investment Strategy** and a complimentary Long Term Capital Plan are being developed for Treasury Board and Cabinet approval. These documents will provide the framework for future capital and operating plans to ensure that the Accommodation Portfolio is adequate to meet client needs by providing for the protection, modernization and renovation of the existing Crown-owned inventory, satisfy incremental demand for office and non- office space, and over the long term increase the level of Crown-owned office space.

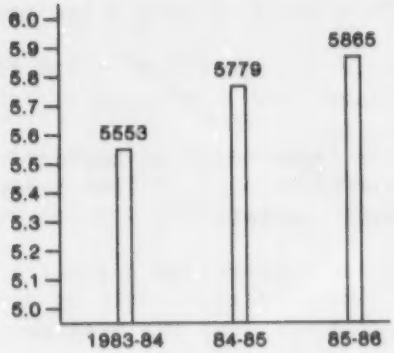
- **Restraint** measures arising out of the Government's Expenditure and Program Review have affected this Program. This includes delays to, reductions to or elimination of several major capital projects. In addition, this program is expected to absorb the effects of inflation as well as increases to expected revenues of $9.0 million for parking and $0.5 million for commercial leases.

3. Program Effectiveness

As a Common Services Program, the effectiveness of the program must be judged in terms of the extent to which client satisfaction has been achieved as well as the extent to which the services have been provided with regard to maximum value for money. This could be measured by the amount of space provided to meet client space requirements while minimizing vacant space.

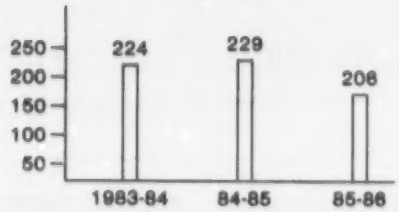
The principal output of the program is total space provided for clients. Figure 5 depicts the trend of total space available expressed in thousands of square metre-years. Figure 6 shows the proportion of that space not occupied by clients. Space figures may be expressed both in square metres and square metre-years. Square metre-years represent "the quantity of rentable square metres and the period of time which the space is in service during the fiscal year". For example, if 500 square metres of leased space were in service for the whole year, this means that there were 500 square metre-years of space being utilized. However, if the same space was in service for only six months, 250 square metre-years would have been utilized.

Figure 5: Total Space - 000^2 metre-years



	1983-84	1984-85	1985-86
– Leased	1949	2088	2131
– Lease-Purchase	374	438	464
– Crown-owned	3230	3253	3270
– Total	5553	5779	5865

Figure 6: Vacant Space - 000^2 metre-years



Note: A new Facilities Inventory System (FIS) has been developed and final space validation is being confirmed with clients.

Section II
Analysis by Activity

A. Assets Provision and Improvement

Objective

To provide new Crown-owned facilities and/or improvement to current Crown-owned facilities and supporting infrastructure, including lease-purchase infrastructure, to meet client requirements.

Resource Summary

This Activity accounts for 17.5% of the expenditures of the Program for 1985-86.

Figure 7: Activity Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Assets Provision and Improvement	136,386	-	137,150	-	103,569	-

Description

This Activity consists of a number of capital projects, each of which results in the provision of new or improved buildings, including lease-purchase infrastructure, which form part of the Public Works Canada Accommodation Portfolio. These buildings are primarily to provide accommodation to departments and agencies of the federal government. It includes the costs of land and development fees as well as the costs of the buildings and equipment added or improvements to present buildings. In addition, it includes the cost of the salaries and employee benefits of the professional, technical and operational staff of the Department involved directly in the various projects.

A formal project delivery system is used to control all projects, from their inception to post-implementation evaluation with each project representing a discrete Departmental or Treasury Board decision.

The various projects are grouped by the type and size of building to which they relate:

Major Office Buildings: which are equal to or larger than 2300 square metres and primarily provide office accommodation.

Small Office Buildings: which are less than 2300 square metres and primarily provide office accommodation.

Special Purpose Buildings: which provide accommodation for non-office functions such as laboratories, warehouses, conference centres or processing plants.

Miscellaneous Buildings: which are assets or buildings which cannot be classified in either the office or special purpose categories.

Performance Information/Resource Justification

This activity is made up of a number of multi-year projects whose costs are being incurred during all phases of the delivery of the project. Thus, costs incurred in any one year cannot be directly related to the amount of accommodation space made available in the same year.

In 1985-86 these expenditures are for the following types of projects:

Figure 8: Project Expenditures ($000)

Type of Project	1985-86	1984-85
New Construction - Crown-owned and site acquisition for Lease-Purchase	49,104	52,864
Major improvements, fire and safety retrofits	61,046	51,216
Energy conservation and thermography	8,100	8,965
Decentralization	5,181	7,706
Minor improvements	11,000	10,400
Equipment	1,520	3,061
Other	435	2,938
	136,386	137,150

Included above is $8.3 million for services provided by the Services Program in 1985-86.

A list of the individual Major Projects is shown in Figure 21 under the Supplementary Information starting on page 3-30.

Figure 9 depicts the actual cost of new space (i.e. 30,000 square metre-years) brought into use year over year. Figure 10 shows the calculated cost of improvements in relation to the total inventory of Crown-owned facilities. The cost of improvements is made up of major improvements, fire and safety retrofits, minor improvements and energy conservation.

Figure 9: Cost per m^2y of new space brought into use.

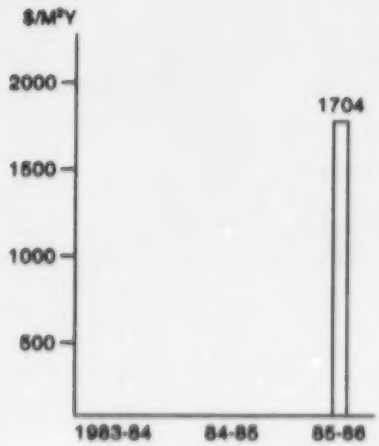
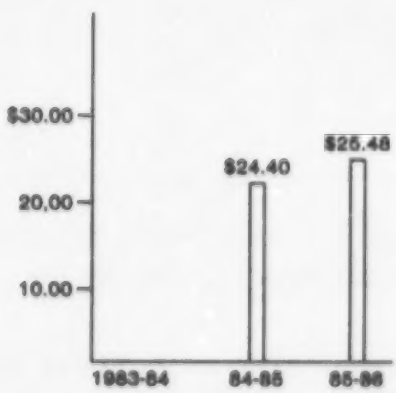


Figure 10: Cost of Improvements



B. Crown Properties

Objective

To operate and maintain Crown-owned facilities and supporting infrastructure to meet the accommodation requirements of clients.

Resource Summary

This activity accounts for 27.5% of the total expenditures of the Program in 1985-86.

Figure 11 presents the expenditures and revenues for the Activity. At present only a limited number of clients are charged for accommodation as required by either specific legislation or government policy. Recoveries from outside parties are treated as Non-Tax Revenue.

Figure 11: Activity Expenditures and Revenue ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Crown Properties	215,391	-	211,517	-	194,218	-
Less: Revenue Credited to the Vote	98,574	-	98,729	-	98,495	-
	116,817	-	112,788	-	95,723	-

Of the Total Expenditures in 1985-86, $78.4 million is for charges for services provided by the Services Program. The remaining $137.0 million is for other goods and services required.

Description

This Activity provides the funding required for the maintenance and operation of Crown-owned facilities forming part of the Public Works Canada Accommodation Portfolio, including the provision of on site supervision, heat, light, power and ventilation, custodial and cleaning services, the carrying out of cyclic maintenance and repair projects.

The professional, technical and operational personnel to manage and operate the various buildings are provided by the Services Program with this Activity being charged the cost of their salaries, wages and related employee benefits.

The Activity, like the Accommodation Portfolio, is subdivided by type of space as follows:

Major Office Buildings: which are equal to or larger than 2300 square metres, and primarily provide office accommodation and the other space in the building in support of the office function.

Small Office Buildings: which are smaller than 2300 square metres, primarily to provide office accommodation.

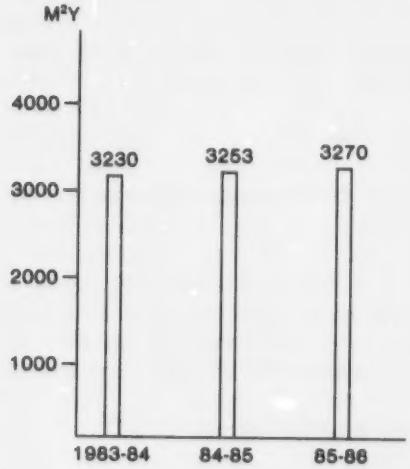
Special Purpose Buildings: which provide accommodation for non-office functions such as laboratories, warehouses, conference centres or processing plants, and the other space in the building in support of those functions.

Miscellaneous Buildings: which are assets or buildings, including housing, which cannot be classified in either the office or special purpose categories.

Performance Information/Resources Justification

In 1985-86, it is expected that this Activity will provide for approximately 3.3 million square metres of Crown-owned space plus housing. Figure 12 presents the expected space to be managed for the total portfolio.

Figure 12: Crown-owned Space (000^2 metre-years)



The $215.4 million of resources required for this activity for 1985-86 are determined on the basis of funding for office space, special purpose office and non-office space, laboratory space etc.

C. Leased Properties

Objective

To lease, operate and maintain leasehold facilities to meet the accommodation requirements of clients.

Resource Summary

This Activity accounts for 40.9% of the total expenditures of the Program in 1985-86.

Figure 13 presents the revenues and expenditures for this Activity. At present a limited number of clients are charged for accommodation as a result of specific legislative or government policy requirements. Recoveries from outside parties are treated as Non-Tax Revenue.

Figure 13: Activity Expenditures and Revenues ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Leased Properties	319,902	-	304,662	-	258,510	-
Less: Revenue Credited to the Vote	74,502	-	65,445	-	59,493	-
	245,400	-	239,217	-	199,017	-

In 1985-86, of the total, $305.7 million or 95.6% is for payments to lessors under leasing arrangements. Charges by the Services Program total $4.24 million.

Description

This Activity provides the funding to obtain and manage leasehold facilities, forming part of the Public Works Canada Accommodation Portfolio. It includes all funds required for the payment of annual contract rent and escalations, operations and maintenance for net leases, and fit-ups.

Public Works Canada personnel to manage, and operate the various leasehold properties are provided by the Services Program with this Activity being charged with the cost of the related salaries and employee benefits.

This Activity is subdivided by type of space as follows:

Office Space: which is to provide office accommodation and other space in the lease in support of the office function,

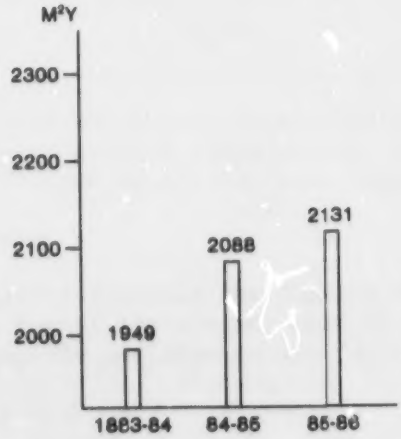
Special Purpose Space: which is to provide accommodation for non-office functions such as laboratories, computer, conference centres, warehouses or processing plants and other space in the lease in support of those functions.

Miscellaneous Space: which is to provide for a variety of functions which cannot be classified in the office or special purpose categories.

Performance Information/Resource Justification

In 1985-86, it is forecast that this Activity will provide 2,131,000 square metre-years of space. This represents an increase of 43,000 square metre-years over 1984-85 requirements. Figure 14 presents the leased space to be managed.

Figure 14: Leased Space (000^2 metre-years)



The $319.9 million of resources required for this activity for 1985-86 are determined on the basis of funding for existing leased space and new leased space (renegotiated or replacement space), fit-up costs of this space, operating costs etc.

D. Lease-Purchase Properties

Objective

To make annual payments, operate and maintain lease-purchase facilities to meet the accommodation requirements of clients.

Resource Summary

This Activity accounts for 11.5% of the total expenditures of the Program in 1985-86.

Figure 15 presents the expenditures and revenues for the Activity. At present only a limited number of clients are charged for accommodation as required by specific legislation or government policy. Recoveries from outside parties are treated as Non-Tax Revenue.

Figure 15: Activity Expenditures and Revenues ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Leased-Purchase Properties	89,951	-	83,388	-	68,441	-
Less: Revenue Credited to the Vote	3,646	-	2,043	-	-	-
	86,305	-	81,345	-	68,441	-

In 1985-86, of the total, $88.2 million or 98.2% is for payments under lease-purchase arrangements, operations and maintenance costs and taxes. Charges by the Services Program total $1.7 million.

Description

This Activity includes the funding required to obtain and manage lease-purchase facilities forming part of the Public Works' accommodation portfolio. In addition to the payments under these agreements, it

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includes other costs necessary to maintain and operate certain facilities. Fit-ups to lease-purchase facilities are also funded under the Activity. Any contributions to infrastructure is provided for under the Asset Provision and Improvement Activity.

The Public Works Canada personnel to manage and operate the lease-purchase properties are provided by the Services Program with this Activity being charged with the cost of the related salaries and employee benefits as well as direct operating costs.

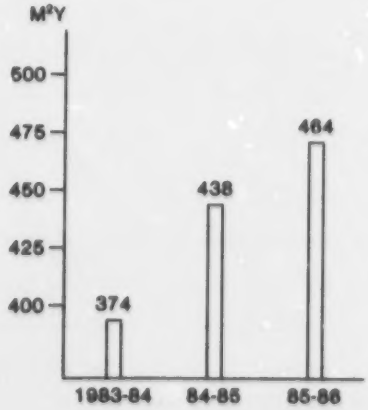
This Activity, like the Accommodation Portfolio, is subdivided by type of space, however at the moment it includes only:

Major Office Buildings: which are equal to or larger than 2300 square metres, primarily provide office accommodation and other space in the building in support of the office function.

Performance Information/Resource Justification

In 1985-86, it is forecast that this Activity will provide 464,000 square metre-years of space. This represents an increase of 26,000 m^2y over 1984-85 requirements. Figure 16 presents the expected space to be managed.

Figure 16: Lease-Purchase Space (000^2 metre-years)



The $89.9 million of resources required for this activity for 1985-86 are determined on the basis of funding for 10 lease-purchase facilities in several locations across Canada. These facilities are almost exclusively large office buildings in core areas and are, in most cases (e.g., Guy Favreau), the "flagship" buildings for the federal government in a given locality. See Figure 22 for a listing of the buildings.

E. Program Planning and Control

Objective

To manage the overall accommodation portfolio including the developing, monitoring, and controlling of acquisition, improvement and operating plans and the development and individual project plans and submissions to meet the accommodation requirements of clients.

Resource Summary

This Activity accounts for 2.6% of the expenditures of the Program in 1985-86.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Planning and Control	20,485	130	30,493	130	8,544	130

Salaries and employee benefits make up 29.2% of the costs of this Activity. The remaining $14.4 million is for other costs associated with accommodation planning such as space optimization.

Description

This Activity provides for the program planning and control of the Public Works Canada administered accommodation portfolio (Crown-Owned, Lease and Lease-Purchase space). It includes conducting studies to identify accommodation requirements and developing of policies and plans to satisfy clients accommodation requirements and addressing the government's accommodation investment strategies such as the inclusion of commercial space in federal buildings, the ratio of Crown-owned to leased space, federal presence, heritage properties, economic stimulation, etc.

This Activity encompasses developing, monitoring and controlling of capital asset acquisition and portfolio operating plans which take into account the long-term financial return on the portfolio, the condition of the assets, energy management, facilities maintenance requirements, functional space utilization, existing contractual obligations, the mix and age of asset types contained in the portfolio and Public Works Canada/Treasury Board approved standards of quality, safety and quantity.

This Activity also provides the funding required for the conduct of optimization studies and the funds necessary for the implementation of space optimization projects including refits and the costs associated with forced client moves.

Individual projects are developed and submitted for Public Works Canada/Treasury Board approval and project implementation is monitored and controlled to ensure the achievement of project objectives.

Performance Information/Resource Justification

The objective of this Activity is to manage the overall Public Works Canada administered accommodation portfolio in the most efficient and effective manner possible.

The major thrust required to accomplish this objective revolves around the concept of this activity as an "ownership" role. The concept of ownership involves the negotiation of required agreements by the managers of this activity with the various service managers who actually carry out the work and charge the various other activities within the program for their services and any other direct costs. Performance factors include comparison of actual space supplied versus space planned, space to be optimized etc. The achievement of specific targets requires that the department:

- accurately forecast and respond to known client space requirement;
- accurately forecast space capable of being optimized;
- comply with Departmental/Treasury Board accommodation standards;
- accurately forecast vacancy rates and expense reduction opportunities.

Space Optimization: In 1985-86, it is expected that space optimization projects in various buildings in all regions will be undertaken and will involve the review and treatment of approximately 126,000 square metres of space presently occupied by clients. From this total, it is anticipated that some 30,000 square metres of space will be recovered.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures and Revenues by Object

Figure 18: Objects of Expenditure and Revenue ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Personnel			
Salaries and wages	5,331	4,921	3,929
Contribution to employee benefit plans	746	640	511
Other personnel cost	11	11	11
	6,088	5,572	4,451
Goods and services			
Transportation and communications	2,938	2,577	2,564
Information	444	375	385
Cleaning	15,406	16,896	13,745
Services provided by the Services Program	85,210	84,803	80,536
Other professional and special services	17,030	19,690	14,789
Rental of buildings	371,953	346,702	286,113
Other rentals	2,061	1,918	1,638
Office building maintenance	43,302	55,910	28,454
Other purchased repair and upkeep	19,634	19,935	16,989
Fuel	37,944	37,891	33,042
Light and power	24,818	24,497	21,455
Other utilities, materials and supplies	18,286	12,591	16,252
All other expenditures	615	621	532
	639,641	624,406	516,494
Capital			
Goods and services			
Transportation and communications	1,477	1,204	1,087
Information	397	341	290
Services provided by the Services Program	8,325	8,000	7,266
Other professional and special services	17,925	16,619	15,264
Rentals	539	479	398
Purchased repair and upkeep	4,106	3,406	3,032
Utilities, materials and supplies	1,171	984	865
Construction and acquisition of land, buildings and works	100,559	101,186	70,574
Construction and acquisition of machinery and equipment	1,868	4,906	4,181
All other expenditures	19	25	15
	136,386	137,150	102,972
Transfer Payments		82	
Total Expenditures	782,115	767,210	623,917
Less: Revenue credited to the Vote	176,722	166,217	157,988
Net expenditures	605,393	600,993	465,929

2. Personnel Expenditures

The only Person-Years included in this Program are those for program management and they are shown in Figure 19.

Figure 19: Authorized Person-Years and Annual Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	8	9	9	50,350-96,300	62,830
Administrative and Foreign Service					
Administrative Services	110	108	108	13,912-57,987	40,918
Administrative Support					
Clerical and Regulatory	9	9	9	12,932-31,743	23,779
Stenographic, Secretarial and Typing	3	4	4	12,636-31,946	20,347

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at 31 October 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Internal Charges

The majority of departmental employees are in the Services Program. The Accommodation Program, like other departments, is treated as a "client" of the Services Program (as defined in the Treasury Board Common Services Policy). This Program acquires the required services and reimburses the Services Program for the direct costs of such services. Figure 20 shows the totals of these charges by activity and an approximation of the person-years in providing these services.

Figure 20: Internal Charges ($000) and Proxy Person Years (PPY)

	Estimates 1985-86		Estimates 1984-85	
	$	PPY	$	PPY
Assets Provision and Improvement	8,325	192	8,000	192
Crown Properties	78,366	2,477	78,226	2,597
Leased Properties	4,244	119	4,079	119
Lease-Purchase Properties	1,698	42	1,631	42
Program, Planning and Control	902	22	867	22
	93,535	2,852	92,803	2,972

4. Capital Expenditures

Figure 21 is a list of major capital projects by sub-activity.

Figure 21: Details of Major Capital Projects ($000)

Projects by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years Requirements
Assets Provision and Improvement					
Major Office Buildings					
NOVA SCOTIA					
Sydney - Government of Canada Building - Construction	2,480	10,070	3,975	6,085	-
QUEBEC					
Montreal - Guy Favreau Complex - Site Acquisition, Design and Podium Construction (Lease-Purchase)	96,843	107,600	105,500	2,100	-
Montreal, 715 Peel - Renovations	31,045	36,442	8,600	15,420	12,422
NATIONAL CAPITAL REGION (QUEBEC)					
Hull - Government of Canada Building No. 4 - Construction and Fit-up	80,009	80,009	78,767	1,242	-
NATIONAL CAPITAL REGION (ONTARIO)					
Ottawa - L.B. Pearson Building - Installation of Sprinklers	1,225	1,220	305	915	-
Ottawa - Wellington Building - Television Operations Centre Installation		1,300	113	900	287

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years Requirements
Major Office Buildings (cont'd)					
ONTARIO					
Chatham - Government of Canada Building - Site Acquisition and Project Development (Lease-Purchase)	1,228	881	694	187	-
Thunder Bay - Government of Canada Building "P" - Improvements	3,390	2,641	2,029	612	-
Toronto - 1 Front Street - Renovations	41,522	41,522	2,753	16,000	22,769
ALBERTA					
Edmonton - Government of Canada Building - Project Development	800	7,500	900	2,000	4,600
BRITISH COLUMBIA					
Nanaimo - Federal Building - Alterations and Improvements	2,784	2,784	1,190	1,594	-
Vancouver - Sinclair Centre - Renovation and Reconstruction	41,970	36,910	22,801	13,447	662
NORTHWEST TERRITORIES					
Fort Smith - Government of Canada Building - Construction	4,055	4,380	1,050	3,330	-
Minor Office Buildings					
QUEBEC					
Chicoutimi - Government of Canada Building - Construction	-	5,184	3,075	2,109	-
Gaspé - Government of Canada Building - Construction	2,238	2,456	2,256	200	-

	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31 1985	Estimates 1985-86	Future Years Requirements
Special Purpose Buildings					
QUEBEC					
Ste-Madeleine-de-Rigaud - Customs and Excise College - Renovations	34,985	34,985	9,235	13,000	12,750
NATIONAL CAPITAL REGION (QUEBEC)					
Hull - Polyvalente Complex - Asticou Acquisition	26,288	26,288	14,224	1,304	10,760
NATIONAL CAPITAL REGION (ONTARIO)					
Ottawa - Greenbelt Animal Research Centre	-	33,614	1,559	12,574	19,481
Ottawa - 350 King Edward - South Wing - Improvements and Fit-up		5,145	4,372	773	-
Ottawa - National Aviation Museum - Construction	18,416	18,400	13,799	4,601	-
BRITISH COLUMBIA					
Surrey - New Border Crossing - Construction	13,289	13,573	6,360	7,213	-
Miscellaneous					
Ottawa - National Art Gallery - Utility Tunnel Construction		5,900	1,912	3,988	-

5. Lease-Purchase Expenditures

The following list includes approved lease-purchase projects and their associated costs over the life of the various projects.

Figure 22: Details of Lease-Purchase Projects ($000)

	Capital Costs 1	Annual Lease-Purchase Payment 2	Present Value of Payments 3
Lease-Purchase Buildings			
Prince Edward Island			
Charlottetown (1984)	8,567	2,243	15,600
Quebec			
Montreal - Guy Favreau (1984)	107,600	11,228	87,600
National Capital Region			
Ottawa - C.D. Howe Building (1977)	34,100	6,100	47,600
Ottawa - L'Esplanade Laurier (1985)	-	5,849	60,337
Hull - Place du Centre (1977)	-	3,020	23,283
Hull - Terrasses Chaudière (1978)	14,800	16,838	144,156
Ontario			
Cornwall (1984)	4,000	1,412	9,600
Chatham (1985)	881	625	4,940
Scarborough (1984)	6,800	5,202	42,800
Alberta			
Edmonton (1988)	7,500	13,220	105,000

1. Capital Costs refer to the initial development costs of a specific project and include such items as land costs, legal costs, costs of a podium where applicable etc. and these are financed through the capital vote.
2. Annual lease-purchase payment refers to the negotiated rental costs for a specific lease purchase project over the life of the lease (typically 35 years) at the current financing rate of the day.
3. Present value of payments refers to the discounted sum of annual lease-purchase payments at the applicable interest rate from the date of the first payment.

6. Transfer Payments

Figure 23: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85
New Employment Expansion and Development (NEED) Program	-	82

B. Cost Analysis

Net Program Costs

The Estimates for 1985-86 for the Accommodation Program include only those expenditures charged to and revenues credited to the appropriations of the Program. The adjustments made to the estimated expenditures to arrive at total cost include: accommodation provided without charge by the department ($443,000), other services provided without charge by other departments ($115,000). The revenue includes that which has been credited to the vote plus revenues from outside parties credited to Non-Tax Revenue.

Figure 24: Net Cost of Program by Activity ($000)

	1985-86 Expend-itures	Add Other Costs	Total Cost	Deduct Revenue	Total Net Cost	1984-85 Total Net Cost
Assets Provision and Improvement	136,386		136,386		136,386	137,150
Crown Properties	215,391		215,391	123,674	91,717	97,188
Leased Properties	319,902		319,902	78,452	241,450	238,217
Lease-Purchase Properties	89,951		89,951	4,696	85,255	81,345
Program Planning and Control	20,485	558	21,043		21,043	30,493
	782,115	558	782,673	206,822	575,851	584,393

The revenue shown above includes $30.1 million from outside sources credited to Non-Tax revenue.

Government Realty Assets
Support Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $88,824,000 in support of the Government Realty Assets Support Program. The remaining expenditures, estimated at $286,391,000 for grants to municipalities and other taxing authorities and for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85* Main Estimates
	Government Realty Assets Support Program		
20	Operating expenditures	49,928	50,660
25	Capital expenditures	12,888	17,054
30	Grants and contributions	8,493	14,830
35	Payments to Canada Lands Company (Mirabel) Limited	7,652	9,680
40	Payments to Canada Lands Company (Le Vieux-Port de Québec) Inc.	2,294	10,688
45	Payments to Canada Lands Company (Le Vieux-Port de Montréal) Limited	1,477	15,900
50	Payments to Harbourfront Corporation	6,092	16,228
(S)	Grants to municipalities and other taxing authorities	285,800	257,500
(S)	Contributions to employee benefit plans	591	426
	Total Program	375,215	392,966

*A new Program/Vote Structure is being introduced for 1985-86. (1984-85 amounts have been adjusted to reflect the revised structure).

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Government Realty Assets Support Program	
20	Government Realty Assets Support - Operating expenditures, and assistance to the Ottawa Civil Service Recreation Association in the form of maintenance services in respect of the W. Clifford Clark Memorial Centre in Ottawa	49,928,000
25	Government Realty Assets Support - Capital expenditures	12,888,000
30	Government Realty Assets Support - Grants listed in the Estimates and contributions, including grants to municipalities in accordance with the Municipal Grants Act in respect of taxation years ending on or before December 31, 1979; and	8,493,000

(a) subject to terms and conditions approved by the Governor in Council, grants to municipalities in lieu of development and redevelopment taxes of general application that are imposed or levied by a municipality for financing the capital cost of services, where a benefit is derived by federal property;

(b) grants to provinces, to be calculated in the same manner as grants to municipalities under the Municipal Grants Act, in respect of federal property situated therein, where a real estate tax has been imposed or levied on property by a province for a taxation year ending on or before December 31, 1979 to finance services that are ordinarily provided throughout Canada by municipalities; and

(c) to authorize payments in respect of certain property prescribed as federal property for the 1974, 1975, 1976, 1977, 1978 and 1979 tax years of municipalities

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Extracts from Part II of the Estimates

Votes - Wording and Amounts (continued)

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
35	Payments to Canada Lands Company (Mirabel) Limited for operating and capital expenditures	7,652,000
40	Payments to Canada Lands Company (Le Vieux-Port de Québec) Inc. for operating and capital expenditures	2,294,000
45	Payments to Canada Lands Company (Le Vieux-Port de Montréal) Limited for operating and capital expenditures	1,477,000
50	Payments to Harbourfront Corporation for operating and capital expenditures and authority to spend revenues received during the year in respect of Toronto Harbourfront properties owned by Her Majesty	6,092,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	Total	1984-85* Main Estimates
Federal Land Development and Management	2	37,181	8,512	8,246	53,939	62,457
Design, Construction and Realty Technology	2	6,195	50	12	6,257	6,569
Fire Prevention	69	3,969	21	35	4,025	3,534
Emergency Preparedness	20	1,104	-	-	1,104	447
Municipal Grants	2	1,931	40	286,000	287,971	260,398
Special Projects	2	139	4,265	-	4,404	7,065
Crown Corporations		17,515	-	-	17,515	52,496
	97	68,034	12,888	294,293	375,215	392,966

*A new Program/Activity Structure is being introduced for 1985-86. (1984-85 amounts have been adjusted to reflect the revised structure.)

Section I
Program Overview

A. Highlights

For 1985-86, the following goals have been established for the Government Realty Assets Support Program:

- operate and maintain currently designated properties as well as undertake a number of redevelopment projects directly or in cooperation with municipalities (see page 4-14).

- undertake a major program to dispose of surplus property as part of the governments efforts to generate additional revenue. It is expected that this will result in increased revenue of 32.0 million in 1985-86 (see page 4-16)

- continue the major Research and Development Project in cooperation with Energy Mines and Resources (see page 4-18).

- maintain required fire prevention services within existing departmental resource levels (see page 4-20).

- make payments totalling $286 million to taxing authorities as grants in lieu of taxes in respect of federal properties pursuant to applicable legislation (see page 4-25).

- complete the asbestos decontamination program, upgrade internal common use signage within federal buildings and complete the retrofit of existing space to a basic barrier free standard (see page 4-28).

- make payments in accordance with agreements and/or Vote wording for the operational and capital expenditures of the Crown corporations reporting to the Minister of Public Works (see page 4-30).

B. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Federal Land Development and Management	53,939	67,579	(13,640)	4-14
Design, Construction and Realty Technology	6,257	6,569	(312)	4-17
Fire Prevention	4,025	3,534	491	4-20
Emergency Preparedness	1,104	447	657	4-23
Municipal Grants	287,971	259,898	28,073	4-25
Special Projects	4,404	7,065	(2,661)	4-28
Crown Corporations	17,515	90,604	(73,089)	4-30
	375,215	435,696	(60,481)	
Person-Years	97	78	19	

Explanation of Change: The financial requirements for 1985-86 are 14% or $60 million lower than the 1984-85 expenditures. The decrease is primarily due to:

- decreased contributions under subsidiary agreements for revitalization of areas in Sault Ste. Marie, Moncton and the Shubenacadie Canal as a result of the completions of the majority of the projects, and reduced expenditures in the development of federal properties. ($7.1 million)
- increased grants in lieu of taxes to municipalities for additional grants and allowance for inflation $28.0 million
- increase due to reallocation of departmental resources to strengthen Emergency Preparedness and Fire Prevention Activities $ .7 million
- decrease due to reduction of the Accessibility Program, and the Asbestos Decontamination program, as a result of the completion of a majority of the projects. ($2.7 million)

- reductions in payments to Crown Corporations due to the completion of a number of capital projects. ($73.1 million)

- reduction in the program as part of the government's Expenditure and Program Review ($ 6.0 million)

- increase due to inflation $ 1.1 million

- decreased capital expenditures for the marine structures disposal program in the Gaspé area ($ 1.4 million)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $42.7 million or 11% higher than the 1984-85 Main Estimates of $393 million (extracts from Part II of the Estimates, page 4-6). The difference of $42.7 million reflects the following major items:

- an increase in capital construction expenditures and operating expenditures for Le Vieux-Port de Québec Inc. $17.8 million

- an increase in capital expenditures related to Le Vieux-Port de Montréal Inc. $15.7 million

- an increase in capital expenditures related to Harbourfront Corporation $ 4.6 million

- a Supplementary Estimate of $5.1 million for increased contributions under subsidiary agreements for revitalization of areas and the development of federal properties:

  - an increase in the contribution to Saint John Market Square $ 3.6 million

  - an increase in capital expenditures for the development of federal property in Trois Rivières. $ 1.5 million

- a reduction in the Municipal Grants activity. ($ .5 million)

C. Background

1. Introduction

Unlike the Accommodation and Services Programs, the Government Realty Assets Support (GRAS) Program is not a Common Services Program. Rather, its activities provide for the accomplishment of specific government mandates all of which relate to the government's holding of real property but each of which is a distinct entity. The Program's activities support the government's responsibilities for the control and management of real property in the areas of the federal land management policy, fire prevention services, emergency preparedness, design, construction and realty technology, grants in lieu of taxes and Crown Corporations reporting to the Minister of Public Works.

2. Legal Mandate

The mandate for federal land development and management is derived from the Public Works Act, 9(1)(h). Additional authorities are contained in Section 9(2) of that Act, the Kingsmere Park Act, the Laurier House Act, the Official Residences Act, the Expropriation Act, the Surplus Crown Assets Act, and the Public Lands Grants Act. Compensation to local taxing authorities for services provided to exempt federal property in the form of grants in lieu of real property taxes is made under the Municipal Grants Act, 1980 and 1970. The mandate for the technology activity, the Fire Commissioner of Canada's Office and the planning for emergencies are based on the Public Works Act, Government Property Fire Prevention Regulations, and the Emergency Planning Order PC 1981 respectively.

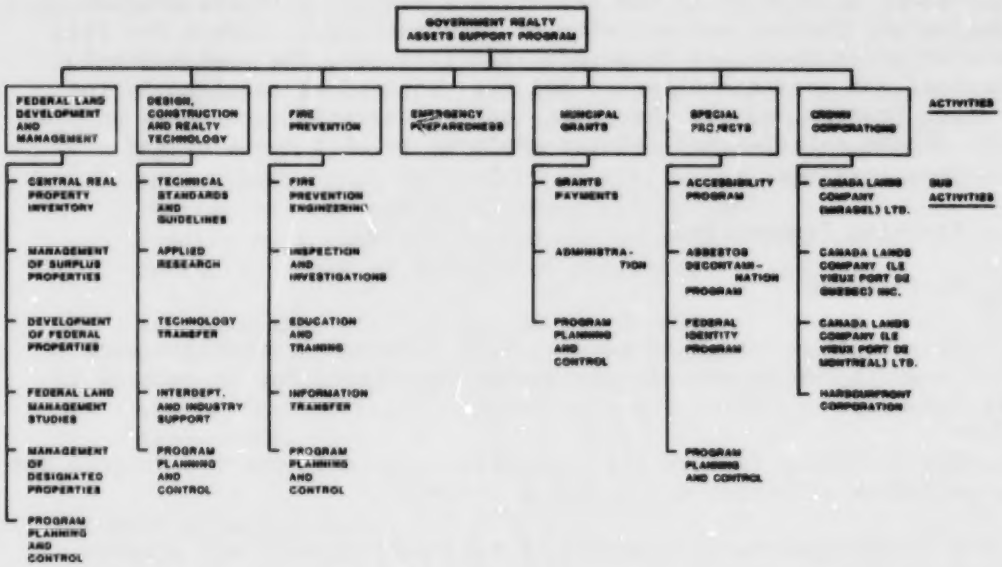
3. Program Objective

The objective of the program is "to support the Government's responsibilities for the control and management of real property in the areas of the federal land management policy, design, construction and realty technology, fire prevention, emergency preparedness, special projects, grants in lieu of taxes to local taxing authorities and transfer of payments to certain Crown Corporations".

4. Program Organization for Delivery

Activity Structure: The program is composed of seven activities. Figure 2 presents the activity structure.

Figure 2: Activity Structure



Organization Structure: There are a number of managers responsible for the achievement of the results of the various Activities of this Program. Figure 3 presents the relationship between the organization and the previously described Activity structure, together with an allocation of 1985-86 resources.

Figure 3: 1985-86 Resources by Organization/Activity ($000)

	Federal Land Development and Management		Design Const. and Realty Technology		Fire Prevention		Emergency Preparedness		Municipal Grants		Special Projects		Crown Corporations		Total	
	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y	$	P-Y
Deputy Minister																
ADM Design and Construction			6,257	2											6,257	2
ADM Realty	50	1							61	1			17,515		17,626	2
Executive Secretary							1,104	20							1,104	20
ADM Operations	53,889	1			3,204	55			287,910	1	4,404	2			349,407	59
Fire Commissioner of Canada					821	14									821	14
	53,939	2	6,257	2	4,025	69	1,104	20	287,971	2	4,404	2	17,515		375,215	97

Funding Structure: The GRAS Program is funded by seven annual and two statutory appropriations. The person-years and associated costs for managerial personnel required to direct, control and be accountable for achievement of objectives and results are dedicated to the Program Planning and Control sub-activity of each Activity. Except for Fire Prevention and Emergency Preparedness Activities, the professional, technical and operational personnel are provided as required by the Services Program and are charged to the appropriate Activities on the basis of the salaries and related employee benefit costs of the employees involved.

D. Planning Perspective

1. Environment

This Program is composed of several very different activities each of which contributes to overall government objectives but is related to Real Property.

The following factors will significantly influence the Program and the resources allocated to it during 1985-86:

- The Government's policy of restraint affects all program areas.
- A major component of the activity of this Program is carried out by Crown Corporations which are subject to specific directions from Cabinet rather than being an integral part of the departmental operations.
- The single largest component of this program is grants in lieu of municipal taxes. As these payments are purely statutory and are related to values of properties and taxing rates of the various authorities, the aggregate amount of actual expenditures is liable to vary from forecast amounts due to these factors which are beyond the control of the Department.

2. Initiatives

The following major initiatives are underway which affect the resources of the Program:

- **Restraint:** As part of the efforts arising out of the government's Expenditure Reduction and Program Review, a major effort is being undertaken to generate additional revenues from the disposal of surplus federal properties. It is estimated that $27.2 million will be generated from this initiative. In addition, there will be reductions in the funding of a number of projects, as well as reductions to the operating costs of designated properties.

- **Redevelopment and Revitalization of Federal Lands:** A number of federal properties are being redeveloped. In addition, contributions will be made to several municipalities for similar activities under Economic and Regional Development Agreements.

3. Program Effectiveness

This Program consists of seven components, all of which relate to the Government's holdings of real estate. However, each are distinct entities with distinct objectives, thus no overall indicators of Program Effectiveness can be presented. Thus, indicators of results are presented for each Activity only.

Section II
Analysis by Activity

A. Federal Land Development and Management

Objective

To provide an advisory and implementation capability which contributes to the management of federal lands and holdings and the making of contributions for development initiatives under Economic and Regional Development agreements.

Resource Summary

This activity accounts for 14.4% of the GRAS Program expenditures in 1985-86.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Central Real Property Inventory	358	-	350	-		
Management of Surplus Properties	4,038	-	4,325	-		
Federal Land Management Studies	861	-	770	-		
Development of Federal Properties	16,195	-	28,559	-		
Management of Designated Properties	32,387	-	33,475	-		
Program Planning and Control	100	2	100	2		
	53,939	2	67,579	2	84,944	2

The operating expenditures make up $37.1 million or 69% of this activity. Capital expenditures make up $8.5 million or 16% of the expenditures of this Activity of which $6.0 million are for redevelopment projects. These projects include Welland Canal ($1 million); Trois Rivieres ($5 million). In addition $8.2 million or 15% of the expenditures are for contributions to municipalities under Economic and Regional Development agreements.

Description

Through the Federal Land Development and Management activity, the government is provided an advisory and implementation capability thereby contributing to the better management of federal lands and holdings. This Activity has the following six subactivities:

Central Real Property Inventory: This includes the management of the Central Real Property Inventory (CRPI) which is the inventory record of property owned and leased on behalf of the Crown by all federal departments and agencies.

Management of Surplus Properties: This includes the management and maintenance of all properties declared surplus either by PWC or other departments from the time they are declared surplus until they are disposed of.

Development of Federal Properties: This includes the activities associated with developing and disposing of surplus and underutilized properties, including studies and plans. This can also take the form of providing funds necessary to further the objectives of the "Federal Land Management Policy" along with the contributions to municipalities and provinces under Economic and Regional Development agreements.

Federal Land Management Studies: This includes the activities associated with the support of the Treasury Board Advisory Committee on Federal Land Management (TBAC/FLM), more specifically land use and socio-economic impact studies associated with the acquisition, disposal and reutilization of properties. These studies are presented as Area Screening Canada reports or Federal Land Management (FLM) reviews.

Management of Designated Properties: This includes acquisition, operation and maintenance of properties designated by the government to be funded separately from the Accommodation Program or other departments, e.g., Official Residences, Goose Bay, etc.

Program Planning and Control: This includes the provision of program direction and directly related management of the activity.

Performance Information/Resource Justification

The following section describes the expected results of each sub-activity in 1985-86 as well as the resources required.

Central Real Property Inventory: The expected result of this element is a comprehensive, accurate and up-to-date CRPI record. It is estimated that 97% of the land and holdings owned and leased by the Federal Government is included in the inventory which is approximately

20 million hectares. It is expected that 15,000 changes will be made in the inventory in 1985-86. In 1984-85, 15,000 changes were processed. In 1983-84, 16,040 changes were processed.

Development of Federal Properties: The following figure sets out the number of properties to be reused for federal or non-federal purposes as well as the expected proceeds from disposals of all federal properties.

Figure 5: Performance on Development of Federal Properties

	1985-86	1984-85
Number of properties being redeveloped	5	6
Proceeds from disposal ($000) of federal properties	32,000	7,100

In addition, payments will be made for projects in the cities of Sault Ste. Marie ($4.6 million), Moncton ($2.9 million), and Dartmouth ($1.1 million) in 1985-86, as the result of subsidiary agreements under Economic and Regional Development Agreements.

Management of Designated Properties: The following Figure lists the major Designated Properties to be managed and the costs for each:

Figure 6: Cost of Designated Properties ($000)

	1985-86	1984-85
Goose Bay	21,489	22,221
Parliament Buildings and Grounds	5,182	5,350
Official Residences	3,096	3,196
RA Clark Memorial Centre	730	754
Other	1,890	1,954
Total	32,387	33,475

B. Design, Construction and Realty Technology

Objective

To undertake research, develop standards, disseminate information and provide implementation support on technological improvements related to the design, construction, maintenance and operation of real property.

Resource Summary

This Activity accounts for 1.6% of the GRAS Program expenditures in 1985-86.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Technical Standards and Guidelines	1,128	-	1,135	-		
Technology Transfer Applied Research	3,735	-	4,078	-		
Interdepartmental and Industry Support	757	-	756	-		
Program Planning and Control	637	2	600	2		
	6,257	2	6,569	2	5,308	2

Of the total expenditures, $2.1 million represents the cost of services provided by the Services Program.

Description

Through this Activity, the department provides professional and technical advice, research and support to its various activities and to a wide range of government clients on matters relating to the design, construction, maintenance and operation of real property. This Activity consists of the following five sub-activities:

Technical Standards and Guidelines: This includes the development of standards, codes, specifications, guidelines and policies in particular technological areas.

Applied Research: This includes the development, demonstration or evaluation of a technological innovation or procedure for its application and use.

Technology Transfer: This includes the gathering, organizing and making available the results of research and assisting in its dissemination, application and use.

Interdepartmental and Industry Support: This includes providing advice, consultation or related support to the national construction process.

Program Planning and Control: This includes the management and administration of the technological resources.

Performance Information/Resource Justification

As this activity is primarily research oriented and is structured on a project basis, the expected results and their related resources are expressed in narrative terms on a project-by-project basis, as shown in figure 8.

Figure 8: Technology Projects 1985-86

Project	Resources $000	Overall Results* Expected
Energy Research and Development Projects with Energy, Mines and Resources	1,804	

*Indoor Air Quality - Determine the effects of outgassing on air quality and prevent such problems by incorporating the knowledge gained into design procedures. Develop streamlined tracer gas techniques suitable for large buildings that will gain general acceptance in the building industry. Develop documented and verified air quality test procedures for large buildings.

Design and Analysis - To provide nationally supported Building Energy Systems Analysis (BESA) tools to engineers and architects as an aid in energy conservation efforts to optimize energy use in all types of new and existing commercial, institutional and industrial buildings. To develop Canadian expertise in the use and application of computerized energy analysis tools.

Heating and Cooling - Remove technical barriers to commercialization of seasonal aquifier storage and latent energy storage in the form of ice by conducting experiments and full-scale field trials as part of actual building systems. Monitor and evaluate field trials over several years and disseminate results. Conduct an international energy storage conference in Canada in September 1985 to assess progress and define future goals. Pursue international cooperation through such means as IEA projects and country to country exchange, e.g., China and Sweden.

Operations - Assess Central Control Monitoring Systems (CCMS) and Energy Management Systems (EMS) presently installed in PWC buildings to establish their cost-effectiveness, reliability of operation, limitations, and compatibility with sensors and activators. Acquire, test and evaluate state-of-the-art distributed and stand-alone microprocessor based controllers for building energy systems to determine their range of application and performance efficiency. Develop procedures for the appropriate selection of CCMS and EMS and provide effective training aid for the building operating staff and managers.

Lighting - Identify and develop new procedures for specifying illumination systems designed on the basis of visual performance. Develop new techniques for the analysis and evaluation of installed lighting systems to validate compliance with visual performance design criteria.

C. Fire Prevention

Objective

To provide for fire prevention, inspection and investigation on the federal government's owned and controlled properties, and contribute to the knowledge base and the competence of public and private agencies in the field of fire prevention in Canada.

Resource Summary

This Activity accounts for 1.0% of the GRAS Program expenditures in 1985-86.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Fire Prevention Engineering	932	16	848	16		
Inspections and Investigations	1,514	26	1,272	20		
Education and Training	700	12	636	12		
Information Transfer	175	3	53	1		
Program Planning and Control	704	12	742	14		
	4,025	69	3,534	63	3401	62

Of the total expenditures, $3.4 million is for salaries and employee benefit plan contributions with the remainder composed of operating and minor capital requirements.

Description

The Office of the Fire Commissioner of Canada is responsible for the provision of fire prevention services to Government of Canada owned and leased properties, excluding DND bases, MOT Airport Crash Fire Fighting and Government ships. The Fire Commissioners's jurisdiction extends to all Government Departments, Agencies and Crown Corporations other than designated exclusions. This Activity consists of the following five sub-activities:

Fire Prevention Engineering: This includes the review and approval of plans and specifications for new buildings and of alterations and additions to existing buildings, for fire protection engineering surveys, for inspection and takeover of buildings during construction and at completion of projects, and for the promulgation of fire protection engineering standards and technical information bulletins.

Inspections and Investigations: This includes the conducting of inspections to determine the fire safety of a property or occupancy, investigating fires occurring on federal property and reporting on all such fires.

Education and Training: This includes providing education and training to public service occupants of federally owned or leased properties, establishing Building Fire Emergency Plans and developing educational material for use in training courses and seminars.

Information Transfer: This includes compiling statistical data and reports on fire losses as well as participating on committees at the international, national and provincial levels.

Program Planning and Control: This includes the management and administrative support necessary to direct, control and support this Activity.

Performance Information/Resource Justification

The resources of this activity are primarily directed into three areas; inspections, reviewing of plans and specifications, and the provision of training.

In the area of inspections, due primarily to limited resources, a multi-year inspection program has been developed to ensure that all space is subject to inspection over time. The following Figure 10, shows the number of square metres scheduled for inspection in each year.

Figure 11 indicates the number of hours expected to be utilized in the review of plans and specifications for new buildings or alterations.

Finally, Figure 12 sets out the number of hours of training and education session that are to be carried out by the office.

Figure 10: Space Scheduled for Inspection (000 m^2)

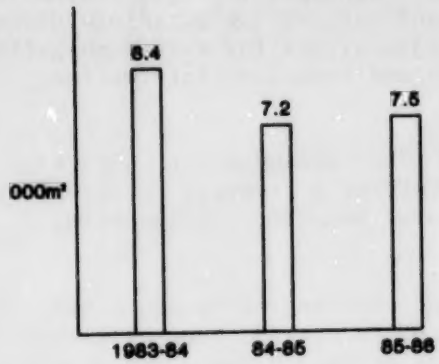


Figure 11: Hours Utilized in Plan and Specification Review

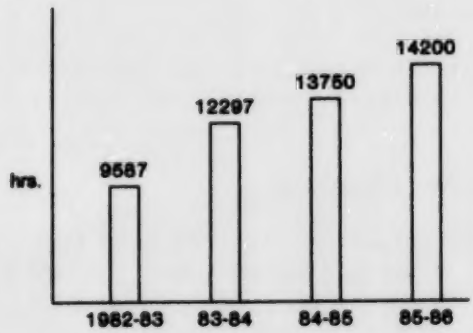
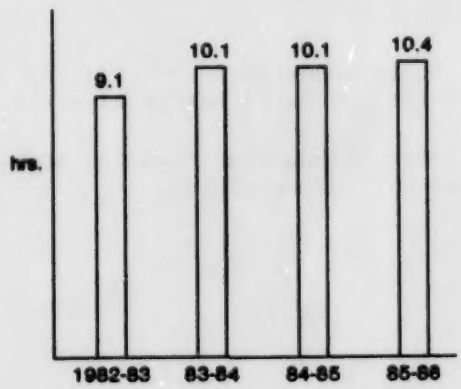


Figure 12: Hours of Training Given (000's)



D. Emergency Preparedness

Objective

To provide plans and arrangements supporting the department's responsibility under the federal emergency planning order.

Resource Summary

This Activity accounts for .29% of the GRAS Program expenditures for 1985-86. Thirteen person-years are being transfered from the Services Program, Realty Management Services, in 1985-86 to implement a coordinated Federal Emergency Planning Program.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Emergency Preparedness	1,104	20	447	7	382	7

Description

There are five functions in this Activity and they are:

- Development and maintenance of plans and preparations for establishing and operating a national emergency construction agency for the control and regulation of engineering and construction resources throughout Canada in a National emergency.
- Development of plans and arrangements for protection of the population from the wartime effects of radioactive fallout and from other weapons effects.
- Planning and coordination of arrangements for provision of emergency operations centres for the Continuity of Government Program.
- Development and maintenance of readiness plans that will enable the Department to carry out its emergency responsibilities in peace and war.
- Planning and program management.

Planning is carried out by the Directorate of Emergency Preparedness in Headquarters and by each of the six regional offices. Activities involving provinces and municipalities are currently handled by Headquarters with direct liaison with provinces. Plans and operations to meet specific peace-time emergency responsibilities are carried out by the regional offices. Advice and guidance to the public on public protection matters are currently provided directly from Ottawa.

Performance Information/Resource Justification

The fundamental direction of emergency planning is to strengthen the planning within federal departments to provide for general-purpose planning activity covering the full spectrum of emergency contingencies (peace and war) which could arise.

The work has been divided into several hundred discrete actions requiring a five-year period (84-89) to complete. Additional resources have been allocated only for the four year period 84-88.

Currently authorized resources will be used to undertake:

- Planning and development of a National Emergency Construction Agency, having a federal, provincial, municipal and private-sector components.

- Planning and coordination for the provision of emergency operations centres, including advice and guidance to provinces and municipalities on the design and construction of municipal emergency operations centres.

- General emergency planning relating to multiple hazards, damage assessment, assistance to provinces, public protection and advice and guidance to the public on public protection matters, including provision of standards and designs.

Accomplishment of the major outputs required for the National Shelter Program will require, not only the successful collaboration with the twelve provincial/territorial governments, but also the allocation of significant resources to enable provinces and municipalities to undertake the necessary planning.

Greater emphasis will be placed on development of the National Emergency Construction Agency and on developing a greater regional emergency planning capability.

It is expected that during 1985/86, thirty-nine planning units will be completed, bringing the total completed to that date of sixty. There are four hundred and seventy-nine plans/planning units to be completed in the five year plan.

E. Municipal Grants

Objective

To provide grants in lieu of taxes to taxing authorities in respect of Federal properties pursuant to applicable legislation.

Resource Summary

This activity accounts for 76.7% of the GRAS Program expenditures for 1985-86.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Grants Payments	286,000	-	258,000	-	231,067	-
Administration	1,850	-	1,785	-	2,078	-
Program Planning and Control	121	2	113	2	69	2
	287,971	2	259,898	2	233,214	2

Of the total expenditures in 1985-86, $286.0 million is for grants payments to various taxing authorities and $1.8 million is for charges for services provided by the Services Program.

Description

This Activity provides for the funding and administration of grants in lieu of taxes on federal property whether that property is managed by Public Works Canada or by other departments and agencies, and is made up of the following sub-activities:

Grants Payments: This is the total of the payments made during the year to the various taxing authorities under the provisions of the Municipal Grants Act 1980 and prior legislation for amounts related to tax years prior to 1981.

Administration: This includes the costs of processing the applications for grants, including determination of the eligibility of the claim, valuation of the property involved, along with the calculation, requisitioning and making of the interim and/or final payments. This service provided by the Real Estate Services Activity in the Services program.

Program Planning and Control: This includes the management and administrative support necessary to plan, direct and control this activity.

Performance Information/Resource Justification

Payments under this activity are to be made to approximately 3000 taxing authorites covering 84,000 federal properties or buildings. The total requirement for the year is the aggregate of the amounts paid to each taxing authority.

Each payment is the result of an annual application from a local taxing authority. The amount paid is determined on the basis of a determination or confirmation for all eligible federal property within the jurisdiction of the local taxing authority, the eligibility of the leasehold or occupant interest, individual property values (and/or dimensions for frontage or area taxes, the effective tax rates and application of the provisions of the Act and related regulations. In 1985-86 the total payments are expected to increase by $28.1 million over 1984-85 as a result of inflation.

The following information is provided to describe the work load of this activity and the efficiency and effectiveness with which the grant applications are processed. In 1983-84 95% of the applications resulted in interim or final payments within 50 days. The goal is to increase this to 100% in 1984-85 and future years.

Figure 15: Percentage of Applications processed within 50 days

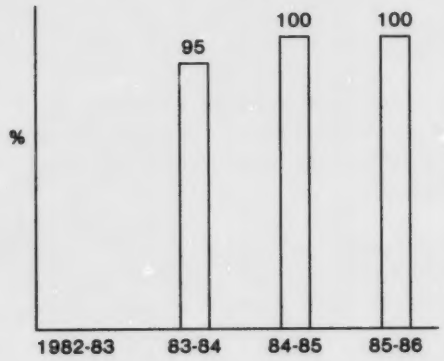
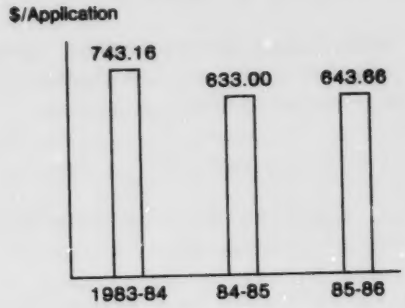


Figure 16: Administration and Control Cost per Application processed



F. Special Projects

Objective

To undertake, solely or jointly with other departments, those projects, as directed, which have a significant impact on the design, construction, maintenance or operation of real property.

Resource Summary

This Activity accounts for 1.2% of the GRAS Program expenditures for 1985-86.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Accessibility Program	3,002	-	3,744			
Asbestos Decontamination	100	-	1,312			
Federal Identity Program	1,212	-	1,915			
Program Planning and Control	90	2	94	2		
	4,404	2	7,065	2	19,389	2

In 1985-86, $4.3 million or 97% of the expenditures is for capital, as compared to $6.5 million or 94% in 1984-85.

Description

This Activity consists of those projects of a specialized/unique nature relating to, and having a significant impact on, the design, construction maintenance or operation of real property. These projects normally are externally generated, of high visibility, and not predictable in the sense of planning and resourcing. Current projects included in this Activity are:

The Accessibility Program: which is the application of the new Barrier Free Design Standard of buildings to allow access to them for people with handicaps. This program has been ongoing since 1981 and is expected to be completed in 1985-86.

The Asbestos Decontamination Program: which involves the removal and control of asbestos in Crown-owned facilities in order to ensure safety in buildings containing spray-applied asbestos insulation.

The Federal Identity Program: which includes the installation of Canada Wordmark signs on government-occupied facilities in order to promote public access to government services. This is a 4 year program to refurbish signage. It consists of four major phases from primary identification signage in high profile facilities to client operational signage.

Program Planning and Control: which includes the management and administrative support necessary to plan, direct and control this activity.

Performance Information/Resource Justification

The results expected and the resources required are determined on a project by project basis over the lifetime of each. The success of these projects can best be measured in terms of the actual accomplishments in relation to plan outputs. Figure 18 shows the expected results of each of these projects.

Figure 18: Details of Special Projects

Sub-Activity	Resources $000 1985-86	Overall Output	Specific Detail 1985-86
Accessibility Program	3,002	to ensure barrier free access to all public buildings	Complete the alterations of Crown-owned and Leased buildings to provide barrier free access to all the public.
Asbestos Decontamination	100	the removal and control of asbestos in Crown-owned buildings	Completion of the removal of asbestos in several of the remaining buildings.
Federal Identity Program	1,212	signage renewal on multi-occupant buildings to fulfil federal visual image objectives	Complete prior phases and Phase III which is the upgrading of common use signage (directory boards, internal direction signs etc.).

G. Crown Corporations

Objective

To make payments to certain Crown Corporations pursuant to agreements approved by the Governor in Council.

Resource Summary

This Activity accounts for 4.7% of the GRAS Program expenditures in 1985-86.

Figure 19: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canada Lands Company			
(Mirabel) Ltd.	7,652	9,543	11,228
(Le Vieux-Port de Québec) Inc.	2,294	28,622	32,534
(Le Vieux-Port de Montréal) Ltd.	1,477	31,614	12,640
Harbourfront Corporation	6,092	20,825	12,891
	17,515	90,604	69,293

The payments to the various corporations include provision for a number of capital projects forming part of the government's Special Recovery Capital Projects Program. In 1985-86 $2.9 million have been provided for that Program as compared to $42.9 million in 1984-85.

Description/Resource Justification

This Activity provides for the payments to be made to the various Corporations, three of which are subsidiaries of the Canada Lands Company.

In all cases the management of each corporation is under the direction of a Board of Directors and Executives who are ultimately responsible to the Minister. Senior officials of the Department of Public Works are on the Boards of Directors. The Deputy Minister of Public Works is on the Board of Directors of the Harbourfront Corporation. The Assistant Deputy Minister, Realty, is a member of the Board of Directors of the Vieux Port de Montreal. The Director General, Real Estate Services, is on the Board of Directors of the Vieux Port de Quebec. Senior officials of the department constitute the Board of Directors of the Canada Lands Co. (Mirabel) Ltd. The Department's responsibility is to provide advice to the Minister as requested and to make the payments in accordance with any agreements with the respective Corporation and vote wordings.

Following is a brief description of principal objectives of each of the corporations and a summary of the basis for the payments made to each. As a portion of the payments are for major capital projects, details of the individual projects are provided in Figure 31 on pages 4-38 and 4-39.

The Canada Lands Company (Mirabel) Ltd. is responsible for the administration and operation of the peripheral lands to the international airport at Mirabel, Quebec, and to dispose of certain of those lands while assuring the local residents of a normal life as well as protecting airport operations.

Following is a financial summary of the operations of the corporation for 1985-86 and 1984-85.

Figure 20: Canada Lands Company (Mirabel) Ltd.
Summary of Expenses ($000)

	Estimates 1985-86	Forecast 1984-85
Operating Costs	6,282	7,988
Capital Expenditures	1,370	1,555
Government's Payments	7,652	9,543
Planned Person-Years	98	98

Canada Lands Company (Le Vieux-Port de Quebec) Inc: was incorporated in 1981 as a subsidiary of the Canada Lands Company Limited, a Crown Corporation. The subsidiary is responsible for:

- implementing the Vieux-Port de Quebec development master plan;
- administering, managing, promoting and operating the land and its developments;
- contributing to the regional economic development of the area by the creation of administrative centres and the establishment of new businesses and boutiques as well as touristic and recreational installations;
- maintaining the heritage aspect of the area by the promotion of this historic site and the renovations of the historic buildings.

Figure 21: Canada Lands Company (Le Vieux-Port de Québec) Inc. Summary of Expenses ($000)

	Estimates 1985-86	Forecast 1984-85
Operating Costs	2,154	6,316
Capital Expenditures	140	22,306
Government's Payments	2,294	28,622
Planned Person-Years	80	80

Canada Lands Company (Le Vieux-Port de Montréal) Limited: was incorporated in 1981 as a subsidiary of the Canada Lands Company Limited, a Crown Corporation. The company's mandate is:

- to develop and promote the development of Le Vieux Port lands by putting into place the infrastructure, equipment and services needed;
- to invest in the redevelopment or construction of revenue producing buildings;
- to enter into agreements to encourage the private sector to invest in development;
- to enter into agreements with other levels of government regarding the provision of other public funds; and
- to administer, manage and maintain the property of Her Majesty.

Figure 22: Canada Lands Company (Le Vieux-Port de Montréal) Limited Summary of Expenses ($000)

	Estimates 1985-86	Forecast 1984-85
Operating Costs	1,477	2,225
Capital Expenditures	-	29,389
Government's Payments	1,477	31,614
Planned Person-Years	23	23

Harbourfront Corporation: is responsible for redeveloping a 90 acre site on the Toronto Waterfront in order to provide better public access and use of the site, as well as optimizing commercial and residential development. The corporation is expected, over time, to achieve revenue sufficient that it will no longer be dependent on the federal government. This increased level of income is expected to provide a self sufficient cultural and recreational centre, for use by the general public. The payments to the corporation are based on the following operating and capital requirements.

Figure 23: Harbourfront Corporation
Summary of Expenses and Revenue ($000)

	Estimates 1985-86	Forecast 1984-85
Operating Costs	10,018	9,130
Redevelopment and Operating Revenue	(9,313)	(8,808)
Surplus from Previous Years	(499)	(4,178)
Net Operating Costs	206	(3,856)
Capital Expenditures	5,886	24,681
Government's Payments	6,092	20,825
Planned Person-Years	130	130

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 24: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	4,223	3,275	3,042
Contribution to employee benefit plans	591	425	395
Other personnel cost	3	3	3
	4,817	3,703	3,440
Goods and services			
Transportation and communications	1,990	1,998	2,253
Information	281	235	291
Services purchased from Services Program	20,363	19,569	17,185
Professional and special services - other	6,446	7,257	7,617
Rentals	103	108	2,208
Purchased repair and upkeep	6,103	6,888	13,447
Utilities, materials, and supplies	10,175	11,073	12,292
Payments to Crown Corporations	17,515	90,604	69,293
All other expenditures	241	255	354
	63,217	137,987	124,940
Total operating	68,034	141,690	128,380
Capital	12,888	18,554	39,057
Transfer payments	294,293	275,452	248,494
Total expenditures	375,215	435,696	415,931

2. Personnel Expenditures

Figure 25: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	6	5	5	50,350-96,300	63,653
Scientific and Professional					
Engineering and Land Survey	21	15	15	23,306-76,130	50,203
Administrative and Foreign Service					
Administrative Services	24	21	20	13,912-57,987	39,764
Program Administration	9	4	4	13,912-57,987	38,640
Technical					
Engineering and Scientific Support	28	23	23	14,041-50,866	39,727
General Technical	4	4	4	12,635-55,682	38,355
Other	1	1	1		
Administrative Support					
Clerical and Regulatory	2	2	2	12,932-31,743	23,586
Secretarial, Stenographic and Typing	2	3	3	12,636-31,946	21,720

Note: The person-year columns display the forecast distribution of the authorized person-years for the program by occupational group. The current salary range column shows the salary ranges by occupational group at 31 October 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Internal Charges

The majority of departmental employees are in the Services Program. The Government Realty Assets Support Program, like other departments, is treated as a "client" of the Services Program (as defined in the Treasury Board Common Services Policy). This Program acquires the required services and reimburses the Services Program for the direct costs of such services. Figure 26 shows the totals of these charges by activity and an approximation of the person-years in providing these services.

Figure 26: Internal Charges ($000) and Proxy Person-Years (PPY)

	Estimates 1985-86		Forecast 1984-85	
	$	PPY	$	PPY
Federal Land Development and Management	16,316	473	15,683	473
Design, Construction and Realty Technology	2,076	44	1,995	44
Municipal Grants	1,492	35	1,433	35
Special Projects	479	11	458	11
	20,363	563	19,569	563

4. Capital Expenditures

Figure 27 outlines the capital expenditures in the Program by Activity.

Figure 27: Summary of Capital Expenditures by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Federal Land Development and Management	8,512	11,933	29,000
Design, Construction and Realty Technology	50	50	719
Fire Prevention	21	19	37
Emergency Preparedness	-	-	3
Municipal Grants	40	37	16
Special Projects	4,265	6,515	9,282
	12,888	18,554	39,057
Crown Corporations	7,621	74,075	52,827
	20,509	92,214	91,523

Figure 28 lists the major capital projects included in the Program.

Figure 28: Major Capital Projects ($000)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Year Requirements
Federal Land Development and Management					
QUEBEC					
Trois Rivières - Redevelopment	-	8,000	3,030	4,970	-
ONTARIO					
Welland Canal - Redevelopment	5,300	4,500	3,300	1,200	-
Parliament Hill - Rehabilitation of Slopes	4,262	2,948	702	830	1,416
VARIOUS PROVINCES					
Designated Properties - Minor Improvements	-	7,512	4,000	1,512	2,000
Special Projects					
VARIOUS PROVINCES					
Federal Identity Program	-	1,070	-	1,070	-
Accessibility Retrofit	-	2,680	-	2,680	-
Asbestos Removal	-	100	-	100	-
Crown Corporations					
HARBOURFRONT CORPORATION					
Water's Edge Promenade (Phase I) and Public Open Space (Final Phase) - Construction	1,768	1,768	1,250	518	-
Peter Street Slip Bridge and Causeway - Construction	2,367	2,367	1,837	530	-

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Year Requirements
Arts Centre - Construction of Art Gallery, Recital Hall and Support Facilities	2,500	2,500	2,000	500	-
Spadina Quay Pier - Construction	5,123	5,123	4,060	1,063	-

5. Transfer Payments

Figure 29: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Fire Prevention			
Canada Joint Fire Prevention Publicity Committee	10	10	10
Canadian Association of Fire Chiefs	25	25	25
Municipal Grants			
Grants to Municipalities and Other Taxing Authorities	286,000	258,000	231,067
Total Grants	286,035	258,035	231,102
Contributions			
Federal Land Development and Management			
Contributions to provincial agencies and to persons for development initiatives undertaken under the General Development Agreements and Subsidiary Agreements for the purpose of economic and socio-economic adjustment	8,246	17,405	17,392
Design, Construction and Realty Technology			
Canadian Standards Association	12	12	
Total Contributions	8,258	17,417	17,392
Total Transfer Payments	294,293	275,452	248,494

B. Cost Analysis

1. Net Program Cost

The GRAS Program 1985-86 Estimates include those expenditures to be charged to the program's appropriations. Other cost items such as services provided without charge by other departments and receipts credited to Non Tax Revenue must be included when considering the total cost of operating the program.

Figure 30: Net Cost of Program ($000)

	1985-86 Main Estimates	Add Other Costs	Total Cost	Deduct* Receipts	**Total Net Cost**	Total Net Cost 1984-85
Federal Land Development and Management	53,939	9	53,948	32,000	**21,948**	60,482
Design, Construction and Realty Technology	6,257	9	6,266		**6,266**	6,569
Fire Prevention	4,025	295	4,320		**4,320**	3,534
Emergency Preparedness	1,104	86	1,190		**1,190**	470
Municipal Grants	287,971	9	287,980	17,000	**270,980**	242,898
Special Projects	4,404	9	4,413		**4,413**	7,076
Crown Corporations	17,515		17,515	37,608	**(20,093)**	80,827
	375,215	417	375,632	86,608	**289,024**	**401,856**

*Includes $17 million from the Airport Revolving Fund (Transport Canada) for grants in lieu of taxes to municipalities and other taxing authorities paid on its behalf and $32.0 million is expected to be received from the disposal of surplus properties.

Marine Transportation and Related
Engineering Works Program
Expenditure Plan
1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $12,193,000 in support of the 1985-86 Marine Transportation and Related Engineering Works Program. The remaining expenditures estimated at $221,000 for contributions to employee benefit plans and a dry dock subsidy will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)		1985-86 Main Estimates	1984-85* Main Estimates
	Marine Transportation and Related Engineering Works Program		
55	Program expenditures	12,193	5,754
(S)	Dry Dock Subsidy	180	180
(S)	Contributions to employee benefit plans	41	36
	Appropriation not required		
-	Capital expenditures		8,260
	Total Program	12,414	14,230

*A new Program/Vote structure is being introduced in 1985-86 (1984-85 amounts have been revised to reflect the revised structure).

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Marine Transportation and Related Engineering Works Program	
55	Marine Transportation and Related Engineering Works - Program expenditures including expenditures on works on other than federal property	12,193,000

Extracts from Part II of the Estimates

Program by Activities

(Thousands of dollars)	1985-86 Main Estimates					1984-85*
	Authorized Person-Years	Budgetary Operating	Capital	Transfer Payments	Total	Main Estimates
Locks and Dams		1,359	1,053		2,412	2,193
Dry Docks		5,590	3,886	180	9,656	11,712
Program Planning and Control	5	346			346	325
	5	7,295	4,939	180	12,414	14,230

*A new Program/Activity Structure is being introduced in 1985-86 (1984-85 amounts have been revised to reflect the revised structure).

Section I
Program Overview

A. Highlights

For 1985-86, the following goals have been established for the Marine Transportation Program:

- to operate and maintain the present locks and dams within the 5 year average of operating costs (see page 5-11);
- to complete the improvements to the Esquimalt Graving Dock (see page 5-13);
- to maintain an overall occupancy rate of 75% for Crown-owned dry docks (see page 5-14).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Locks and Dams	2,412	2,193	219	5-11
Dry Docks	9,656	11,712	(2,056)	5-13
Program Planning and Control	346	325	21	5-15
	12,414	14,230	(1,816)	
Person-Years	5	5	-	

Explanation of Change: The 1985-86 estimated expenditures of $12.4 million represent a net decrease of approximately $1.8 million or 12% of the 1984-85 forecast expenditures. This decrease is primarily due to:

- reduced capital expenditures at Lauzon Quebec ($1.2 million) and at the Esquimalt Graving Dock ($2.2 million) — ($3.4 million)
- increased operating expenses due to the requirement for major repairs to the quay walls at the Lauzon Dry Docks — $1.4 million
- the provision for price increases in operating costs — $ .2 million

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of 31 October 1984) is unchanged from that expected in the 1984-85 Main Estimates of $14.2 million. (Extracts from Part II of the Estimates, page 5-4)

C. Background

1. Introduction

The Marine Transportation Program provides specific locks, dams and dry docks in direct support of public and private users. This includes the maintenance and operation of these locks, dams, and dry dock facilities.

2. Legal Mandate

The Minister is charged under the Public Works Act (PWA)s.9(1)(a) with management of "the construction and repair of the dams, the hydraulic works... and works for improving the navigation of any water". S.12 further states that "the Minister shall direct the construction, maintenance and repair of all harbour ... and other public works ... constructed or maintained at the expense of Canada that are placed under his management and control". While the program responsibility for ports, harbours and wharves has been transferred to other departments, the provisions of the Act specific to locks, dams and dry docks remain a responsibility of the Department

Under the Public Works Act, the Minister is responsible for the maintenance and operation of the government dry docks at Lauzon, P.Q. Selkirk, Manitoba and Esquimalt, B.C. The Dry Docks Subsidies Act names the Minister of Public Works as the chief agent in recommending to the Governor-in-Council the subsidies and tariffs as set out in the Lauzon Dry Docks, Selkirk Marine Slip, Esquimalt Graving Dock and Canadian Vickers Dry Dock Regulations.

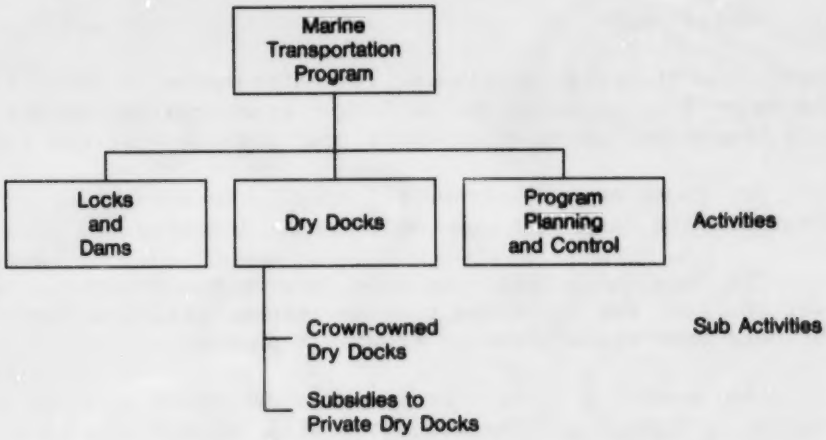
3. Program Objective

The objective of the Marine Transportation Program is "to facilitate marine transportation and to support specific related economic and social development goals through the construction, reconstruction operation, maintenance and subsidization of certain marine facilities."

4. Program Organization for Delivery

Activity Structure: The Marine Transportation Program is composed of three Activities as presented in Figure 2. Program Planning and Control is the management and control activity. Locks and Dams provides for the operation, maintenance of several lock and dam facilities. Dry Docks provides for the construction, operation and maintenance of several dry docks and financial support to private dry docks.

Figure 2: Activity Structure



Organization Structure: The manager responsible for the effective and efficient achievement of results in accordance with Executive Committee and Treasury Board approved plans, standards and policies is the Assistant Deputy Minister, Operations through the Regional Directors General. The Assistant Deputy Minister, Design and Construction provides functional management including the provision of advice and assistance in the development of standards, policies, plans and in monitoring and quality assurance throughout all stages of the management process. The resources by organization are set out in Figure 3. In addition to the person-years shown in this Figure, the Program is provided with services from the Services Program as shown in Figure 10.

Figure 3: Resources by Organization/Activity ($000)

	ADM Operations		ADM Design and Construction		Total	
	$	P-Y	$	P-Y	$	P-Y
Locks and Dams	2,412				2,412	
Dry Docks	9,656				9,656	
Program Planning and Control	277	4	69	1	346	5
	12,345	4	69	1	12,414	5

D. Planning Perspective

1. Environment

There is a changing requirement for maintenance of water levels, where the major beneficiaries are no longer commercial users but hydro electric companies, users of pleasure craft, and downstream land-owners.

Dry docks are maintained principally in support of the federal interest with respect to the ship repair industry.

The level of activity in this Program has diminished considerably over the past few years, as program responsibilities formerly carried out here were transferred to Program Departments.

The remaining activities (program responsibility for water level control, dry docks, locks and dams) will be considered for possible transfer to other jurisdictions, either within the federal government or where relevant, to provincial governments or the private sector.

2. Initiatives

The following initiatives are underway which may affect the resources of the program:

- Discussions are being held with the Province of Quebec regarding the possibility of transferring some of the dams to the Province;
- Dry dock tariffs will be reviewed in light of the recommendations made by the Auditor General on dry dock operations.

Section II
Analysis by Activity

A. Locks and Dams

Objective

To regulate water levels and flows required for safe navigation and other purposes on certain rivers through the establishment of the required water levels, construction, reconstruction operation and maintenance of certain locks and dams.

Resource Summary

This Activity accounts for 19% of the expenditures of the Marine Program for 1985-86.

Figure 4: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Locks and Dams	2,412	2,193	2,150

Of the total expenditures in 1985-86, 57% or $1.4 million is for the operation and maintenance of the locks and dams, $1.0 million is for capital expenditures. Of these costs, $1.0 million is for services provided by the Services Program.

Description

This Activity provides for the operation and maintenance of lock and dam facilities located on the Ottawa, French and Red Rivers. The work includes dredging, construction and other maintenance efforts in order to control the level and flow of water and thereby support navigation along these waterways by facilitating the passage of commercial vessels, pleasure craft and forest products. This Activity contributes to other government department objectives through maintenance of appropriate water levels for navigation, hydro electricity production, logging operations and other similar purposes.

Performance Information/Resource Justification

In 1985-86, the Department will be operating 9 water level control facilities on the Ottawa, French and Red rivers which control the level and flow of water. It is the Department's intention to ensure that the operating costs in 1985-86 remain within the average costs over the past 5 years.

The Department controls one lock complex, the St. Andrews lock. The operating costs of that complex are expected to remain at the same level as in 1984-85.

In 1984-85 the operating costs for the Activity are forecast to be $1.3 million and it is planned that they will be $1.4 million in 1985-86 which is less than the 5 year average for operating and maintenance costs for all the locks and dams.

B. Dry Docks

Objective

To support the ship repair industry through the construction, reconstruction, operation and maintenance of certain dry docks and the contribution of financial support under the Dry Dock Subsidies Act.

Resource Summary

This Activity accounts for 78% of the expenditures of the Marine Program in 1985-86.

Figure 5: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Crown-owned dry docks	9,476	11,532	7,479
Subsidy to private dry docks	180	180	180
	9,656	11,712	7,659
Revenues from Dry Docks	1,296	1,266	962
Operating Loss from Dry Docks	4,294	2,887	3,288

Of the total expenditures in 1985-86, $5.6 million is for operating expenditures. $3.9 million will be required for capital improvements, primarily for the completion of the major improvements to the Graving Dock in Esquimalt. The expenditures include $2.3 million for charges for services provided by the Services Program.

Description

This activity currently provides for the maintenance and operation of Crown-owned dry docks at Lauzon, Québec, Selkirk, Manitoba and Esquimalt, British Columbia.

The Georges P. Vanier Dry Dock at Canadian Vickers Ltd. (Montreal) is the only Dry Dock presently subsidized under the terms of the Dry Docks Subsidies Act. The Department's involvement is limited to payment of the annual subsidy, arranging for periodic audits and the carrying out of periodic technical inspections.

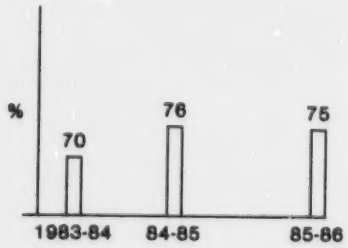
Users of the dry docks are charged with tariffs approved by the Governor in Council.

Performance Information/Resource Justification

The principal result of the Activity is effective, efficient, and accessible ship repair facilities. Achievement of this can be measured in terms of the occupancy rate of the various dry docks in relation to the availability of the docks. Four of the five dry docks are expected to be occupied to the capacity. Based on historic usage patterns, the dry dock at Selkirk will only be occupied for approximately 30% of the shipping season even though it must be available throughout that time to handle possible emergency repairs.

The resources allocated for the operation and maintenance of these dry docks as established through consideration of the required level of maintenance for each facility. Thus, the requirements may vary from year to year due to damage, age of the structure. However, with the exception of major repairs the operating costs from year to year should be similar. In 1985-86, major repairs to the quay walls at Lauzon costing $1.4 million are being incurred.

Figure 6: Occupancy Rate - as a percentage of Available days



C. Program Planning and Control

Objective

To manage the Marine Transportation and Related Engineering Works Program including the identification of requirements and priorities, the development of capital and operating plans, and the control of resources provided to the program.

Resource Summary

This Activity accounts for approximately 2.8% of the Marine Program expenditures in 1985-86.

Figure 7: Activity Expenditures ($000) and Person Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Planning and Control	346	5	325	5	201	5

Salaries and employee benefit contributions make up 95% of the costs of this Activity in 1985-86.

Description

This Activity provides for the determination of the program requirements for Public Works Canada controlled locks, dams and dry docks; the development of plans to satisfy program requirements; and the control of resources provided to the program to enable the implementation of approved plans.

Performance Information/Resource Information

The expected results of this activity are approved plans for the program and the achievement of those plans, in effect, the management and control of the program. The resources required for this Activity represent a portion of the cost of the Program Planning and Control staff involved as the "owner" in the respective offices where this Program is being carried out.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	290	274	161
Contributions to employee benefit plans	41	36	21
	331	310	182
Goods and services			
Transportation and communications	92	112	60
Information	15	15	13
Services purchased from Services Program	3,312	3,184	3,864
Professional and special services - other	953	1,125	825
Rentals	76	100	57
Purchased repair and upkeep	2,226	2,184	1,320
Utilities, materials and supplies	1,469	1,431	1,215
All other expenditures	36	35	37
	8,179	8,186	7,391
Total Operating expenditures	8,510	8,496	7,573
Capital			
Construction and acquisition of land buildings and works	3,405	4,970	2,162
Construction and acquisition of machinery and equipment	319	584	95
Transfer payments	180	180	180
Total Program expenditures	12,414	14,230	10,010

2. Personnel Expenditures

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2	50,350-96,300	66,054
Scientific and Professional					
Engineering and Land Survey	3	3	3	23,306-76,130	52,148

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at 31 October 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Internal Charges

The majority of the person-years of the Department are in the Services Program. The Marine Transportation Program, like other departments, is treated as a "client" of the Services Program (as defined in the Treasury Board Common Services Policy) acquiring the required services and reimbursing the Services Program for the direct costs of such services. Figure 10 reflects the charges to the Marine Transportation Program and an approximation of the person-years involved in providing these services.

Figure 10: Internal Charges ($000) and Proxy Person-Years (PPY)

	Estimates 1985-86		Forecast 1984-85	
	$	**PPY**	$	PPY
Locks and Dams	**1,039**	**28**	999	28
Dry Docks	**2,273**	**74**	2,185	74
	3,312	**102**	3,184	102

4. Capital Expenditures

Figure 11 shows the total capital expenditures by Activity. Details of individual major projects are shown in Figure 12.

Figure 11: Summary of Capital Expenditures by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Locks and Dams	1,053	881	132
Dry Docks	3,886	7,379	2,124
	4,939	8,260	2,256

Figure 12: Major Capital Projects ($000)

Projects by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	**Estimates 1985-86**	Future Years Requirements
Dry Docks					
Esquimalt Graving Dock Improvements	9,758	9,758	6,262	3,496	-

5. Transfer Payments

Figure 13: Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Dry Dock Subsidy to Canadian Vickers, Montreal	180	180	180

B. Cost Analysis

Net Program Costs

The Marine Transportation Program 1985-86 Estimates include those expenditures to be charged to the program's appropriations. The adjustments made to the estimated expenditures to arrive at total cost include services provided without charge by other departments ($5,000) and accommodation provided by this department ($17,000). Revenue includes amounts to be received for the use of the dry docks and is credited to Non-Tax Revenue.

Figure 14: Net Program Cost ($000)

	1985-86 Main Estimates	Add Other Cost	Total Cost	Deduct Receipts	Total Net Cost	Total 1984-85
Locks and Dams	2,412		2,412		2,412	2,193
Dry Docks	9,656		9,656	1,296	8,360	10,416
Program Planning and Control	346	22	368		368	357
	12,414	22	12,436	1,296	11,140	12,966

Land Transportation and Other Engineering Works Program Expenditure Plan

1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $65,930,000 in support of the Land Transportation and Other Engineering Works Program. The remaining expenditures, estimated at $26,000 for contributions to employee benefits plans will be met under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85* Main Estimates
Land Transportation and Other Engineering Works Program		
60 Operating expenditures	25,514	26,480
65 Capital expenditures	40,416	58,210
(S) Contributions to employee benefit plans	26	21
Total Program	65,956	84,711

*A new Program/Vote structure is being introduced in 1985-86 (1984-85 amounts have been revised to reflect the revised structure).

Votes - Wording and amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Land Transportation and Other Engineering Works Program	
60	Land Transportation and Other Engineering Works - Operating expenditures	25,514,000
65	Land Transportation and Other Engineering Works - Capital expenditures including expenditures on works on other than federal property	40,416,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				
	Authorized Person-Years	Budgetary Operating	Capital	Total	1984-85* Main Estimates
Highway Systems		22,906	40,403	63,309	82,096
Bridges and Other Engineering Works		2,413	13	2,426	2,417
Program Planning and Control	3	221		221	198
	3	25,540	40,416	65,956	84,711

*A new Program/Activity Structure is being introduced in 1985-86 (1984-85 amounts have been revised to reflect the revised structure)

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Section I
Program Overview

A. Highlights

For 1985-86, the following goals have been established for the Land Transportation and Other Engineering Works Program:

- complete Phases I and II of a project to upgrade to four lanes the Trans-Canada Highway through Banff National Park (See page 6-12),
- maintain and reconstruct the Northwest Highway system within reduced resource levels (See page 6-10), and
- operate and maintain the present bridges within present resource levels and fully recover the operating costs through increased tariffs on the New Westminister Bridge (See page 6-13).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Highway Systems	63,309	82,096	(18,787)	6-11
Bridges and Other Engineering Works	2,426	2,417	9	6-13
Program Planning and Control	221	198	23	6-15
	65,956	84,711	(18,755)	
Person-Years	3	3	-	

Explanation of Change: The 1985-86 estimated expenditures of $66.0 million represents decrease of approximately $18.8 million or 22.2% of the 1984-85 forecast expenditures. This decrease is primarily due to:

- a decrease in capital expenditures in 1985-86 due to the completion in 1984-85 of a major part of work on Phases I and II of the Trans-Canada Highway upgrading it to 4 lanes through Banff National Park and reduced work on reconstruction of the Northwest Highways. ($17.8 million)
- a reduction in maintenance level for the Northwest Highway System as part of the government Expenditure and Program Review. ($1.0 million)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of 31 October 1984) is unchanged from the amounts shown in the 1984-85 Main Estimates. (Extracts from Part II of the Estimates, page 6-4)

C. Background

1. Introduction

The Program provides for the construction and maintenance of roads and bridges under the exclusive jurisdiction of the federal government, including most notably the Northwest Highway System. It also provides for the construction of the Trans-Canada Highway through national parks, as well as the federal government's share of the responsibility for the design, construction and maintenance of a number of international, interprovincial and intraprovincial bridges.

2. Legal Mandate

The Trans-Canada Highway Act s.8 gives the Minister the authority to "provide for the construction of such highways within National Parks as form part of a Trans-Canada Highway". The Public Works Act s.9(c) charges the Minister with "the management, charge and direction of the following properties belonging to Canada,...namely: (c) the roads and bridges...". The Public Works Act s.9(1)(h) also makes the Minister reponsible for administering the federal portion of shared-cost road transportation projects for which the Minister has been made reponsible. The Public Works Act s.12 states further that "the Minister shall direct the construction, maintenance and repair of all...roads or parts of road, bridges...constructed or maintained at the expense of Canada that are placed under his management and control".

3. Program Objective

The objective of the Land Transportation program is "to facilitate land transportation and to support certain related economic and social development goals through the construction, reconstruction and maintenance of designated highways and bridges and other engineering works".

4. Program Organization for Delivery

Activity Structure: The program is composed of three activities, as presented in Figure 2.

Organization Structure: The manager responsible for the effective and efficient achievement of results in accordance with Executive Committee and Treasury Board approved plans, standards and policies is the Assistant Deputy Minister, Operations through the Regional Directors General. The Assistant Deputy Minister, Design and Construction provides functional management including the provision of advice and assistance in the development of standards, policies and plans and in monitoring and quality assurance throughout all stages of the management process. The resources by organization are set out in Figure 3.

Figure 2: Activity Structure

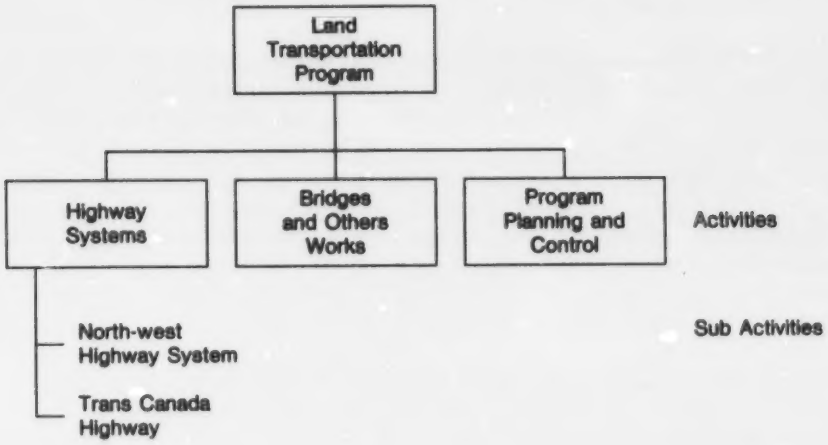


Figure 3: Resources by Organization/Activity ($000) 1985-86

	ADM Operations		ADM Design and Construction		Total	
	$	P-Y	$	P-Y	$	P-Y
Highway Systems	63,309	-	-	-	63,309	-
Bridges and Other Works	2,426	-	-	-	2,426	-
Program Planning and Control	148	2	73	1	221	3
	65,883	2	73	1	65,956	3

D. Planning Perspective

1. Environment

The planning and conduct of this program requires an understanding of the function of the program's highways and bridges in the national and regional transportation systems, and of the federal-provincial and federal-territorial government relationships involved, as well as the complexities of the required engineering and construction.

Essentially, the activities in the highways portion of the program represent those roads which are under federal jurisdiction in the national highway system, primary responsibility for which rests with provincial governments.

Federal restraint has affected the level of activity in this Program.

2. Initiatives

The two major initiatives underway at the moment are the reconstruction of the Trans-Canada Highway in Banff National Park along with the reconstruction of portions of the Northwest Highway System. In 1985-86, due to the government's Expenditure and Program Review, as well as the completion of major projects, the reconstruction program will be reduced from $58 million to $40 million. In addition, resources allocated to maintenance of the Northwest Highway System will be reduced by $1 million.

As part of the government's expenditure reduction program announced in November 1984, the tolls for the New Westminster Railway Bridge were doubled to cost recovery levels resulting in increased revenue of $4 million over the next 3 years. As shown on page 6-13 this will result in increased revenue of $1.4 million in 1985-86.

Transfer of responsibility for components of the Northwest Highway System located in British Columbia is under discussion with the provincial government.

Section II
Analysis by Activity

A. Highway Systems

Objective

To construct, reconstruct and maintain designated highway systems and to undertake improvements of the Trans-Canada Highway through the National Parks.

Resource Summary

The Activity accounts for approximately 96% of the expenditures of the Land Transportation Program.

Figure 4: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Northwest Highway System	52,060	54,241	51,043
Trans-Canada Highway System	11,249	27,855	13,986
Other Systems	-	-	-
	63,309	82,096	65,029

Of the total expenditures in 1985-86, 36% or $22.9 million represents the maintenance costs of the Northwest Highway System. Capital expenditures total $40.4 million for 1985-86. Of these costs, $4.5 million is for charges for services provided by the Services Program.

Description

This Activity provides for the reconstruction and maintenance of the Northwest Highway System (Alaska Highway and Haines Road) and capital improvements to the Trans-Canada Highway through the National Parks and other highways as mandated. Maintenance of the Trans Canada Highway in the parks is the responsibility of Parks Canada. This Activity includes provision for the bridges which are on integral part of these highways.

The Yukon Territorial Government, under an agreement with the Department, carries out maintenance on the Yukon portion of the Alaska Highway and the Haines Road. Most maintenance work on the British Columbia portion of the Alaska Highway is contracted out and all capital projects in this activity are contracted out.

Performance Information/Resource Justification

The resources required for this Activity are directed at the reconstruction, improvement and maintenance of two highway systems. Details of the Capital expenditures by project are shown in Figure 12 on page 6-18.

Northwest Highway System: The system is 2,003 kilometres in length and is in constant need of maintenance, repairs and reconstruction. In 1985-86 the work will be concentrated in the area south of Fort Nelson and around Whitehorse. Figure 5 presents the operating requirements and results of this sub-activity.

Figure 5: Northwest Highway System

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Maintenance cost per km	$11,436	11,943	14,033
Reconstruction -			
Paving - No. of km	40	19	19
Grading - No. of km	57	58.1	70

Trans-Canada Highway System: At the present time the principal work being done on the Trans-Canada Highway is the improvement of the highway through Banff National Park from kilometre 0 to kilometre 27 extending it to four lanes to meet the needs caused by increased traffic in and through the park. Phase I will be completed in 1985-86. Phase II is currently under construction with final paving, animal fencing, landscaping etc. to be completed in 1985-86. This will result in an additional 2 kilometres being graded and 12.5 kilometres being paved in 1985-86.

B. Bridges and Other Engineering Works

Objective

To construct, reconstruct, operate and maintain certain designated bridges and other engineering works.

Resource Summary

This Activity accounts for 3% of the expenditures of the Land Transportation Program in 1985-86.

Figure 6: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Bridges and other Engineering Works	2,426	2,417	4,010
Revenue	2,675	1,269	989

The resources are primarily required for the maintenance and operation of the various bridges in this Activity. Of these costs $1.1 million is for charges for services provided by the Services Program.

Description

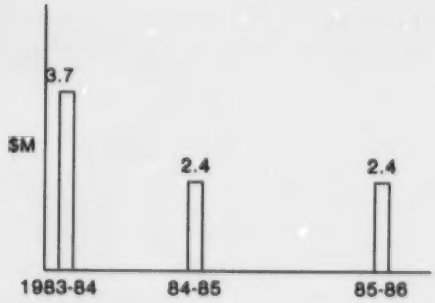
This Activity provides for maintenance, improvement and operation of five international, seven interprovincial and five intraprovincial bridges. Two of the bridges have moveable spans and require full-time operations staff.

The Activity includes all aspects of the operation and maintenance of these bridges which includes arranging for design, construction supervision and carrying out, or monitoring maintenance, as appropriate. Revenues arise from rail car tariffs on the New Westminster Bridge. Bridges considered to be part of highway systems are not included in this Activity.

Performance Information/Resource Justification

Financial resources required for the provision, operation and maintenance of these bridges are established through consideration of the level of upgrading or maintenance required each year to provide the required service level. The resources required fluctuate annually and are affected by age of the structure, maintenance intervals, accidents involving structural damage and general wear and tear of the structure. However, with the exception of major repairs, the costs should be similar from year to year. The costs in 1983-84 included $2.3 million for repairs of the New Westminster Railway Bridge. Figure 7 shows the trend of expenditures over the past several years.

Figure 7: Operating and Maintenance Costs by Year ($ Millions)



Due to the doubling of the tariffs for the use of the New Westminster Bridge, it is expected that the resulting revenues in 1985-86 will exceed the operating costs of all of the bridges.

C. Program Planning and Control

Objective

To manage the Land Transportation and Other Engineering Works Program, including the identification of requirements and priorities, the development of capital and operating plans, and the control of resources provided to the program.

Resource Summary

This Activity accounts for .3% of the Land Transportation Program expenditures in 1985-86.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Planning and Control	221	3	198	3	126	3

Description

This Activity provides for the determination of program requirements related to Public Works Canada controlled highway systems, bridges and other engineering works; the development of plans to satisfy program requirements; and the control of resources provided to the program to enable the implementation of approved plans.

Performance Information/Resource Justification

The expected results of this Activity are approved plans for the Program, and the achievement of those plans, in effect, the management and control of the Program. The resources required for this activity represent a portion of the cost of the Program Planning and Control staff involved as the "owner" in the respective offices where this Program is being carried out.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Personnel			
Salaries and Wages	186	168	103
Contributions to employee benefit plans	26	21	13
	212	189	116
Goods and services			
Transportation and communications	144	153	148
Information	17	19	19
Services purchased from Services Program	1,597	1,535	1,852
Professional and special services - Other	431	742	716
Rentals	38	48	47
Purchased repair and upkeep	21,796	22,451	21,714
Utilities, materials, and supplies	1,302	1,359	1,311
All other expenditures	3	5	5
	25,328	26,312	25,812
Total operating	25,540	26,501	25,928
Capital			
Transportation and communications	395	564	429
Information	56	79	60
Services purchased from Services Program	3,966	4,661	3,622
Professional and special services - Other	1,915	2,735	2,078
Rentals	173	247	188
Purchased repair and upkeep	65	90	64
Utilities, materials and supplies	273	389	295
Construction and acquisition of land, buildings and works	33,357	49,136	36,225
Construction and acquisition of machinery and equipment	203	291	262
All other expenditures	13	18	14
Total capital	40,416	58,210	43,237
Total expenditures	65,956	84,711	69,165

2. Personnel Expenditures

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2	50,350-96,300	66,054
Scientific and Professional					
Engineering and Land Survey	1	1	1	23,306-76,130	

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at 31 October 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Internal Charges

The majority of departmental employees are shown in the Services Program. The Land Transportation Program, like other departments, is treated as a "client" (as defined by the Treasury Board Common Services Policy) and acquires the required services from the Services Program, reimbursing that Program for the direct cost of those services. The following table reflects those charges to the Land Transportation Program and an approximation of the Person-Years involved in providing those services.

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Figure 11: Internal Charges ($000) and Proxy Person Years (PPY)

	Estimates 1985-86		Forecast 1984-85	
	$	PPY	$	PPY
Highway Systems	4,454	107	5,130	134
Bridges and Other Engineering Works	1,109	34	1,066	34
	5,563	141	6,196	168

4. Capital Expenditures

Figure 12 shows details of capital expenditures by major project.

Figure 12: Major Capital Projects

Projects by Activity	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Highway Systems					
British Columbia					
Northwest Highway System - Reconstruction of Bridges, Highways and Paving	175,966	170,439	117,489	18,075	34,875
Yukon					
Northwest Highway System - Reconstruction of Bridges, Highways and Paving	127,655	97,677	63,348	11,079	23,250
Alberta					
Banff National Park - Trans-Canada Highway					
Four Laning Phase I	15,607	16,161	15,610	551	-
Four Laning Phase II	50,160	47,456	33,098	10,698	3,660

B. Cost Analysis

Net Program Costs

The Land Transportation Program 1985-86 Estimates include only those expenditures to be charged to the program's appropriations. The adjustments made to the estimated expenditures to arrive at total cost include, services provided without charge by other departments ($3,000) and accommodation provided by this department ($10,000). Revenue includes amounts to be received as charges for the use of the New Westminster Railway Bridge.

Figure 13: Net Program Cost ($000)

	1985-86 Main Estimates	Add Other Costs	Total Cost	Deduct Revenue	Total Net Cost	Total 1984-85
Highway Systems	63,309		63,309	-	63,309	80,665
Bridges and Other Engineering Works	2,426		2,426	2,675	(249)	1,161
Program Planning and Control	221	13	234	-	234	211
	65,956	13	65,969	2,675	63,294	82,037

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Regional Industrial Expansion

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Regional Industrial Expansion

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II describes each activity and identifies the costs associated with these activities. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $1,206,897,637 in support of the 1985-86 Department of Regional Industrial Expansion. This includes $5,300,000 in non-budgetary expenditures. The remaining expenditures, estimated at $74,339,009 will be made under existing statutory authorities including: Liabilities under the Small Businesses Loans Act; insurance payments under the Enterprise Development Program; guarantees under the Industrial and Regional Development Program; the Minister's salary and motor car allowance; and contributions to employee benefit plans.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Regional Industrial Expansion Program		
1	Operating expenditures	233,756	203,343
5	Textile and Clothing Board - Operation expenditures	1,306	1,200
10	Grants and contributions	966,186	1,010,003
15	Payments to Canadian Patents and Development Limited	350	350
(S)	Minister of Regional Industrial Expansion - Salary and motor car allowance	42	40
(S)	Liabilities under the Small Businesses Loans Act	46,500	35,000
(S)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10,000	20,000
(S)	Contributions to employee benefit plans	17,797	14,540
	Appropriation not required		
-	Payments under the Small Business Investment Grant Act	-	11,000
	Total budgetary	1,275,937	1,295,476
L20	Payment for purchase of capital stock	300	300
L25	Loans under the Industrial and Regional Development Act	5,000	9,000
	Total non-budgetary	5,300	9,300
	Total Program	1,281,237	1,304,776

Extracts from Part II of the Estimates

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Regional Industrial Expansion	
1	Regional Industrial Expansion - Operating expenditures	233,755,837
5	Regional Industrial Expansion - Textile and Clothing Board - Operating expenditures	1,305,800
10	Regional Industrial Expansion - The grants listed in the Estimates and contributions	966,186,000
15	Payments to Canadian Patents and Development Limited	350,000
L20	Authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council, (a) to purchase, on behalf of Her Majesty in Right of Canada, capital stock of a company in order to exercise a stock option in such company that has been taken on behalf of her Majesty in Right of Canada in connection with the provision of a loan, insurance of a loan, loan guarantee, or contribution made to the company where: (i) the stock option should be exercised in order to permit Her Majesty in Right of Canada to benefit from the purchase; or (ii) the stock option should be exercised in order to protect the Crown's interest in respect of the loan made or insured, or contribution made; and (b) to authorise the sale or other disposition of any capital stock so acquired	300,000
L25	Loans pursuant to the Industrial and Regional Development Act	5,000,000

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Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary				Non-budgetary	Total	
		Operating	Capital	Transfer payments	Total	Loans investments advances		
Business Climate	505	45,051	188	112,753	157,992	-	157,992	192,922
Innovation	234	20,721	117	252,159	272,997	-	272,997	224,030
Industrial, Commercial and Tourism Development	1,185	81,935	329	632,285	714,549	5,300	719,849	776,175
Marketing	426	56,721	294	25,489	82,504	-	82,504	66,164
Administration	620	47,649	246	-	47,895	-	47,895	45,485
Total	2,970	252,077	1,174	1,022,686	1,275,937	5,300	1,281,237	1,304,776

Section I
Program Overview

A. Highlights

- The government is reviewing the direction of the Department, with an intended re-orientation away from financial assistance and toward business intelligence, consultative and policy functions. As a result of this new emphasis, the Industrial and Regional Development Program is now being adjusted to improve its efficiency and effectiveness. Over the longer term, an increased priority will be given to innovation in strategic areas, strengthening the defence/industrial base, and facilitating joint economic development initiatives with the provinces (see page 17).

- The Program's budgetary expenditures for 1985-86 are estimated at $1,275.9 million, a decrease of $73.4 million or 5% under the 1984-85 forecast (see Extracts from Part II, page 6).

- Non-budgetary expenditures in the form of loans and investments will amount to $5.3 million in 1985-86 (see page 38).

- Direct assistance to the private sector in the form of grants and contributions is estimated at $1,022.7 million, down $67.4 million from the 1984-85 forecast (see page 37).

- Three main assistance programs of DRIE account for 71% of Departmental funds to be contributed to industry in 1985-86 (see page 14). These major programs are:

	($000)
Economic and Regional Development Agreements and General Development Agreements	162,485
Defence Industry Productivity Program	175,000
Industrial and Regional Development Program	344,393

- In 1985-86, DRIE will require 43 fewer person-years than the 1984-85 forecast (see page 8).

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For details see page
Business Climate	157,992	203,221	(45,229)	21
Innovation	272,997	234,079	38,918	23
Industrial, Commercial and Tourism Development	719,849*	790,027	(70,178)	25
Marketing	82,504	83,680	(1,176)	28
Administration	47,895	47,549	346	31
Total	1,281,237	1,358,556	(77,319)	
Person-Years	2,970	3,013	(43)	

* This includes $5,300,000 for loans and investments.

Explanation of Change: The net decrease of $77.3 million (5.7%) in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	$ million
• increase in salary costs	7.8
• decrease in operating expenditures	(10.8)
• increases (reductions) in cash flow requirements for the following programs:	
Industrial and Regional Development Program	66.5
Native Economic Development Program	40.0
Special Agricultural and Rural Development Act, Defence Industry Productivity Program and Canadian Industrial Renewal Board	11.1
Small Businesses Loan Act	(17.5)
Loans under the Industrial and Regional Development Program	(4.0)
Tourism	(11.0)
Special Recovery Capital Projects Program	(17.1)
Shipbuilding Industry Assistance Program	(10.0)
Small Business Investment Grants	(10.5)
Industry Labour Adjustment Program	(19.2)
General Development Agreements	(41.2)
Enterprise Development Program losses	(10.0)
Industry Energy Research and Development and Maislin	(32.4)
Convention centres	(15.0)
Other programs	(4.0)

Explanation of 1984-85 Forecast: The 1984-85 forecast (based on information as of October 31, 1984) is $53.8 million or 4% higher than the 1984-85 Main Estimates of $1,304.8 million (Extracts from Part II of the Estimates, page 4). The difference of $53.8 million reflects the following major items:

	$ million
• increase in liabilities under the Small Businesses Loans Act	29.0
• loan insurance payments in respect of Maislin Industries Ltd.	24.8

C. Background

1. Introduction

The Department of Regional Industrial Expansion (DRIE) was created in December, 1983, through the amalgamation of the former departments of Industry, Trade and Commerce and Regional Economic Expansion. DRIE was established to address the government's key priority of economic renewal, and was given the mandate of increasing the economic prosperity of Canadians in all provinces and stimulating regional industrial expansion. When the Ministry of State for Economic and Regional Development was disbanded in July, 1984, the Regional and Project Co-ordination Branch and the Federal Economic Development Co-ordinators were transferred to DRIE.

The Department plays a major role in the government's efforts to optimize regional economic benefits. This is accomplished through both program and non-program functions. The latter includes policy development, the transfer of new technologies throughout Canadian industry and the analysis and dissemination of economic and commercial information. The Department also assists industry through the identification of development opportunities and markets, and the promotion of economic benefits from major government procurements and Crown-sponsored projects.

Private industry projects are supported through a series of programs delivered by the Department. These programs are related to key industrial sectors, including consumer goods and services, resource industries, tourism, capital and industrial goods, and small business. Assistance is provided through a range of financial mechanisms, including grants, contributions, repayable contributions, loans and loan guarantees.

The government is reviewing the direction of the Department, with an intended re-orientation away from financial assistance and toward a greater business intelligence, policy and consultative role. As a result of this new emphasis, the Department will be re-aligning its funded programs and non-program functions.

DRIE's position as the federal focal point for addressing economic development involves close and frequent co-operation with a number of other departments and agencies, including External Affairs, Finance, Treasury Board, Defence, Environment, Transport, Energy, Mines and Resources and Indian and Northern Affairs.

2. Legal Mandate

The Department of Regional Industrial Expansion was established in December, 1983, under the Department of Regional Industrial Expansion Act which sets out the departmental mandate of:

- enhancing the national economy and achieving economic development in all regions in Canada;
- improving opportunities for productive economic expansion in all regions of Canada and access to those opportunities; and
- promoting economic development in those regions in Canada in which opportunities for productive employment are exceptionally inadequate.

The mandate for Economic and Regional Development Agreements is set out in the Government Organization Act proclaimed in December, 1983. The Industrial and Regional Development Program, which supports economic growth through initiatives that build on strengths in every region, was established under the Industrial and Regional Development Act. Other acts administered by the Department include the Small Businesses Loans Act, enacted to provide guarantees for loans to small business owners and the Agricultural and Rural Development Act, which provides for the rehabilitation and development of rural areas in Canada.

3. Program Objective

To increase overall industrial, commercial and tourism activity in all parts of Canada and in the process reduce economic disparity across Canada.

This objective will be achieved by:

- working with business and labour, other governments and the academic community;
- shaping the framework set by government policies;
- providing financial, marketing and other technical information to businesses; and
- where necessary, extending direct financial assistance.

The Department will also foster the development of an environment which encourages firms to be more internationally competitive by aiding these firms to:

- develop new products, processes, and services;
- establish the capacity to produce these goods and services;
- market these goods and services at home and abroad; and
- restructure the firms' activities to adjust to changing market conditions.

4. Program Organization for Delivery

Activity Structure: Since the announcement of the government re-organization in January, 1982, and the official merger of the two parent departments, DRIE has been developing and implementing a new approach to managing its policy and program operations. The basic management task is to co-ordinate regional and sectoral needs, to establish priorities, and to exploit opportunities to stimulate

industrial development. The activity framework is designed to support the various phases of the product life cycle. This is based on the notion that the Department must be prepared to provide the most effective type of assistance and support to corporate initiatives at the critical stages of product and corporate development.

The activities include Business Climate, which embraces general policy and consultative functions intended to generate a favourable climate for investment, entrepreneurship, and ongoing business activity in Canada. Funded assistance is available for infrastructure required for the realization of regional industrial development, particularly in the less advantaged regions.

The second Activity, Innovation, seeks to establish an innovative capability in the private sector, induce investment in technology and support the development of new products and processes. Assistance includes support for micro-electronics and innovation centres; stimulating research, development and the transfer of technology; and developing corporate understandings with certain key companies to determine what government actions could contribute to mutual objectives.

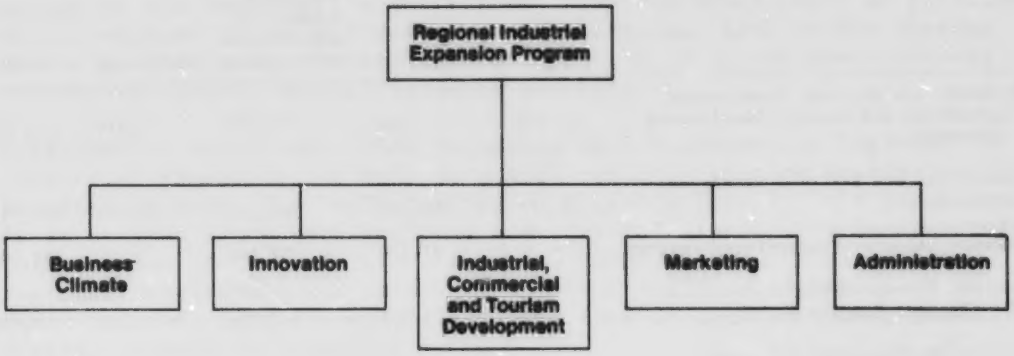
The third Activity, Industrial, Commercial and Tourism Development, covers the largest share of departmental expenditures. Programs under this Activity provide support for plant establishment, expansion, modernization and productivity improvement, with assistance concentrated in disadvantaged areas. Work includes identifying and supporting development opportunities in industry, small business and tourism, as well as in-depth economic and financial analyses of projects carried out in headquarters and in the regional offices.

The Marketing Activity focuses on the development and exploitation of international and domestic market opportunities. This Activity includes international trade policy development, enhancement of access to foreign markets, and identification of domestic marketing opportunities, as well as a major international marketing program for the tourism industry.

The final Activity, Administration, includes executive direction and support services to assist the Department in discharging its mandate.

These five Activities which comprise the Regional Industrial Expansion Program are shown in Figure 2. Section II of this Plan discusses each of these activities in further detail.

Figure 2: Activity Structure



Program Delivery: The Department pursues its mandate through an array of funded programs and non-program functions. Non-program functions include policy development, technology transfer, and industrial intelligence, as well as the identification of industrial opportunities for investment, business counselling and enhancement of domestic and foreign market penetration. Industry/government committees and task forces are also convened to provide advice to the Department in the development of industrial policies and sector strategies. For example, reports prepared by private sector task forces have recently been completed on the automotive, petrochemical, aerospace and forestry sectors.

DRIE also achieves its mandate through direct funded assistance to the private sector by means of grants, contributions, loans and loan guarantees. The instruments or delivery mechanisms through which financial assistance is provided are a series of programs delivered by the Department. These programs provide funding for major projects of a long term nature with multi-year cash flows. Figure 3 presents program funding by Activity for 1985-86.

Figure 3: Program (Instrument) Funding by Activity, 1985-86 ($000)

	Business Climate	Innovation	Industrial, Commercial and Tourism Development	Marketing	Total
Economic and Regional Development Agreements and General Development Agreements	83,854	630	74,083	3,918	162,485
Industrial and Regional Development Program	18,473	156,035	149,113	20,772	344,393
Defence Industry Productivity Program	-	87,500	87,500	-	175,000
Western Transportation Industrial Development Program	798	1,994	6,978	199	9,969
Special Agricultural and Rural Development Program	-	-	20,600	-	20,600
Native Economic Development Program	2,400	6,000	101,000	600	110,000
Shipbuilding Industry Assistance Program	-	-	35,000	-	35,000
Canadian Industrial Renewal Board	-	-	68,435	-	68,435
Other Programs	7,228	-	89,576	-	96,804
Total	112,753	252,159	632,285	25,489	1,022,686

The Economic and Regional Development Agreements (ERDA), the Defence Industry Productivity Program (DIPP) and the Industrial and Regional Development Program (IRDP) are the main vehicles for DRIE's direct funded assistance. These three programs are discussed separately on pages 41 to 49.

Other programs complement assistance provided through ERDA, DIPP, and IRDP. The Special Agricultural Rural Development Act and the Native Economic Development Program provide assistance to promote economic development for Canada's Native people. The Canadian Industrial Renewal Board supports the textiles, clothing and footwear sectors, while the Shipbuilding Industry Assistance Program supports the shipbuilding sector. The Small Businesses Loans Act encourages lenders in the private sector to make loans to small business. DRIE is also involved in the delivery of two programs funded by External Affairs, the Program for Export Market Development and the Promotional Projects Program. These other programs are further defined on page 49.

The creation of a partnership with industry is fundamental to DRIE's success, since DRIE achieves its mandate by providing assistance to private industry. Interaction with the private sector involves all phases of the Department's activities, from the development of policies and strategies to program delivery. This crucial link to the private sector is maintained through discussions with firms and associations, and through policy and intelligence functions.

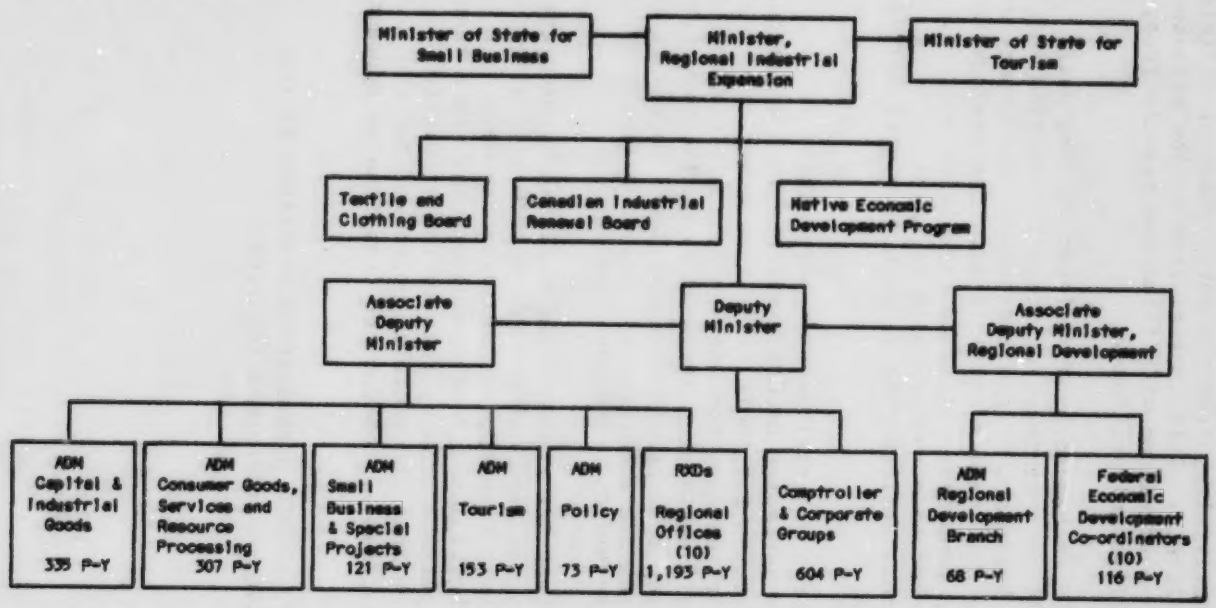
Organization Structure: DRIE is headed by a Minister for Regional Industrial Expansion, as well as a Minister of State for Tourism and a Minister of State for Small Business. Organizationally, the Department is structured along both regional and sectoral lines. The headquarters organization is divided into components based on industrial sectors, regional development and corporate support. DRIE is highly decentralized, with 10 regional offices (one in each province) headed by Regional Executive Directors.

The regional offices focus on development opportunities in particular regions while the Assistant Deputy Ministers in headquarters consider the national perspective for their relative sectors, i.e., capital and industrial goods; tourism; consumer goods, services and resource processing; and small business. Regional Executive Directors and headquarters ADMs come together as a Management Board to ensure that regional and sectoral policies are co-ordinated, and to select proposals from the private sector to be given funded assistance.

When the Ministry of State for Economic and Regional Development was disbanded in July, 1984, the Regional and Project Co-ordination Branch and the Federal Economic Development Co-ordinators were transferred to DRIE under the Regional Development Branch. As a result of this transfer, DRIE now plays a primary role in the effort to integrate and co-ordinate regional and sectoral policies, and the Minister of DRIE acts as chairman of the Cabinet Committee on Economic and Regional Development.

Figure 4 relates the Program's organization structure to its activities by showing the 1985-86 resources required.

Figure 4: Resources by Organization/Activity, ($000)



										ACTIVITY TOTAL
Business Climate (505 P-Y)	2,878	8,424	1,981	-	547	130,555	-	3,141	10,466	157,992
Innovation (234 P-Y)	96,842	2,987	1,019	-	-	172,149	-	-	-	272,997
Industrial, Commercial & Tourism Development (1,185 P-Y)	139,206	12,046	63,249	12,792	3,774	488,707[1]	-	-	75	719,849
Marketing (426 P-Y)	376	12,286	-	27,075	-	38,469	4,298	-	-	82,504
Administration (620 P-Y)	120	307	339	607	52	6,841	37,233	696	1,700	47,895
Program Total (2,970 P-Y)	239,422	36,050	66,588	40,474	4,373	836,721	41,531	3,837	12,241	1,281,237

[1] Includes $5,300 thousand in loans.

Note: This preliminary resource display will be subject to revision relating to changing priorities as the year progresses.

D. Planning Perspective

1. Environment

Several key factors concerning the state of the Canadian economic environment and market conditions have significant implications for the Regional Industrial Expansion Program.

- There is uncertainty about the scope and strength of economic recovery.
- The rapidly accelerating pace of technological change and its pervasiveness are a major challenge to Canadian industry. New technologies are revolutionizing industrial processes, products and services and are creating new opportunities for Canadian businesses.
- The industrial sector faces competitive adaptation to a world of new technologies and changing international supply and demand patterns.
- Successful restructuring of manufacturing firms will help to stabilize employment in that sector.
- Small business and the service sector will continue to be the main providers of jobs in Canada.
- For the medium-term, competitive pressures appear particularly acute for certain resource commodities, notably forest products and minerals, as well as for the tourism industry.
- The recent growth in protectionism in international markets is a factor of major concern for Canada's exporting firms.

2. Initiatives

The new government, after an evaluation of departmental functions, is changing the direction of regional and industrial programming. At the same time, greater priority will be given to supporting the needs of Canadian business through better commercial intelligence and closer links with potential investors and markets.

This change in emphasis is demonstrated by the transfer to DRIE of $15,728,000 and 184 person-years for the Regional Development Branch and the Federal Economic Development Co-ordinators, who co-ordinate economic development policies at the federal level and with the provinces. Other policy and business intelligence functions that will be given increased emphasis include:

- The Office of Industrial Innovation, the focal point for the planning of policies and programs in support of innovation;

- The Small Business Secretariat, which plays a policy development and advocacy role for small business;

- The Office of Industrial Adjustment, the focal point for the development and implementation of policies and programs to facilitate private sector adjustment;

- The Think Canadian campaign, which promotes public awareness of Canadian-made products; and

- The promotion of tourism through marketing campaigns to increase penetration of primary markets and develop new markets.

In line with the intention to reduce overall government expenditures, financial programs will be de-emphasized, while maintaining a reasonable level of program support for innovation in strategic areas, strengthening the defence-industrial base, and facilitating joint initiatives with the provinces. This new orientation is expected to result in a re-alignment of the Department's major programs as follows.

- The Department is streamlining the Industrial and Regional Development Program.

- Economic and Regional Development Agreements have now been signed with all provinces, and the process of completing subsidiary agreements tailored to meet specific economic development needs of each region is well advanced.

- Increased emphasis will be given to the Defence Industry Productivity Program in support of the government's intention to strengthen the defence/industrial base.

Another initiative the Department is pursuing is the development of Memoranda of Understanding as a means to discuss strategies, goals and objectives with major corporations, and, where appropriate, industries. This involves the preparation of corporate memoranda of understanding detailing a course of action to achieve both private and public objectives over a medium term time frame.

3. Program Effectiveness

The Department is now developing new management processes and systems to monitor, control and yield information on the results of projects and programs. Assessment of the effectiveness of the Regional and Industrial Expansion Program is achieved through the cyclical evaluation of the Department's program evaluation components. Major evaluation studies currently underway include the Tourism Marketing component. As they became available, the results of these evaluations will be displayed in future Expenditure Plans.

The following information addresses the effectiveness of the Regional Industrial Expansion Program in terms of the two thrusts of its objective: increasing industrial activity and reducing regional disparity.

Industrial Activity: DRIE's impact on increased industrial activity is achieved by providing assistance to industry through a mix of programs or instruments, as well as through non-program or policy and industrial intelligence functions. This assistance allows companies to undertake projects that would otherwise not go forward, thus increasing employment, sales and investment.

Figure 5 displays the number of private sector projects funded through these programs, and the total contributions authorized.

Figure 5: Number and Value ($000) of Private Sector Projects Assisted

	Actual 1984-1985 (to Oct 31, 1984)		Actual 1983-84	
	Number	$	Number	$
Defence Industry Productivity Program	30	10,686	155	74,900
Industrial and Regional Development Program*	974	235,576	1,207	239,600
Western Transportation Industrial Development Program	18	2,797	-	-
Special Agricultural and Rural Development Program	207	7,951	N/A	14,421
Native Economic Development Program	7	1,751	-	-
Shipbuilding Industry Assistance Program	40	19,293	48	42,400
Canadian Industrial Renewal Board	218	66,800	464	119,100
Small Businesses Loans Act	18,180	511,054	28,511	776,000

* Includes previous programs subsumed by IRDP.

Regional Development: Although all of the Department's programs help to strengthen regional economies, the Economic and Regional Development Agreements (ERDAs) are the primary tool for addressing regional economic development requirements. The ERDAs, developed in conjunction with the provincial governments, form the framework for subsidiary agreements that meet specific needs in each province. Figure 6 identifies DRIE's commitment for active subsidiary agreements under Economic and Regional Development and General Development Agreements, the forerunners to ERDAs.

Figure 6: Commitment ($000) for Subsidiary Agreements by Province

	DRIE Commitment
Newfoundland	169,300
Prince Edward Island	5,800
Nova Scotia	118,150
New Brunswick	144,775
Quebec	223,152
Ontario	124,303
Manitoba	131,800
Saskatchewan	49,600
Alberta	22,500
Northwest Territories	9,675

Evaluations of approximately 20 subsidiary agreements will be completed prior to the tabling of the next Expenditure Plan.

In addition to ERDAs, other programs tailored to meet regional needs include the Industrial and Regional Development Program, which promotes regional development by targetting progressively greater assistance to areas of the country having less favorable opportunities for economic growth. The Special Agricultural and Rural Development Act and the Western Transportation Industrial Development Program focus on the needs of the western provinces. A special program for disadvantaged areas in Quebec stimulates industrial and tourism development in Bas St-Laurent, Gaspé and les Îles de la Madeleine. The Native Economic Development Program is a national program which assists regional development initiatives of Native peoples.

The impact of specific projects supported through major DRIE programs is discussed in more detail in Section III of this plan.

Section II
Analysis by Activity

A. Business Climate

Objective

To foster an environment supportive of investment, innovation, entrepreneurship and economic growth.

Resource Summary

Business Climate accounts for approximately 12% of total 1985-86 Program expenditures and 17% of Program person-years.

Figure 7: Business Climate Expenditures ($000) and Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Policy and commercial intelligence	45,239	46,364	33,821
ERDAs and GDAs	83,854	107,687	103,917
IRDP	18,473	9,824	14,355
Other programs	10,426	39,346	38,270
Total	157,992	203,221	190,363
Person-Years	505	676	608

Approximately 29% of the costs of Business Climate are related to salaries and other operating expenditures, and 71% are for grants and contributions in 1985-86.

Description

The Business Climate Activity involves DRIE's efforts to ensure a conducive climate for business investment at both the federal and provincial levels. This is achieved principally through policy development and through financial assistance for infrastructure required to support successful industrial activity.

Policy and Commercial Intelligence: The principal component of this Activity is policy development and co-ordination, which is aimed at producing sectoral and regional development strategies. The Department works with other federal government departments to influence policies affecting regional industrial development in areas such as taxation, procurement, foreign investment and competition practices. DRIE also plays a role in co-ordinating trade policies and issues with other departments and agencies.

Through this Activity, the Department consults with private institutions, provincial governments, and other federal agencies to maximize development opportunities. Federal/provincial agreements are developed to provide for the special economic development needs of each province. Negotiations with foreign government officials and firms are undertaken to foster co-operation and to encourage joint investment and marketing endeavours.

Emphasis is also given to gathering and disseminating economic and commercial information and conducting special research studies of important business issues. For example, studies of industry sectors are conducted to examine growth potential, trade implications and impact on regional development.

The highest priority is given to involving private sector participation to ensure that departmental policies and programs meet industry needs. This interaction is ensured through ongoing consultation with individual companies, and by developing responses to industry task force reports on various sectors.

Program Assistance: Direct funded assistance under Business Climate supports the development of industrial infrastructure (such as industrial parks, wharves, water and public utilities, access roads and common services) primarily through Economic and Regional Development Agreements. The provision of infrastructure assists companies by reducing the costs of common services, and assists communities by encouraging industry to locate in their region. Institutions supporting industrial development are also funded under this Activity.

Performance Information/Resource Justification

The Business Climate Activity includes program assistance as well as policy and commercial intelligence functions. The impact of the Business Climate Activity can be measured in terms of the achievement of projects supported through a combination of these two types of functions. Key projects and expected results are identified in Section III of the Expenditure Plan under the Economic and Regional Development Agreements (see page 41) and the Industrial and Regional Development Program (see page 46).

B. Innovation

Objective

To stimulate research and development and promote the innovative capability of Canadian industry in order to improve Canada's ability to compete in domestic and export markets.

Resource Summary

Innovation accounts for approximately 21% of Program expenditures and 8% of the person-years in 1985-86.

Figure 8: Innovation Expenditures ($000) and Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Policy and commercial intelligence	20,838	24,677	19,883
ERDAs and GDAs	630	-	3,040
IRDP/DIPP	243,535	185,522	136,963
Other programs	7,994	23,880	18,753
Total	272,997	234,079	178,639
Person-Years	234	337	291

Approximately 8% of the Innovation budget is for salaries and other operating expenditures, and 92% is for grants and contributions.

Description

The Innovation Activity facilitates the introduction of new products and processes into the marketplace. In the long term, the objective is to establish a broad innovative capability throughout the manufacturing and processing sectors.

Policy and Commercial Intelligence: These functions include policy development, business counselling and the analysis and dissemination of information relating to new technologies, products and processes. The Department promotes the use of international design standards to enable domestic industries to compete on an equal basis in export markets, and encourages subsidiary companies to seek world product mandates from their foreign parents. These mandates encompass factors such as export autonomy, operating jurisdictions and incentives (such as government contracts) for foreign companies to locate in Canada.

The Innovation Activity also includes the Office of Industrial Innovation, a focal point for the planning of policies and programs in support of innovation. This office reviews the overall approach to technological development and the efficiency of technology transfer from government to industry.

Through this Activity, the Department supports technology centres which undertake research and development for industry and provide technical advice and services. Innovation centres, which evaluate inventions, assist in the commercialization of new products and aid the establishment of new technology-based companies, are also supported. These centres assist in the development of new technologies and the transfer of these technologies throughout the country.

Program Assistance: To make high risk innovation ventures more attractive to the private sector, support is provided through the Department's funded programs. Assistance is given to companies that develop new products and processes, adapt foreign technologies to the Canadian market, or invest in strategically important technologies. The types of endeavours that are eligible for financial support include applied research projects, product/process development projects, design and engineering projects, and defence-related products.

Performance Information/Resource Justification

Through a mix of direct funded programs, plus non-program functions that complement this funded assistance, the Innovation Activity supports projects carried out by private industry. The impact of this Activity can be measured in terms of the achievement of these projects. Key projects and expected results are identified in Section III of this Expenditure Plan under Economic and Regional Development Agreements (see page 41), the Defence Industry Productivity Program (see page 44), and the Industrial and Regional Development Program (see page 46).

C. Industrial, Commercial and Tourism Development.

Objective

To stimulate industrial, commercial and tourism development in Canada by supporting industrial, small business and tourism initiatives, and projects involving plant establishment, modernization and expansion.

Resource Summary

Industrial, Commercial and Tourism Development accounts for approximately 56% of Program expenditures and 40% of Program person-years in 1985-86.

Figure 9: Industrial, Commercial and Tourism Development Expenditures ($000) and Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Policy and commercial intelligence	82,264	68,145	56,573
ERDAs and GDAs	74,083	93,961	98,217
IRDP/DIPP	236,613	244,681	189,483
Other programs	321,589	373,940	217,089
Non-budgetary loans and investments	5,300	9,300	5,931
Total	719,849	790,027	567,293
Person-Years	1,185	915	766

Approximately 11% of the Industrial, Commercial and Tourism Development budget is related to salaries and other operating costs, while 89% is devoted to grants and contributions in 1985-86. Revenue totalling $120,050,000 earned through this Activity from return on investments, refunds of previous year's expenditures and service fees is credited to the Consolidated Revenue Fund (see page 40).

Description

The Industrial, Commercial and Tourism Development Activity supports business development endeavours that are based on regional strengths and contribute to productivity and sustained economic growth.

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Policy and Commercial Intelligence: These functions involve policy development, analysing economic and commercial information and providing this information to the business community. The Department assists industry by identifying opportunities for investment, conducting feasibility studies of specific proposals requiring funding, and counselling companies through all stages of project development. Other policy and commercial intelligence functions under this activity are described below.

- The Office of Industrial and Regional Benefits helps Canadian businesses take advantage of opportunities arising from investment in major capital projects, thereby increasing industrial benefits in Canada. DRIE assists in the planning of major projects, and ensures that Canadian suppliers have full and fair opportunity to bid on contracts associated with major projects. The Office's responsibilities also encompass the planning and implementation of benefits from major Crown purchases.

- Corporate Memoranda of Understanding are used to interact with a small number of key firms to develop corporate accords and determine what government actions could contribute to the realization of mutual objectives. Discussions pertain to common concerns such as economic growth, employment and exports.

- The Machinery Duty Remission Program assists machinery users to acquire advanced production equipment, at the lowest possible cost, through the remission of duty on equipment not available in Canada, and provides a supportive environment to machinery manufacturers. Through this program, duty remission was provided to some 500 companies in the 1983-84 fiscal year, and 21 companies were assisted to increase the range of machinery products manufactured in Canada.

- Tourism is stimulated through the development of tourism products, such as attractions, visitor facilities, and services to attract tourists and assist regional development. The Department also identifies supply or development problems and implements solutions to improve the efficiency and effectiveness of the tourism industry.

- The Department promotes maximum use of Canadian suppliers as sources of goods and services to increase the domestic market base for Canadian firms.

Program Assistance: Funding is provided through the Industrial and Regional Development Program (IRDP) to stimulate the establishment, expansion and modernization of Canadian businesses. Firms are also

funded through the Defence Industry Productivity Program to develop viable defence, or defence-related products for export, and regional development and tourism are supported through federal/provincial agreements.

The majority of resources for the other programs identified in Section III of this Plan also fall under this Activity. The Special Agricultural and Rural Development Act and the Native Economic Development Program focus on the specific economic development needs of Native peoples. The Canadian Industrial Renewal Board supports the textiles, clothing and footwear sector, while the Shipbuilding Industry Assistance Program works toward increasing competitiveness of the Canadian shipbuilding industry. The Small Businesses Loans Act was introduced to encourage lenders in the private sector to make loans available to small business by guaranteeing these loans.

Performance Information/Resource Justification

As with the Business Climate and Innovation Activities, the Industrial, Commercial and Tourism Development Activity supports private sector projects as a result of both program and non-program functions. The impact of this Activity can be measured in terms of the achievement of these projects. Key projects and expected impacts are identified in Section III of this Expenditure Plan under Economic and Regional Development Agreements (see page 41), the Defence Industry Productivity Program (see page 44), and the Industrial and Regional Development Program (see page 46).

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D. Marketing

Objective

To facilitate the identification, development and exploitation of international and domestic market opportunities, including those associated with major development projects, in order to increase domestic and export sales and reduce reliance on imports.

Resource Summary

Marketing accounts for approximately 7% of Program expenditures and 14% of Program person-years in 1985-86.

Figure 10: Marketing Expenditures ($000) and Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Policy and commercial intelligence	57,015	72,420	52,063
ERDAs and GDAs	3,918	2,003	1,093
IRDP	20,772	7,629	175
Other programs	799	1,628	1,217
Total	82,504	83,680	54,548
Person-Years	426	447	396

Approximately 69% of the Marketing budget relates to salaries and other operating costs, while 31% is for grants and contributions in 1985-86.

Description

Through the Marketing Activity, the government shares in the risks and cost of obtaining market knowledge and promoting products and services for Canadian companies.

Policy and Commercial Intelligence: These functions, encompassing tourism marketing and international and domestic market enhancement, form the major portion of the Marketing Activity.

Tourism marketing, a major component of the Marketing Activity, is designed to improve Canada's image as a tourist destination, and to improve Canada's share in the growing world tourism industry. Advertising and other communications activities are conducted in the USA, Canada and overseas markets in co-operation with the provinces,

territories and the private sector to increase penetration of primary markets (i.e., Northeastern USA) and develop new geographic (i.e., Southeast Asia) and special interest markets (i.e., skiing).

The development of domestic and international marketing involves identifying and increasing access to new market opportunities, analyzing markets and disseminating market knowledge. Domestic marketing is supported through a "Think Canadian" campaign that increases awareness of the benefits of made-at-home products and services. Market information and counselling is also provided to increase manufacturers' awareness of opportunities and reduce reliance on imports. Through the Business Opportunities Sourcing System, information on approximately 15,000 Canadian companies and their products, services and capabilities is accessible to the public.

DRIE is involved in the delivery of two programs funded by External Affairs to assist in the penetration of foreign markets. The Program for Export Market Development (PEMD) assists individual companies to expand their marketing efforts in world markets through a wide range of marketing techniques, such as participating in trade fairs and bringing foreign buyers to Canada. Whereas PEMD supports individual companies, the Promotional Projects Program (PPP) is the vehicle through which the federal government plans and implements participation in trade fairs and missions, and encourages incoming trade visits by foreign buyers and government delegations.

Program Assistance: Direct funding, provided mostly through the Industrial and Regional Development Program (IRDP), aids non-profit organizations to support Canadian industry in marketing their products through market research, special events, and conferences. The Co-operative Overseas Marketing Development Program, a component of IRDP, assists firms in the forestry industry to penetrate foreign markets. Federal/provincial agreements also support regional marketing initiatives.

Performance Information/Resource Justification

This section displays performance information for two of the programs supporting international marketing, and for tourism marketing.

Figure 11: Marketing Performance Data

International Marketing	Actual 1983-84
Program for Export Market Development	
Number of companies supported	3,909
Promotional Projects Program	
Number of trade fairs and missions organized	227
Number of trade visitors brought to Canada	115
Number of trade delegations brought to Canada	119

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Tourism Marketing: While tourism is a strong generator of foreign exchange, Canada has a large and increasing travel balance of payments deficit. In 1983, for example, Canada received 34,256,000 visitors from other countries, while 40,731,000 Canadians travelled outside of Canada. Total tourism receipts in 1983 were $3.8 billion, and payments made by Canadians going abroad totalled $6.0 billion for a deficit in balance of payments of $2.2 billion. The Department addresses this situation by promoting increased tourism in Canada through advertising, the provision of public information, and other promotional techniques in North American and overseas markets.

E. Administration

Objective

To enhance departmental operations through corporate direction and the provision of efficient support services.

Resource Summary

Administration accounts for approximately 4% of total 1985-86 Program expenditures and 21% of Program person-years.

Figure 12: Administration Expenditures ($000) and Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Corporate Management	6,706	5,055	7,866
Corporate Services	41,189	42,494	34,768
Total	47,895	47,549	42,634
Person-Years	620	638	581

Description

The Administration Activity encompasses Corporate Management and Corporate Services. Corporate Management represents the central management and administration of the Department, and includes the Corporate Coordination Bureau, the Deputies' offices, ADMs and their immediate support staff. Corporate Services covers a broad range of centralized support services provided by the Comptroller's Office, Human Resources, Communications, Internal Audit and Legal Services.

Through this Activity, services necessary to assist and support the sector branches to carry out the Department's mandate are provided. Also included are information mechanisms to assist in policy formation and control systems to ensure accountability.

Performance Information/Resource Justification

Figure 13 shows the ratio of Administration person-years and expenditures to the Program totals.

Figure 13: Relationship of Administration and Program Resources ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Total Program	1,281,237	2,970	1,358,556	3,013	1,033,477	2,642
Administration	47,895	620	47,549	638	42,634	581
Percentage of total	4	21	4	21	4	22

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 14: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	127,159	122,628	98,066
Contributions to employee benefit plans	17,797	14,540	15,758
Other personnel costs	37	34	34
Goods and services			
Transportation and communications	23,544	26,538	16,835
Information	39,413	45,227	30,302
Professional and special services	37,033	39,210	34,344
Rentals	2,228	2,362	1,451
Purchased repair and upkeep	1,193	1,011	1,199
Utilities, materials and supplies	3,094	5,571	2,492
All other expenditures	579	613	1,085
Total operating	252,077	257,734	201,566
Capital:			
Construction and acquisition of machinery and equipment	1,174	1,421	3,408
Transfer payments	1,022,686	1,090,101	822,572
Total expenditures	1,275,937	1,349,256	1,027,546

Note: The 1984-85 forecast and the 1985-86 Estimates figures include costs incurred by the areas of the disbanded Ministry of State for Economic and Regional Development that were transferred to DRIE in the 1984-85 fiscal year. The actual expenditures for 1983-84 do not include expenditures for these areas.

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2. Personnel Expenditures

Figure 15: Authorized Person-Years and Salary Provision

	Main Estimates Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	1985-86	1984-85	1983-84		
Management					
Governor-In-Council and Senior Executive	159	105	102	53,210-114,260	69,367
Senior Management	174	161	158	50,350- 59,220	59,220
Scientific and Professional					
Economic, Sociology and Statistics	100	69	68	14,570- 65,080	48,873
Engineering and Land Survey	2	1	1	23,306- 76,130	57,590
Library Science	7	6	6	19,782- 50,712	33,256
Administrative and Foreign Services					
Administrative Services	159	148	145	13,912- 57,987	34,606
Computer System Administration	41	33	32	18,766- 61,433	34,833
Financial Administration	55	59	58	13,853- 57,980	40,046
Information Services	104	91	89	13,579- 57,980	41,899
Personnel Administration	43	43	42	13,330- 63,870	36,116
Program Administration	13	9	9	13,912- 57,987	40,692
Commerce	962	918	900	15,635- 60,465	51,176
Foreign Services	27	45	44	15,685- 66,252	50,955
Other	15	14	14		34,707
Technical					
General Technical	8	9	9	12,635- 55,682	38,461
Social Science Support	40	47	46	12,635- 57,764	32,173
Other	9	7	7		25,807
Administrative Support					
Clerical and Regulatory	531	507	497	12,932- 31,743	22,645
Secretarial, Steno, and Typing	474	429	421	12,636- 31,946	22,144
Other	16	14	14		24,850
Operational					
General Labour and Trade	2	2	2	14,776- 40,676	22,324
General Services	9	7	7	13,253- 39,988	22,935

Notes: The person-years column displays the forecast distribution of the authorized person-years for the program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparisons of averages may be affected by changes in the distribution of the components underlying the calculations.

The 1985-86 Authorized Person-Years column excludes 20 PYs representing the Minister's exempt staff.

3. Capital Expenditures

Figure 16 presents capital expenditures from 1983-84 to 1985-86.

Figure 16: Allocation of Capital Budget ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Construction and acquisition of machinery and equipment	1,174	1,421	3,408

The nature of the equipment purchased is primarily office furniture, telephone equipment, photocopiers, audio-visual aids, word processors and other informatics related items.

4. Transfer Payments

Figure 17: Details of Transfer Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants under the Industrial and Regional Development Act	4,004	3,859	985
Grants under the Native Economic Development Program	1,000	1,000	-
Grants under the Small Business Investment Grant Act	500	11,000	4,019
Grants to non-profit organizations to promote economic co-operation and development	300	141	-
Total grants	**5,804**	**16,000**	**5,004**

Figure 17: Details of Transfer Payments ($000) (cont'd)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Contributions under the Industrial and Regional Development Act and outstanding commitments under discontinued predecessor programs	340,389	277,656	195,759
Contributions under the Defence Industry Productivity Program	175,000	170,000	144,232
Contributions under Sub-Agreements made pursuant to Economic and Regional Development Agreements/General Development Agreements with Provinces	162,485	203,651	218,699
Contributions under the Agricultural and Rural Development Act	20,600	15,400	14,421
Contributions under the Shipbuilding Industry Assistance Program	35,000	45,000	77,437
Contributions under the Western Transportation Industrial Development Program	9,969	11,400	-
Contributions to non-profit organizations and commercial operations in support of Tourism	3,784	11,000	16,999
Contributions under the Native Economic Development Program	109,000	69,000	-
Contributions under the Canadian Industrial Renewal Regulations	68,435	67,500	37,051
Contributions for outstanding commitments under the Industry and Labour Adjustment Program	18,400	37,640	49,533
Contributions for outstanding commitments under the Special Recovery Capital Projects Program	17,320	34,400	5,136
(S) Liabilities under the Small Businesses Loans Act	46,500	64,000	25,449

Figure 17: Details of Transfer Payments ($000) (cont'd)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions (cont'd)			
(S) Insurance Payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10,000	44,780	16,804
Items not required for 1985-86:			
Contributions to increase the energy efficiency of industrial processes by supporting selected research and development projects	-	7,600	4,998
Contributions toward the capital costs of trade centres in Canada	-	15,000	8,071
Contributions for the New Employment Expansion Development Program	-	74	1,024
Contributions for the Summer Canada Works Program	-	-	1,489
Contributions approved by the Governor in Council to companies engaged in ship repair on the Canadian East and West coasts for the construction or extension of dry docks, and for the purchase and construction of supporting facilities	-	-	466
Total contributions	1,016,882	1,074,401	817,568
Total transfer payments	1,022,686	1,090,101	822,572

5. **Non-Budgetary (Loans and Investments)**

Figure 18: Details of Non-Budgetary Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Payment for purchase of capital stock	300,000	300,000	-
Loans under the Industrial and Regional Development Act	5,000,000	9,000,000	975,000
Items not required for 1985-86	-	-	4,956,163
	5,300,000	9,300,000	5,931,163

B. Cost Analysis

Figure 19 shows the total cost of each Activity in the DRIE Program. Other costs shown consist of the charges for accommodation provided by Public Works Canada and other miscellaneous services provided free by other government departments.

Figure 19: Net Departmental Costs ($000)

	1985-86 Program Expenditures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Forecast 1984-85
Business Climate	157,992	4,073	162,065	-	162,065	208,478
Innovation	272,997	1,916	274,913	-	274,913	236,708
Industrial, Commercial and Tourism Development	719,849	9,583	729,432	120,050	609,382	674,385
Marketing	82,504	3,354	85,858	-	85,858	87,264
Administration	47,895	5,031	52,926	-	52,926	52,567
	1,281,237	23,957	1,305,194	120,050	1,185,144	1,259,402

Figure 20 provides a breakdown of services provided free by other departments.

Figure 20: Services Provided Without Charge by Other Departments ($000)

	1985-86 Amount
Department of Public Works - Accommodation	21,221
Department of Supply and Services - Accounting and cheque issue services	381
Treasury Board - Insurance premiums and costs	2,012
Department of Labour - Employee compensation payments	343
	23,957

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C. Revenue Summary

The revenues received by DRIE are deposited to the Consolidated Revenue Fund.

Figure 21: Revenue by Type ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Return on investments	72,000	81,000	90,417
Refund of previous year's expenditure	46,500	40,000	33,441
Services and service fees	1,500	2,000	265
Other non-tax revenue	50	50	2,114
Program total	120,050	123,050	126,237

D. Program (Instrument) Descriptions

The Department's three principal programs or instruments for providing funded assistance to industry are Economic and Regional Development Agreements, the Defence Industry Productivity Program, and the Industrial and Regional Development Program.

1. Economic and Regional Development Agreements

Economic and Regional Development Agreements (ERDA) are long term vehicles for federal- provincial planning and co-operation in economic development. The purpose of these agreements is to provide for the special economic development needs of each province while reducing regional disparity. The ERDA mechanism was recently established to replace the General Development Agreements established under the Department of Regional Economic Expansion.

Each ERDA outlines a broad development strategy and priorities for action. The Agreement forms a framework for the development of specific subsidiary agreements and memoranda of understanding tailored to the needs of the region, and it ensures effective consultation and co-ordination between the federal and provincial governments in carrying out programs for economic development.

Figure 22 identifies commitments for active subsidiary agreements under both the Economic and Regional Development Agreement and General Development Agreement mechanisms. Subsidiary agreements under the ERDA process are indicated with an asterisk.

Figure 22: Subsidiary Agreement Expenditures ($000) by Province

	DRIE Commitment	Cumulative Expenditures to March 31, 1984
Newfoundland		
Rural Development II*	9,100	-
Tourism*	12,500	-
Burin Peninsula	19,600	-
Pulp and Paper Modernization	34,000	-
Coastal Labrador	33,800	21,565
Industrial Development II	17,800	201
Institute of Fisheries and Marine Technology	27,500	1,725
Ocean Industries*	19,000	-
Prince Edward Island		
Tourism*	5,800	-

Figure 22: Subsidiary Agreement Expenditures ($000) by Province (Cont'd)

	DRIE Commitment	Cumulative Expenditures to March 31, 1984
Nova Scotia		
Strait of Canso*	19,600	-
Michelin Tires	42,000	29,000
Ocean Industries	22,950	3,883
Tourism*	9,800	-
Technology Transfer	23,800	-
New Brunswick		
Pulp and Paper	43,000	28,863
Consolidated Bathurst	19,600	10,976
SRL Pilot Plant	15,000	1,500
Northeast N.B.	67,175	52,410
Quebec		
Inter-Port	5,550	2,419
Pulp and Paper	135,000	64,095
Industrial Infrastructure	82,602	60,377
Ontario		
Community and Rural Development	13,828	8,161
Pulp and Paper	62,700	52,945
Tourism*	22,000	-
Eastern Ontario	25,775	18,769
Manitoba		
Urban Bus Industrial Development*	25,000	-
Winnipeg Core	32,000	7,196
Northern Development	62,800	12,149
Tourism	12,000	4,030
Saskatchewan		
Advanced Technology*	16,600	-
Tourism*	15,000	-
Northern Economic Development	18,000	-
Alberta		
Nutritive Processing	22,500	8,691
Northwest Territories		
Domestic Market Development	9,675	52

Highlighted below are some of the principal subsidiary agreements in each Activity.

Business Climate

- Ocean Industries Development - an Ocean Industries development office was established in 1981 to promote and develop medium and high technology industries in Nova Scotia. A separate subsidiary agreement in Newfoundland provides for the establishment of an Ocean Industries Development Centre and supports firms that provide products and services to the offshore oil and gas industry and the fisheries industry.

- Strait of Canso, Nova Scotia - promotes industrial development in the area through the provision of infrastructure necessary to attract private sector investment in heavy industry. Through this agreement, 500 to 1,000 permanent jobs will be created.

- Pembroke Industrial Park, Ontario - project under the Community and Rural Resource Development Agreement to provide roads, water, sewers and lighting to develop an industrial park in Pembroke. The park will attract light manufacturing and service industries.

Innovation

- Sulphation Roast Leach Pilot Plant, New Brunswick - funding is provided for testing new technology to advance mineral extraction capabilities from complex base metal ores. This project will result in 90-100 skilled technical and scientific jobs being created over a two year period.

- Urban Bus Industrial Development, Manitoba - establishes Winnipeg as a centre of expertise for the technological development and manufacture of advanced urban buses and other related industrial products.

- Advanced Technology Agreement, Saskatchewan - supports research and development in the fields of biotechnology, fibre optics and communications micro-electronics. This agreement will stimulate the technological development necessary to achieve economic diversification in Saskatchewan.

Industrial, Commercial and Tourism Development

- Tourism - Agreements in Newfoundland, Prince Edward Island, Nova Scotia, Ontario and Saskatchewan support firms in the tourism industry, attract a larger volume of domestic and foreign visitors, and generate employment.

- Pulp and Paper - Federal/Provincial agreements with Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland support projects to modernize equipment, install pollution abatement equipment and reduce energy consumption. The result will be enhanced productivity and competitiveness in international markets.

- Nutritive Processing Agreement, Alberta - supports firms in Alberta's agricultural processing sector to expand value-added processing activity.

- Domestic Market Agreement, Northwest Territories - provides support for the creation of small businesses, the expansion of tourism infrastructure and the development of community plans. Through the agreement, 600 direct jobs will be created and private sector investment will be increased by $50 million.

2. Defence Industry Productivity Program

The Defence Industry Productivity Program (DIPP) operates in support of Canada's co-operative international defence sharing agreements on research, development and production with our defence partners. Agreements have been signed with the United States, the United Kingdom, France, the Netherlands, Italy, Sweden, Norway and the Federal Republic of Germany. These arrangements enable the Canadian armed forces to purchase major weapons systems abroad, while allowing preferential access to foreign markets for products of the Canadian defence industry.

The primary objective of DIPP is to enhance Canada's economic growth through the promotion of viable defence, or defence-related products for export. Supporting objectives are to strengthen the defence industrial base and to develop and maintain a defence technological capability.

Assistance is provided to companies that produce defence related products for research and development, for establishing Canadian companies as qualified suppliers, for modernizing facilities and for market feasibility studies. The maximum level of support is 50% of eligible costs, with the norm being 35% of eligible costs.

Through this program, a specialized defence production capability has been developed in Canada with primary benefit going to the aerospace and electronics industries. Without the program, a substantial deficit in military trade would arise, depriving Canada of the economic and technological benefits inherent in defence production.

Figure 23: DIPP Expenditures ($000) by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Innovation	87,500	85,000	76,239
Industrial, Commercial & Tourism Development	87,500	85,000	67,993
	175,000	170,000	144,232

Identified below are some of the key projects planned for this program in 1985-86, along with expected results and benefits.

Innovation

- Engine Development Projects, Quebec - Pratt & Whitney Canada Ltd. of Montreal have signed a long term joint agreement with DRIE for projects involving research, development and productivity improvements in the production of helicopter engines. Projected benefits include the creation of 6,000 jobs and incremental sales of $20 billion.

- CL-289 Reconnaissance Drone, Quebec - for many years, Canadair Ltd., Montreal, has been conducting a research and development project leading to the production of an airborne surveillance system. The project has been funded jointly by Canada and the Federal Republic of Germany, with anticipated benefits of increased export sales and job creation.

- Twin Engine Helicopters, Ontario - Messerschmitt-Bölkow Blohm GmbH, the Ontario government and the Department will share the costs of establishing Fleet Industries, Fort Erie, Ontario, as a development and production facility for light helicopters. The project is expected to generate sales of $1.3 billion and create 760 jobs over 20 years.

- Automated Weather Distribution System, British Columbia - MacDonald Dettwiler & Associates Ltd. of Richmond, British Columbia, has been awarded a contract by the U.S. Air Force toward research and development of a more efficient computerized weather forecasting system. Sales of $285 million are anticipated from the project as well as the creation of 900 jobs by the early 1990s.

Industrial, Commercial and Tourism Development

- Bell Helicopter Project, Quebec - the purpose of this project, shared between the Government of Quebec and DRIE, is to establish a helicopter manufacturing facility at Bell Helicopter Textron Inc., Mirabel. The project is expected to create 2,775 jobs and generate $9.9 billion in sales over the next 20 years.

3. Industrial and Regional Development Program

The Industrial and Regional Development Program (IRDP), established in June, 1983, delivers direct funded assistance to manufacturers, processors and service industries in all parts of Canada. Intended to support private sector initiatives, IRDP is aimed at projects, industries and technologies with the greatest potential for economic return, sustained growth and international competitiveness. The elements of the program can be applied to reflect local opportunities and meet the particular needs of each applicant. Assistance is provided through a range of financial mechanisms including grants, contributions, repayable contributions, loans and loan guarantees.

While the program is a national one, and support is available for all areas, not all areas of Canada enjoy the same economic prosperity. To further stimulate industrial activity in the more economically disadvantaged areas, IRDP provides progressively enriched support to areas where need is greatest.

Major changes to the IRDP in effect since November, 1984 will result in further concentration of support in disadvantaged areas and limited total expenditures. Tourism projects and Crown Corporations are no longer eligible for support, and the maximum financial contribution to companies will be reduced.

Figure 24: IRDP Expenditures ($000) by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Business Climate	18,473	9,824	14,355
Innovation	156,035	100,522	60,724
Industrial, Commercial and Tourism Development	149,113	159,681	121,490
Marketing	20,772	7,629	175
Total	344,393	277,656	196,744

Figure 25 displays the distribution of IRDP funding by sector since the inception of the program in July, 1983 to December 31, 1984.

Figure 25: IRDP Funding ($000) by Sector

Industry Sector	Actual (July, 1983 to December 31, 1984) $	%
Food Industries	21,369.2	5.6
Beverages	1,334.7	.4
Tobacco	15.2	0
Rubber Products	8,192.6	2.2
Plastic Products	9,848.2	2.6
Leather	126.5	0
Clothing and Textiles	1,223.3	.3
Wood Industries	21,982.6	5.8
Furniture & Fixtures	5,573.3	1.5
Paper-Allied Industries	14,843.2	3.9
Printing-Publishing	872.9	.2
Primary Metals	8,074.8	2.1
Metal Fabricating	16,209.8	4.3
Machinery	31,581.0	8.3
Transportation Equipment	94,873.8	24.9
Electrical-Electronic	46,641.7	12.3
Non-Metallic Minerals	6,203.1	1.6
Petroleum & Coal Products	60.6	0
Chemical	14,486.2	3.8
Other Manufacturing	16,470.4	4.3
Tourism	18,248.1	4.8
Other	42,382.8	11.1
	380,614.0	100.0

Identified below are some of the key projects planned for this program in 1985-86 along with expected results and benefits.

Business Climate

- Hydrogen Industry Council, Quebec - represents some 30 firms in the hydrogen industry concerned with the production of ammonia, hydrogen peroxide and liquid hydrogen. Its role is to undertake research and development, negotiate international co-operation agreements, advise the government on matters pertaining to the development of hydrogen, and develop demonstration plants and industrial projects.

Innovation

- Storage Technology Corporation, Quebec - setting up of a firm which specializes in the compilation of data on a hard disc,

using a laser for writing and reading. Benefits include 220 jobs in research and production and world rights for the product. 95% of production will be exported.

- Silicart, Quebec - an agreement with the Thinking Machine Corp. of the United States has been reached for the development of a graphic animation chip with projected domestic sales of $157,000 and exports of $650,000.

- Westinghouse, Ontario - this company is developing a new generation of advanced gas turbines for electrical power generation. The turbines, to be produced in Hamilton and Renfrew, will establish Westinghouse as a major international gas turbine manufacturer. Benefits from the project are 715 new jobs and increased export sales.

- Bartech Chemical, Ontario - provides assistance to develop a manufacturing process by using domestically produced raw materials rather than imports in the manufacture of malic acid, used as a flavouring agent in the food industry. Benefits include the creation of 14 new jobs and $14.4 million in sales, 96% of which will be for export.

- Prairie Fibre, Saskatchewan - construction of a pilot plant to undertake research into making fibre from flax straw. This project will create 34 jobs and $5 million in export sales by the 1986-87 fiscal year.

- Canfor Corporation, Alberta - contribution to assist in the development of a commercially viable joining and laminating process which will result in greater use of the now under-utilized poplar resource.

Industrial, Commercial and Tourism Development

- Cavendish Farms, Prince Edward Island - support is provided to this company, which operates a food processing plant, to expand its pea processing capacity and to add an additional line of potato products. Incremental new sales over the next five years are projected at $24 million, of which 75% will be export sales. It is also expected that 44 new jobs will be created.

- Parsboro Woodworkers Ltd., Nova Scotia - establishment of a furniture manufacturing plant in Debert, Nova Scotia, to replace products presently imported by the IKEA furniture network. This project will make use of the underutilized hardwood resource, and will create 112 new jobs.

- Ski Industry, Quebec - modernization of facilities of downhill skiing centres in Sutton, St. Sauveur, Ste. Agathe, Stoneham

and Owl's Head. Expected benefits are the creation of 250 jobs and increased tourism activity.

- AMC/Renault, Ontario - American Motors Corporation is undertaking a $764 million project involving a world scale car assembly plant in Brampton, Ontario, and the development of a new line of intermediate size cars to reach annual production of 158,000 units and create up to 6,000 new jobs.

- Euclid Canada, Ontario - this company is to expand the production of off-highway rear dump trucks by the establishment of a machining center at the Guelph plant. The project is expected to create 150 jobs within three years and $250 million in sales.

- Burroughs-Memorex Ltd., Manitoba - new product expansion in the Manitoba plant for the manufacture of 5¼" disc-drives to replace the outdated 14" discs now being produced. Through this project, 290 jobs will be maintained and export sales will average $38 million annually.

- Moli Energy Ltd., British Columbia - establishes plants in Maple Ridge and Kamloops to manufacture the world's first commercially available rechargeable lithium battery. This project involves world-class technology with approximately one to two years lead time over existing battery manufacturers in other countries.

4. Other Programs

In addition to the Department's major programs, assistance is provided through a series of other programs designed to meet special sectoral or regional needs.

Canadian Industrial Renewal Board (CIRB): The Board is an agency of the Government of Canada, charged with three specific responsibilities: promoting the revitalization of firms in the textile, clothing and footwear sectors; promoting the expansion of the economic base in communities now dependent upon these industries; and assisting displaced workers.

Shipbuilding Industry Assistance Program (SIAP): The objective of SIAP is to make Canadian shipbuilders competitive with foreign builders through direct subsidies for construction of certain vessels and contributions to improve performance. The subsidy assistance is available to shipbuilders for building and conversion of commercial and fishing vessels above certain minimum sizes, whether for Canadian or foreign registry.

Special Agricultural and Rural Development Act (SARDA): SARDA rural development programs arising from agreements entered into under the

Agricultural and Rural Development Act work to improve income and employment opportunities in rural and remote areas, particularly for people of Native ancestry. Assistance is provided to projects which will open up new jobs, increase income and improve living conditions for peoples who have previously had little or no access to regular earning and employment opportunities. SARDA agreements are in effect in Manitoba, Saskatchewan, British Columbia, the Northwest Territories and the Yukon Territory.

Western Transportation Industrial Development Program (WTID): The WTID program provides assistance to firms in Manitoba, Saskatchewan, Alberta and British Columbia in manufacturing, processing and related service industries in order that they may take advantage of the opportunities presented by the changes in legislation concerning freight rates. Assistance is for suppliers to railway and resource development projects, for food and agricultural processors, for industrial diversification projects and for related research and development.

Native Economic Development Program (NEDP): The Native Economic Development Program provides assistance to aboriginal economic initiatives which promote and enhance economic self-reliance of Canada's Native people in a culturally appropriate manner.

Small Business Loans Act (SBLA): This Act encourages commercial lending institutions to provide loans to small businesses at favorable interest rates. The Department guarantees the lender against losses sustained in the making of loans. The purposes for which loans may be granted are the purchase of equipment or land, and the establishment, improvement or modernization of plant equipment or premises. Eligible borrowers are businesses in the manufacturing, trade, service, communications, construction and transportation sectors.

Machinery Program: This program provides encouragement for Canadian industrial development by:

- enabling Canadian machinery manufacturers to derive maximum benefit from the tariff provisions on machinery and equipment they produce;
- assisting machinery users to acquire advanced equipment at the lowest possible cost through remission of duty on machinery and components not available from Canadian production; and,
- establishing direct contacts between machinery producers and users and thereby encouraging the purchase of Canadian-made machinery on a competitive basis.

Program for Export Market Development (PEMD): This program assists businesses to establish or expand their export marketing efforts in world markets through a wide range of marketing techniques. Support is provided to individual companies for bidding in competition with foreign firms, participating in trade fairs, undertaking market identification trips and studies, forming export consortia, bringing potential foreign

buyers to Canada, and establishing facilities on location in a foreign market. While overall responsibility and funding for PEMD is provided by External Affairs, DRIE plans a major role in program delivery.

Promotional Projects Program (PPP): This program assists Canadian business in the exploitation of foreign markets through participation in promotional events. PPP underwrites some of the cost to industry of participating in promotional events organized by the Department of External Affairs. The program encompasses a wide variety of promotional techniques such as trade fairs abroad, trade missions and trade visitors. As with PEMD, DRIE delivers this program in conjunction with External Affairs, the department with primary responsibility.

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Restrictive Trade Practices Commission of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Restrictive Trade Practices
Commission of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included is an extract from Volume II of the Public Accounts provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,077,000 in support of the 1985-86 Restrictive Trade Practices Commission. The remaining expenditures estimated at $117,000 for pensions and other employee benefits will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Restrictive Trade Practices Commission		
15	Program expenditures	1,077	1,130
(S)	Contributions to Employee Benefit Plans	117	104
	Total Program	1,194	1,234

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Restrictive Trade Practices Commission	
15	Restrictive Trade Practices Commission - Program Expenditures	1,077,000

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-Years	Budgetary		Total	
		Operating	Capital		
Restrictive Trade Practices Commission	17	1,192	2	1,194	1,234
	17	1,192	2	1,194	1,234

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriation	Actual Use
Budgetary	$	$	$
Vote 10 - Restrictive Trade Practices Commission - Program Expenditures	1,630,000	1,630,000	1,355,000
Statutory - Contributions to Employee Benefit Plans	136,000	152,000	152,000
Total Program	1,766,000	1,782,000	1,507,000

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Restrictive Trade Practices Commission has established the following major goals for 1985-86:

- to continue its primary endeavour, including the consideration of applications or requests for inquiries submitted by the Director of Investigation and Research, Consumer and Corporate Affairs Canada, hearing representations and making orders under Part IV.1 of the Combines Investigation Act, and hearing any other matters with respect to applications.

- to finalize the report to the Minister on "The State of Competition in the Canadian Petroleum Industry". This inquiry was initiated after receipt from the Director of Investigation and Research of a Statement of Material.

2. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85*	Change
Restrictive Trade Practices Commission	1,194	1,674	(480)
Person-years	17	23	(6)

* The 1984-85 forecast is $440,000 and six person-years higher than the 1984-85 Main Estimates to reflect the additional resources approved in Supplementary Estimates to complete the Petroleum Inquiry.

The decrease of $480,000 in expenditures and six person-years in fiscal year 1985-86 is mainly attributed to the expected completion of the Petroleum Inquiry for which resources had been approved in Supplementary Estimates 1984-85 ($441,000 and six person-years) and to a reduction in the overall operating costs in the amount of $91,000 offset by an increase in personnel costs of $52,000. (This amount covers salary increases anticipated by Treasury Board, but does not provide for any increase in person-years).

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are:

- A general inquiry was undertaken in 1977 in connection with the Manufacture, Production, Distribution, Purchase, Supply and Sale of Communication Systems, Communication Equipment and Related Products. The final report (Part III) - the Impact of Vertical Integration on the Equipment Industry was submitted to the Minister on January 7, 1983.

- A general inquiry was undertaken in July 1981 after receipt of a Statement of Evidence from the Director of Investigation and Research on "The State of Competition in the Canadian Petroleum Inquiry". During the fiscal year 1983-84 the hearings were completed. The Commission has heard the testimony of over 200 witnesses during 186 days of hearings. The evidence now before the Commission includes approximately 40,000 pages of testimony and over 1,800 exhibits involving about 100,000 pages of material. As the Inquiry moves into its final stages the Commission is receiving evidence concerning possible remedies proposed by the Director which he believes would increase competition in the Canadian Petroleum Industry.

  The Commission expects to submit its Report to the Minister in the early part of fiscal year 1985-86. Supplementary estimates in the amount of $441,000 and six person-years were approved by Treasury Board for the year 1984-85 in order to complete the Petroleum Inquiry and to submit a report to the Minister.

- On January 26, 1982, the Commission received a Statement of Evidence on "The Affairs and Management of Javelin International Limited" and hearings were held during 1982 and 1983.

  After reviewing the evidence submitted at the 33 days of hearings by some 13 witnesses the Commission submitted its recommendations in a Report to the Minister on September 26, 1983.

- Proceedings under Part IV.1

  An application was filed by the Director of Investigation and Research on December 22, 1982 asking for an order against Astral Films Limited - Les films Astral Limitée; Columbia Pictures Industries Inc.; Paramount Productions Inc. - Productions Paramount Inc.; MCA International B.V., carrying on business under the name and style of United Artists Corporation and Twentieth Century - Fox Film Corporation to

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compel them to accept Cinéplex Corporation as a customer and to supply it with commercially valuable motion pictures on usual trade terms or for such other order as may be just.

A pre-hearing was held on May 4, 1983 in order to determine the scheduling and the procedures that would govern the hearings. A hearing was held on June 3, 1983 at which time the Director made a verbal request for a postponement of hearings. The Commission acceded to the request given that Applicant and Respondents had reached an agreement on the conditions governing the distribution practices of Respondents.

On March 15, 1984 the Director filed an interim report to the Commission on the operation of the undertakings given by the six major motion picture distributors.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Restrictive Trade Practices Commission	1,507	1,766	259
Person-years	24	26	2

The difference between actual expenditures and the Main Estimates results mainly from the following major items: the hearings under Part IV.1 in respect to Astral Films Limited et al were not required as scheduled in view of the agreement between the parties. The total cost of legal fees was lower than anticipated due to the fact that the libel suit in the Javelin case is still pending.

C. Background

1. Introduction

The Restrictive Trade Practices Commission is one part of the Canadian government's involvement in seeking to maintain competition in the marketplace. The reports of the Commission are not to be confused with the "statement of evidence" submitted to the Commission by the Director of Investigation and Research. Only the Restrictive Trade Practices Commission issues reports to the Minister of Consumer and Corporate Affairs following Section 18 and Section 47 inquiries. The Commission reports to Parliament through the Minister, Consumer and Corporate Affairs (CCA).

2. Legal Mandate

The Restrictive Trade Practices Commission was created by an Act, to amend the Combines Investigation Act and the Criminal Code, which was given assent on July 4, 1952 and which was amended in 1976 to include Part IV.1 conferring a quasi-judicial function upon the Restrictive Trade Practices Commission, and for the purposes of that Part, made it a court of record. This Act provides for the division of the federal government's anti-combines activities between two bodies: the Director of Investigation and Research, Bureau of Competition Policy, Consumer and Corporate Affairs, and the Restrictive Trade Practices Commission. The Director appointed by the Governor in Council is directed to "... cause an inquiry to be made into all such matters as he considers necessary to inquire into with the view of determining the facts". The Commission is assigned the duty to ... "make a report in writing and without delay transmit it to the Minister", after the proceedings specified in the Act have been completed. The Commission is also assigned the duty of receiving from the Director and considering any statement of evidence on an inquiry, under specified sections of the Combines Investigation Act or of the Criminal Code. The Commission is then empowered to hold a hearing at which persons against whom the Director has made allegations must be allowed full opportunity to be heard in person or by counsel.

In addition to duties under the Combines Investigation Act, the Commission has investigative responsibilities under the Shipping Conferences Exemption Act, 1979.

3. Program Objective

The objective of the Restrictive Trade Practices Commission is to maintain free and open competitive conditions in the market economy, to eliminate certain practices in restraint of trade and afford protection against false and misleading advertising.

This includes the following:

- to contribute to the government's policy of ensuring that free and open competitive conditions are maintained in the market economy;
- to continue to act as a restraining influence on some of the powers of the Director of Investigation and Research and ensure all parties receive fair hearing; and
- to guarantee that the quasi-judicial functions of the Commission are carried out with the independence, neutrality and fairness that the public interest requires.

4. Program Description

The Restrictive Trade Practices Commission is one of two entities established by the Combines Investigation Act to carry on the federal government's anti-combines work, the other being the Bureau of Competition Policy, Consumer and Corporate Affairs Canada. The functions of the Commission are as follows:

- to authorize searches and seizures (this section has no force or effect in view of the Supreme Court of Canada decision - September 17, 1984 in the case of Southam Inc.), order written returns of information, summon witnesses for examination and preside at hearings for the taking of evidence in inquiries conducted by the Director of Investigation and Research;

- to act as an impartial tribunal in respect of allegations by the Director of Investigation and Research in a statement of evidence in an inquiry;

- to appraise and report upon statements of evidence, relating to inquiries pursuant to Section 47 of the Combines Investigation Act, transmitted to the Commission by the Director of Investigation and Research or the Minister; and

- to hold hearings under Part IV.1 of the Act with respect to applications made by the Director of Investigation and Research. The Commission may make an order in the form applied for or with such modifications or amendments or in such other form as it deems necessary or may refuse to make an order. For the purposes of this Part, the Commission is a Court of Record.

The purpose of Section 17 examinations is to enable the Director of Investigation and Research to secure such evidence and information as may assist him and, after he has considered such evidence in connection with any other evidence or information in his possession, to decide whether he should terminate an inquiry or continue it. If an inquiry is continued, the Director must decide whether to have the matter taken before a court of appropriate jurisdiction, or brought before the Restrictive Trade Practices Commission.

These hearings, normally held "in camera", are to be distinguished from the hearings held before the full Commission at a later stage in an inquiry, after the Director of Investigation and Research has presented to the Commission either a statement of evidence containing allegations of infractions of the Combines Investigation Act or a statement of material asserting that there is a situation related to monopoly or restraint of trade. Such hearings before the full Commission may be held either in public or in private as the Chairman of the Commission decides. It has been usual for the hearings to be held in public.

During most of the major inquiries, the Commission has held hearings in some of the largest cities across Canada. During the course of hearings, the Director of Investigation and Research represented by counsel and the other parties against whom allegations are made call witnesses to appear before Members of the Commission to give evidence. The Director and the other parties (through counsel) have the opportunity to question and cross-examine witnesses and to file exhibits in support of their evidence. Witnesses may also be asked questions by Members of the Commission. All of the evidence is recorded by court reporters and transcripts are prepared for the use of the Commission and the parties. Transcripts, files and exhibits are available to the public unless the hearings were held "in camera" or if the information is confidential.

5. Program Organization for Delivery

Activity Structure: The Commission has one activity which is the Restrictive Trade Practices Commission (RTPC).

Organization Structure: The Commission consists of four members appointed by Order in Council for ten-year terms during good behaviour. One member is appointed Chairman and another may be appointed Vice-Chairman by the Governor in Council. Hearings may take place before the full Commission consisting of the Chairman, the Vice-Chairman (where one appointed), and the two other members. It is not uncommon, however, for a hearing or part of one to take place before a panel of three members with either the Chairman, or the Vice-Chairman (where one appointed) presiding. Although the Commission holds many of its hearings at its headquarters in Ottawa, the extensive nature of certain inquiries necessitates that it hold hearings elsewhere in Canada.

The senior staff of the Commission consists of the Secretary/Registrar, the Executive Assistant to the Chairman and Assistant Secretary to the Commission, a Senior Economist, Economist(s), and the Chief of Finance and Administration.

D. Planning Perspective and Performance Review

1. Environment

Legislation: As part of the continuing review of its legislation, CCA will be preparing for government consideration a number of bills, primarily to update existing legislation. One of these includes a bill to amend the Combines Investigation Act and would change the mandate of this Commission. Depending on what other functions the new legislation gives the Commission, its workload may or may not be increased by these additional functions.

Economic Conditions: The growing potential for restrictive trade practices in the marketplace places an increasing importance on the Commission's role. Participants in the marketplace look to government and the Commission to protect their economic interests and ensure that the market system is operating in an effective and equitable manner.

Public Attitudes: The Canadian public is increasingly aware of the potential problems that can arise to maintain the working of a free market. With this awareness, Canadians are looking to the government to provide efficient safeguards on market operations.

2. New Initiatives

The Commission has identified the following initiatives for 1985-86:

Hearings under Section 17 - Combines Investigation Act: In view of continuing court challenges to the existing mandate with respect to Section 17 hearings, applications by the Director (Investigation and Research) had dropped significantly. Some of these uncertainties have now been removed, and it is expected that applications for hearings under Section 17 will continue at a higher level for 1985-86. Since the Inquiry hearings (Section 47 or Part IV.1) are usually taking place before a panel of three members, only one other member is available to preside at the Section 17 hearings. Therefore it is sometimes necessary to hire the services of experienced hearing officers to meet the requirements.

Part IV.1 - Applications - Combines Investigation Act: Assuming that new legislation is not passed and that RTPC will proceed with the present one, it is expected that applications by the Director under Part IV.1 will continue to be filed with this Commission. For the purposes of this Part, the Commission is a Court of Record and in his application the Director having made a request for an order against a supplier, a person or a company, the Commission, after affording everyone against whom an order is sought a reasonable opportunity to be heard, may make an order in the form applied for or with such modifications or amendments or in such other form as it deems necessary or may refuse to make any order.

Even if new legislation is passed and there are changes in the functions of the Commission, it is still envisaged that the RTPC will be called upon to undertake new major inquiries under Section 47.

3. Update on Previously Reported Initiatives

Please refer to the descriptions in the Recent Performance - Highlights section on page 7.

4. Program Effectiveness

The effectiveness of the program must be viewed in terms of its main objective, which is to contribute to the maintenance of free and open competitive conditions in the market economy and to eliminate certain practices in restraint of trade. To this end the Restrictive Trade Practices Commission has undertaken and will continue inquiries or proceedings authorized under the Combines Investigation Act. Figure 3 presents major inquiries or proceedings completed in the last five years.

Figure 3: Major Inquiries or Proceedings of the Restrictive Trade Practices Commission Over the Previous Five Years

Inquiries or Proceedings	
Section 47	
Telecommunications Inquiry 1977 to 1981	- 234 days of hearings - Part I of report to Minister 1981 - Part II of " " " 1982 - Part III of " " " 1983
Petroleum Inquiry 1981 (Hearings began on October 19, 1981)	- 186 days of hearings - Report to be completed
Part IV.1	
Director of Investigation and Research and Bombardier Ltd. (Application filed 09/02/79)	- 32 days of hearings - Decision of RTPC October 1980
Director of Investigation and Research and Imperial Oil et al (Perrette) (Application filed 02/11/79)	- 16 days of hearings - Respondents agreed to supply - Application withdrawn by Director of Investigation and Research, October 1980
Director of Investigation and Research and BBM Bureau of Measurement (Application filed 21/08/79)	- 26 days of hearings - Decision and order of RTPC December 1981 (Appealed in Federal Court, Section 28, application dismissed)

Application by Director of Investigation and Research re Astral et al (Movie industry) (Application filed 22/12/82)	- 2 days of hearings - On March 15, 1984, the Director filed an interim report to the Commission. On July 31, 1984, the Director filed a final report to the Commission. Director's application withdrawn in view of agreement between distributors and viewers.

Canada Corporations Act

Section 114

Director of Investigation and Research and Javelin International Limited	- 33 days of hearings - Report sent to Minister September 26, 1983

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5. Resource Justification

The Commission's work depends on the new legislation (Combines Investigation Act) as well as initiatives taken by the Director of Investigation and Research or the Minister, and thus is relatively non-discretionary. However it is difficult if not impossible at this time to predict what will be the workload in this area before the Commission in the year 1985-86. Amendments to Competition legislation could broaden or narrow the Commission's mandate and its need for resources but it is premature to estimate these requirements at this stage. The Commission will seek to maintain its objective with a minimum permanent structure, and adding temporary or term resources as required.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 4: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	838	970	924
Contributions to employee benefit plans	117	104	152
	955	1,074	1,076
Goods and Services			
Travel and removal	13	17	14
Other transportation and communication	26	43	29
Information	42	60	23
Professional and special services	130	430	329
Rental	10	16	9
Purchased repair and upkeep	2	2	3
Utilities, materials and supplies	14	28	19
Other expenditures	-	2	3
	237	598	429
Total operating	1,192	1,672	1,505
Capital	2	2	2
Total expenditures	1,194	1,674	1,507

2. Personnel Costs

The Restrictive Trade Practices Commission is a labour-intensive organization. Personnel costs (including statutory contributions to employee benefit plans) constitute 80% of the total operating costs.

Figure 5: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Restrictive Trade Practices Commission	17	23	24

Figure 6: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	4	4	5	50,350-96,300	77,681
Scientific and Professional, Administrative and Foreign Services	4	4	9	13,912-65,080	43,072
Administrative Support, Operational	9	9	12	12,636-40,676	25,443

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Net Program Cost: The Restrictive Trade Practices Commission's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered to ascertain the net cost of the Program. These other items are services provided without charge by other government departments.

Figure 7: Net Cost of Program ($000)

	1985-86	1984-85
Operating Expenditures	1,194	1,674
Add - Other Government Department Costs		
Public Works Canada Accommodation	176	173
Supply and Services Canada Cheque Issue Services and others	2	3
Employer's share of Insurance Premiums	11	13
	189	189
Net Cost	1,383	1,863

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Revenue Canada
Customs and Excise

1985–86
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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Revenue Canada
Customs and Excise

Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Departmental program and a summary of its current plan and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. The financial summary in Section I provides cross-references to information found in Section II. In addition, references are made throughout the document to provide the reader with more detail on items of particular interest.

This year's Expenditure Plan is expressed in terms of a new activity structure developed in Customs and Excise during 1984-85. As a result, this Expenditure Plan constitutes a transition year wherein some information from previous plans (1983-84 and 1984-85) has been presented in terms of the new activity structure for purposes of simplicity and consistency.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $374,306,000 in support of Customs and Excise. The remaining expenditures, estimated at $43,320,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)		1985-1986 Main Estimates	1984-1985 Main Estimates
	Customs and Excise		
1	Operating expenditures	359,926	352,476
5	Capital expenditures	14,380	7,657
(S)	Minister of National Revenue - Salary and Motor Car Allowance	42	40
(S)	Contributions to Employee Benefits Plans	43,278	39,008
	Total Program	417,626	399,181

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	National Revenue	
	Customs and Excise	
1	Customs and Excise - Operating expenditures	359,926,000
5	Customs and Excise - Capital expenditures	14,380,000

Program by Activites

(thousand of dollars)	Authorized person-years	1985-86 Main Estimates Budgetary Operating	Capital	Total	1984-85 Main Estimates
Excise	1,506	67,937	524	**68,461**	65,228
Customs	7,786	282,880	5,044	**287,924**	281,441
Corporate Administration	856	52,429	8,812	**61,241**	52,512
	10,148	403,246	14,380	**417,626**	399,181

Extracts from Volume II of the Public Accounts

Use of appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Voted Budgetary Expenditures			
Vote 1 - Program Expenditures	340,973	343,593	336,478
Statutory Budgetary Expenditures			
Minister of National Revenue - Salary and Motor Car Allowance	39	41	41
Contributions to Employee Benefit Plans	37,581	41,828	41,828
	37,620	41,869	41,870
	378,593	385,462	378,347

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

- The Special Import Measures Act (SIMA) was proclaimed on December 1st, 1984. The administration of the Act will generate new workload which will be absorbed by the Department (see page 15).

- The Department will implement the Customs and Excise Offshore Application Act during 1984-85 as a result of the extension of Customs jurisdiction to the 200 mile limit (a new initiative introduced in the 1984-85 Expenditure Plan). The administration of the expanded territory will require 21 person-years and $713,000 annually commencing in 1985-86 (see page 16).

- Customs and Excise is implementing the new Valuation Provisions as of January 1, 1985 as a result of the 1979 Multilateral Trade Negotiations (see page 15).

- During 1985-86, the Department will proceed with the pilot testing and pilot evaluation of the three major system changes resulting from the Department's Automation Strategy Review (see page 16).

- The Department will implement the pending legislation (Bill C-17) concerning the Gasoline and Diesel Fuel Sales Tax Rebate program during 1984-85 (see page 15).

- The Department's 1985-86 person-year levels will decrease by 1.6% from 1983-84 resource levels and 1.4% from 1984-85 levels with no significant reduction of the quality of service (see page 42). The reductions result from:

  - Closure of Excise Offices
  - Closure of Customs Ports
  - Limited use of Bonded Warehouses
  - Elimination of the Mobile Surveillance group.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For detail see page
Excise	**68,461**	66,810	1,651	21
Customs	**287,924**	286,866	1,058	28
Corporate Administration	**61,241**	52,512	8,729	38
	417,626	406,188	11,438	
Authorized person-years	**10,148**	10,288	(140)	

Explanation of 1984-85 Forecast: The 1984-85 expenditure forecast exceeds the 1984-85 Main Estimates by $7 million. This amount consists of items approved for Supplementary Estimates including $5.4 million for the implementation of the Harmonized System and $1.6 million for 4 other projects.

Explanation of the Difference between the 1985-86 Main Estimates and the 1984-85 forecast: The estimated expenditures for 1985-86 Main Estimates exceed the 1984-85 forecast by $11.4 million (2.8%). This results from an increase in personnel costs of $12 million and an increase in capital expenditures of $4.7 million, offset by a net decrease of $5.3 million in other operating costs (see page 42).

Figures 2 and 3 illustrate the departmental resource distribution for 1985-86.

Figure 2: Person-years by Activity 1985-86

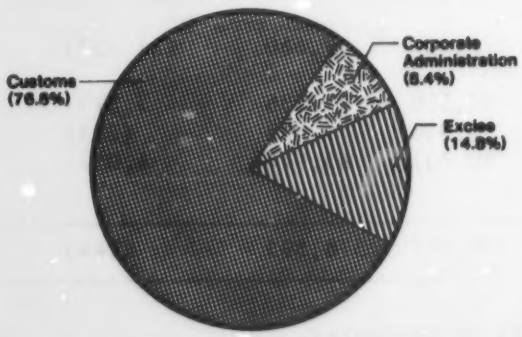
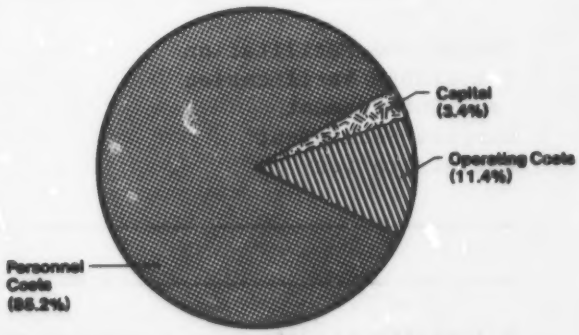


Figure 3: Gross Expenditures by Category (percentage) 1985-86



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As mentioned in the Preface, this Expenditure Plan is expressed in terms of a new activity structure; with the exception of Figure 4, 1983-84 Financial Performance by Activity which is presented in terms of the old structure. Internal planning for 1985-86 was conducted along the lines of this new structure. Existing financial reporting mechanisms require variance explanations at the activity level only. Therefore, no explanation of financial performance is provided at the sub-activity level. Additional information on the new Customs and Excise new activity structure can be found in Section III.

B. Recent Performance

1. Highlights

- Commodity Tax Reform (Proposed Wholesale Tax) will not be implemented as a result of a private sector committee's recommendations submitted to the Minister of Finance in June 1983.

- The Department's first Program Evaluation study which reviewed the Customs Passenger Processing System was completed during 1983-84. A second evaluation on the Customs Carrier Declarations System was completed in August 1984 (see page 19).

- In 1983-84, total Departmental revenues amounted to $15.8 billion, approximately $1.2 billion lower than forecast. This resulted from decreases in the Petroleum Compensation Charges and in taxes from pipeline gas and gas liquids (see page 46).

2. Review of Financial Performance

Figure 4: Review of 1983-84 Financial Performance by Activity* ($000)

	1983-84		
	Actual	Estimates	Change
Compliance Facilitation	176,507	187,660	(11,153)
Compliance Verification and Enforcement	102,909	95,336	7,573
Dispute Settlement	8,900	9,623	(723)
Administration	90,031	85,974	4,057
	378,347	378,593	(246)

* Activity structure as presented in 1983-84 Estimates.

As shown in Figure 4, 1983-84 actual expenditures varied from the Estimates by $246 thousand or .1%. These variances resulted from the following:

	Millions
• Utilization of 510 casual person-years (5% of total utilization) at a generally lower rate of pay than the average established in the salary costing schedule. Customs and Excise has historically utilized casuals to compensate for strength fluctuations caused by retirements, resignations, promotions, etc. as well as annually recurring peak workload (i.e. summer international traffic).	($5.4)
• Increase in contributions to Employee Benefits Plan	4.2
• Restraints on travel.	(1.2)
• Re-scheduling of repairs to equipment and border-point bridges and tunnels. Delay in Tenant Services projects.	(1.4)
• Legal services, programming services, management consultants	1.2
• Cancellation of Commodity Tax Reform and delay of Extended Jurisdiction (200 mile limit) activities.	(.4)
• Delayed purchases of materials, i.e. uniforms, Customs and Excise college inventories, equipment and supplies, and reduced departmental inventories.	(1.0)
• Implementation of Federal Identity Program (signage refurbishing); purchase of previously rented computer and laboratory equipment.	1.5
• Non-discretionary capital purchases i.e. X-ray machine, vehicles, office equipment, on-line EDP equipment.	2.3
	($.2)

C. Background

1. Introduction

The Department of National Revenue, Customs and Excise, consists of one Program headed by a Deputy Minister who reports to the Minister of National Revenue.

The Department's mission is to achieve compliance with all legislation for which it has administrative responsibility in an efficient and responsive manner. In fulfilling this mission, Customs and Excise collects duties and taxes, controls the movement of people, goods and conveyances entering or leaving Canada and protects Canadian industry from unfair foreign competition.

Customs and Excise also plays an important role in implementing the Government's socio-economic policies. For instance, in the area of social policy, the Department is responsible for the application of immigration laws at points of entry (e.g. refusing entry to dangerous or unwanted visitors) and for the control of prohibited importations such as firearms, narcotics and material of indecent or immoral nature.

In the area of economic policy, the Department is involved in the implementation of Canada's multilateral trade agreements under the General Agreement on Tariffs and Trade (GATT). Domestically, Customs and Excise is called upon to support the development and maintenance of a healthy business and employment climate, including the administration of laws which protect Canadian businesses against injurious competition from foreign sources.

Customs and Excise activities are highly visible to several large cross-sections of Canadian society, (i.e. to international travellers, exporters, businesses, etc). In one way or another, Customs and Excise must deal with these various clients to provide them with the information and assistance necessary to voluntarily comply with legislative requirements. As well, the Department provides the guidance required by the Canadian business community in adapting to changing international trade conditions. Customs and Excise strives to continually project a public image that is positive, fair, unbiased and responsive to the needs of its international and domestic clients.

2. Legal Mandate

The Department of National Revenue Act delegates Customs and Excise the responsibility for "the control, regulation, management and supervision of duties of Customs and Excise including taxes imposed by the Excise Tax Act". The Minister of National Revenue is responsible for administering the Customs Act. Other major statutes included in the legal mandate of Customs and Excise are the Customs Tariff, the Special Import Measure Act, Excise Act and the Excise Tax Act, all of which are the legislative responsibility of the Minister of Finance.

Customs and Excise also administers some 60 pieces of legislation on behalf of other departments, notably, Agriculture, Health and Welfare, Consumer and Corporate Affairs, Industry, Trade and Commerce, Statistics Canada and Employment and Immigration Canada. Acts administered in whole or in part by Customs and Excise are presented in Section III.

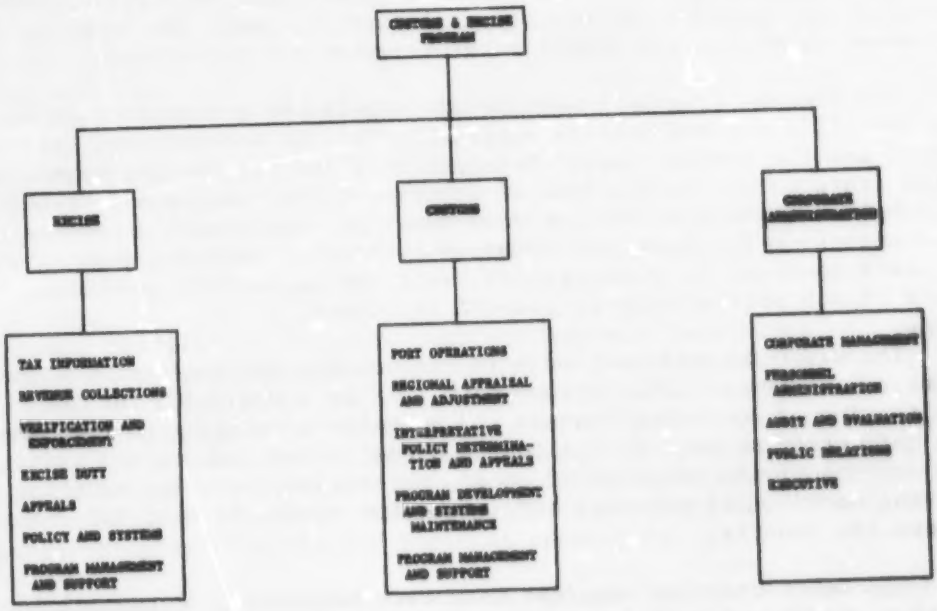
3. Program Objective

The Customs and Excise objective is: "to ensure that all duties, taxes and other relevant charges and levies are assessed, collected and where appropriate, refunded; to control, for the protection of Canadian industry and society the movement of people, goods and conveyances entering or leaving Canada as required to achieve compliance with legislation; to protect Canadian industry from real or potential injury caused by the actual or contemplated importation of dumped or subsidized goods, as well as by other forms of unfair foreign competition."

4. Program Organization for Delivery

Activity Structure: The Customs and Excise Program is comprised of three activities: Excise, Customs, and Corporate Administration. Figure 5 illustrates the activity structure and the sub-activities of each activity.

Figure 5: Activity Structure



While the Excise and Customs activities support the same program objective, each is viewed as a distinct business. Each activity is responsible for different legislation and mostly deals with a different clientele. For

instance, the Excise activity administers the Excise Act and the Excise Tax Act which affect licensed manufacturers and wholesalers, distillers, brewers, tobacco manufacturers, etc. The Customs activity administers the Customs Tariff, the Customs Act and the Special Import Measures Act and deals mainly with Canadian and international travellers, Canadian manufacturers, importers and exporters, etc. The Corporate Administration activity includes the central administrative and functional services necessary to effectively and efficiently support the Excise and Customs activities.

Organization Structure: Customs and Excise has highly decentralized operations with 12 regional Customs and 9 regional Excise offices. In all, the Department has 10,148 employees, approximately 9,000 of whom are operational and support staff located in the field. The Department is organized under four broad sectors: Excise, Customs Programs, Customs Field Operations, and Corporate Administration.

The Excise operation collects approximately $11.5 billion annually in revenue which is used to fund government programs, promote tax equity and influence consumption patterns. In addition to Headquarters in Ottawa, there are 9 regional and 29 district offices. Excise accounts for a total of 1,506 person-years. All of Excise branch resources are within the Excise Activity.

The Customs function is performed by the Customs Programs branch and Customs Field Operations branch which together account for the 7,786 person-years included in the Customs Activity. These two branches represent approximately 77% of total departmental resources.

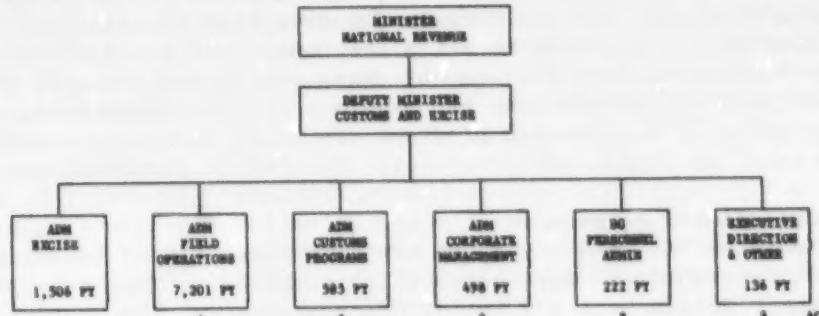
The Customs Program Branch develops policies and systems to provide for the efficient and uniform application of the Customs Act, Customs Tariff and the Special Import Measures Act, and for the enforcement of other statutes and regulations of Government departments and agencies. The branch is also responsible for anti-dumping, countervailing and valuation investigations in Canada and other countries. Except for a small number of officers involved in investigative functions in foreign countries, its staff of 585 person-years is located in Ottawa.

The Field Operations branch is responsible for regional Customs operations and consumes 7,201 person-years. It is responsible for the application of operating systems and procedures relating to the assessment and collection of over $5 billion in annual import duties and taxes, and the control of the movement of goods, persons and vehicles entering or leaving Canada. It provides service to the public in over 650 locations across the country.

The other branches comprise Corporate Management, Personnel Administration, Audit and Evaluation, Public Relations and the Executive office. These are located primarily at Headquarters in Ottawa and account for the 856 person-years which are included in the Corporate Administration Activity.

The relationship between the Departmental organization and activity structures, together with a breakdown of 1985-86 resources, is shown in Figure 6.

Figure 6: 1985-86 Resources by Organization/Activity ($000)



	ADM EXCISE	ADM FIELD OPERATIONS	ADM CUSTOMS PROGRAMS	ADM CORPORATE MANAGEMENT	DG PERSONNEL ADMIN	EXECUTIVE DIRECTION & OTHER	ACTIVITY TOTAL ($000)
EXCISE	68,461						68,461
CUSTOMS		258,788	29,136				287,924
CORPORATE ADMIN				38,574	13,765	8,902	61,241
TOTAL EXPENDITURES	68,461	258,788	29,136	38,574	13,765	8,902	417,626

D. Planning Perspective and Performance Review

1. Environment

The Department continues to face a period of significant environmental change. The following key factors will particularly affect Customs and Excise over the next five years.

Economic Conditions: Rapidly changing economic conditions have made it difficult to accurately forecast anticipated revenues, workload fluctuations, etc. Factors such as the rate of inflation, the value of the Canadian dollar and other currencies, and the burden of taxation greatly affect the behaviour of the travelling, importing or exporting publics served by the Department. These variables pose a challenge to the Department's ability to deploy resources efficiently and effectively in response to changing economic and business conditions.

In the realm of the economic recovery and pending the announcement of the new Government priorities, the Department anticipates that the value of merchandise imports and exports will increase 37% and 22% respectively over the 1984-1989 period. As well, the composition of the international travellers population is expected to change drastically. The number of returning Canadians is expected to decrease while the number of foreign visitors increases as a result of the value of the Canadian dollar in relation to the U.S. dollar.

Government Policy Decisions: The most important government policy decisions affecting the operations of Customs and Excise in years to come include: access to information legislation, reduction of the paper burden, service to the public, changes in transportation policy (i.e. changes in landing rights for international air carriers), Duty Free Shops, extension of jurisdiction to the 200 mile limit, the adoption of the revised nomenclature system, and the Made-in-Canada system of tariff classification. The extent to which the Department is involved will vary from the ongoing support for some of these policy decisions to the actual implementation and enforcement for others. In the latter case, the specific policies and related programs are fully discussed in the "initiatives" or "update of previously reported initiatives" sections.

International Agreements: The new Valuation Provisions, the Special Import Measures Act (SIMA) and the new Harmonized System (H.S.) are important international agreements which require Departmental participation during their development and implementation phases. The Special Import Measures Act constitutes an addition to the Department's legal mandate. The Valuation Provisions and the H.S. represent significant modifications to Customs' valuation and tariff classification coding systems. These changes, once implemented, will result in a major re-structuring of existing operational systems.

Technological Changes: The Department's continuing efforts to computerize operations, systems and processes using the newest available technology are articulated in the Automation Strategy Review (ASR). 1985-86 will be particularly characterized by the implementation, pilot testing and evaluation of several operational and administrative systems enhanced with automated features. Over the next few years, these efforts will assist the Department in responding more rapidly, effectively and with increased sensitivity to public needs. As major technological changes gradually take place in both Customs and Excise activities, the Department's ability to rapidly adjust to economic and business conditions will be enhanced and overall program effectiveness should improve.

Although forthcoming technological changes will impact tremendously on the departmental workforce (particularly in terms of training), the Department faces a greater challenge in ensuring that automation efforts contribute to and are compatible and integrated with other major changes resulting from Government policy decisions and Canada's participation in the international agreements previously described.

2. Initiatives

Customs and Excise will commence the following initiatives in 1985-86:

- Excise will implement and maintain a structured appeal mechanism as a result of changing legislation. Costs are estimated at $643,000 and 13 person-years for 1985-86 and subsequent years (see page 26).

- The Gasoline and Diesel Fuel Sales Tax Rebate program which became effective December 1, 1984 will be fully operational in Excise by April 1, 1985 until January 1, 1987. This program will cost approximately $1.4 million and 189 person-years in 1985-1986 (see page 26).

- The Department will support Vancouver's EXPO '86 by providing Customs and Excise services to the Exposition's participants and by processing visitors from other countries. The Department will expend 5 person-years and $208,000 in 1985-86 for this initiative (see page 36).

3. Update of Previously Reported Initiatives

Customs and Excise is still engaged in a number of initiatives described in previous Expenditure Plans. Updates on these initiatives are provided under the following general categories:

Legislative Changes: The introduction and passage of the revised Customs Act in Parliament is subject to the priorities established by the new government (see page 35).

Changes Related to International Agreements: There were three changes in this area:

Special Import Measures Act: The proclamation of the Special Import Measures Act (SIMA) on December 1st, 1984, makes the Anti-dumping Act and countervailing duty regulations obsolete. The expenditures related to the administration of SIMA will correspond to the expenditures related to the administration of the former legislation for the remainder of 1984-85 (34 person-years and $1.6 million). The additional workload generated by SIMA (see page 35) will be absorbed within the annual base of 99 person-years and $4.7 million during 1985-86 (the first full year following the implementation of the new legislation) and for subsequent years.

New Valuation Provisions: In December 1979, Canada signed the international agreement on Customs Valuation which was negotiated during the Multilateral Trade Negotiations.

In preparing for implementation of the new Valuation Provisions by January 1, 1985, the Department has conducted numerous public information seminars across Canada, and developed training courses for regional and Headquarters Customs Officers. The Headquarters training program was completed in June 1984. The regional training program was conducted across Canada from September through December '1984. 1984-85 resource estimates have been revised to 68 person-years and $2.2 million to more accurately reflect the estimated cost of the training program (see page 36).

Harmonized System: Canada is working towards the adoption of the internationally accepted system i.e. the Harmonized System (H.S.) by January 1, 1987. H.S. will be the basis for the classification of goods for Customs tariff and trade statistics purposes.

The Department is continuing with the conversion of the Customs Tariff to the language of the Harmonized System during 1984-85. The 1984-85 costs have been revised to 43 person-years and $5,4 millions to include expenditures associated with the conversion of automated systems. Resource requirements for 1985-86 are (based on a January 1, 1987 adoption date) 86 person-years and $23.6 millions. These resources will be used to continue the conversion of the Tariff and for developing departmental automated systems, to begin the development of training programs for some 4,500 officers affected by the new system and to prepare a comprehensive public information program to prepare the importing community for the implementation of the Harmonized System (see page 37).

Policy Changes: There were two significant policy changes:

Extension of Customs and Excise Jurisdiction - 200 mile limit: The implementation of the Customs and Excise Offshore Application Act will require 34 person-years and $1.3 million in 1984-85. Resource requirements for 1985-86 will decrease to 21 person-years and $713,000 as implementation activities will be completed in 1984-85 and only normal operational functions will remain (see page 36).

Duty Free Shops: In June 1984 the Minister announced a two-phased national implementation of Duty Free Shops. During 1984-85 operators will be appointed for the six land border duty free shops locations included in Phase I. All other locations in the participating provinces will be included in the second phase, for which operators will be appointed in 1985-86. Full national implementation will involve approximately 40 duty free shops. Expenditures for 1984-85 will be approximately 4 person-years and $458,000. An estimated 4 person-years and $496,000 will be required for 1985-86.

Systems Changes: The Departmental Automation Strategy Review (ASR) resulted in the following three major initiatives: the ALERT (Automated Lookout Enquiry and Report System) and Conditional Release (formally referred to as Release Selection) systems which are Customs initiatives (see page 37) and the Clientele Profile System (CPS) which is an Excise initiative (see page 26). Components of all three initiatives will be pilot tested and evaluated during 1984-85 and 1985-86.

ALERT: To minimize disruptions caused by ALERT at the Calgary pilot site, the Department has opted for a phased implementation of the final two system components. On the advice of a major consulting firm, it was decided to run the ALERT pilot for a full year before evaluation, and to run the pilot during evaluation. This will provide enough time for systems to operate according to specifications, thereby allowing for a more accurate evaluation. As a result, ALERT will require approximately 46 person-years and $2.7 million in 1984-85 for the implementation of the final two components of the pilot (amendment processing and entry selection). An evaluation of the pilot will be conducted during 1985-86 at a cost of approximately 37 person-years and $2.3 million.

Conditional Release: Conditional Release will require approximately 21.5 person-years and $1.4 million in 1984-85. 1985-86 expenditures are estimated at 29 person-years and $1.7 million. These costs reflect the Government's decision to run the pilot during the evaluation phase and are based on the results of a cost-benefit analysis completed in 1984.

Clientele Profile System: The Clientele Profile System expenditures for 1984-85 and 1985-86 will amount to $2.5 million and 21 person-years and $1.9 million and 16 person-years, respectively.

The following three other important systems changes will be continued or completed during 1984-85 and 1985-86:

Management Improvement Plan: This plan which was initiated in October 1980 will be phased out by March 31, 1985. Any residual activities not fully completed by that date will be continued outside the Management Improvement Plan framework and will be absorbed within the Department's ongoing program development and improvement initiatives (see page 39). 1984-85 expenditures are expected to be 45 person-years and $1.1 million.

Office Automation: The Office Automation prototype system trial will be completed in December 1984. The field trial may be extended until August 1985. Resource expenditures for this initiative amount to approximately 6 person-years and $600,000 for 1984-85 and 1985-86 respectively (see page 27).

PASS: The development of the Personal Alarm Security System (PASS) is well underway. Pilot systems will be operational in Windsor, Ontario by February 28, 1985 and in the Dundee-Lacolle area in Quebec by March 31, 1985. These two pilots will be evaluated by September 30, 1985. The 1984-85 expenditures for PASS will amount to 4 person-years and $2 million while 1985-86 expenditures will be approximately 6 person-years and 5.3 million (see pages 37 and 40).

4. Program Effectiveness

In the context of the Canadian tax administration system which is based on self-assessment, the Department's strategy for achieving its program objective is to facilitate voluntary compliance by the public. This strategy involves the promotion and provision of information necessary to the public, and as a result, the quality and expediency of information provided to clients and the interfaces between the departmental employees and clients are critical success factors for meeting the Department's program objective.

In support of this strategy, the Department maintains appropriate levels of verification and enforcement activities necessary to discharge its mandate in a fair manner.

Customs and Excise has exerted considerable effort and made visible progress over the last few years in the development and implementation of performance measurement systems. Because most of these systems provide operational-type performance data, the Department has also been concerned with resolving the difficult issue of defining and measuring program "outcomes" or program results. After analyzing the results obtained by the use of various approaches such as performance measurement systems (PMS), program evaluation studies, special measurement surveys and non-quantitative methods, the Department is now in a position to provide greater insight regarding its program effectiveness.

For purposes of this section, program effectiveness is discussed in terms of the two main components of the program objective statement, which are concerned with the appropriate revenue collection and the control of the movement of people, goods and conveyances.

Ensuring correct revenue assessment and collection: The main concern of the Excise component of the Customs and Excise program is to ensure that all duties, taxes and other relevant charges and levies are assessed, collected and where appropriate, refunded.

The Excise Branch collects over $11 billion annually. Collecting the correct amount of revenue is of prime importance. The Department must not only be accurate in its assessments, it must also strive to be fair in remitting credits.

In a tax system which is based on self-assessment the onus is on taxpayers to correctly identify, assess and remit their tax liabilities. Voluntary compliance is fostered by increasing the ability and willingness of taxpayers to do so. Information, in the form of kits, memoranda, bulletins, rulings and visits to first time clients encourages the public to comply with the law. A significant proportion of the Department's resources are used to ensure that the public is well informed. There are, however, taxpayers who knowingly or inadvertently do not comply. The Department must therefore take steps to detect, correct and deter instances of non-compliance. The Excise audit program is one such method designed to ensure that taxpayers are remitting the proper amount as prescribed by law. The audit program, which is in the Excise Verification and Enforcement sub-activity, represents 56% of total activity resources. As per the Department's Program Evaluation schedule, the audit program will be the subject of a program evaluation study in 1987-88. At that time, greater insight on the overall program effectiveness of this Excise program component will be available. In the meantime, two specific areas of the Excise audit program (standard audit units and standard duty audit units) are discussed in Section II, Analysis by Activity (see page 21).

Controlling the movement of people and goods: The second component of the program objective deals with the control (for the protection of Canadian industry and society) of the movement of people, goods and conveyances entering and leaving Canada as required by legislation. This area of responsibility is mainly the concern of the Customs activity.

The Department processed in 1983-84 over 36 million visitors entering Canada and 43.9 million returning residents. It also processed more than 13.5 million cargo control documents, 6 million import entries and more than 220,000 refund and drawback claims. In addition, Customs undertook over 128,000 seizures and other enforcement actions (forced payments, prohibitions) and made in excess of 2.2 million enforcement referrals to other government departments. An indicator of the Department's effectiveness in the area of control of the movement of people is the rate of compliance by travellers with the legislation. The most important indicators of progress in this area form part of a program evaluation study conducted in 1983-84 which covered the activities of approximately 32% of the Department's workforce and 30% of departmental annual expenditures. Results of the study are described below.

Movement of people: The study on the Customs Passenger Processing system focussed on the two stages of Passenger Processing - Traveller Declarations and Secondary Examination of those passengers suspected of not voluntarily complying with Customs, immigration and related entry regulations.

The study estimated that 91% of all passengers entering Canada do so without serious violation of entry laws. The remaining 9% of passengers can be further subdivided into two important non-complier groups. The first group, the "serious" non-complier group, represents about 2% of all travellers entering Canada who seek to avoid detection and whose non-compliance is sufficiently serious to merit official enforcement action. Such enforcement actions include seizures (i.e. consumer goods, drugs, and weapon infractions), forced payments, and prohibitions.

The second group (about 6.6% of travellers entering Canada) are "threshold" non-compliers whose offence is too important to ignore but too small to merit official enforcement action. It is estimated that 600,000 of this group are detected annually and are given "unofficial" warnings.

The Department plans to conduct specific measurement surveys to verify these estimates of the compliance rate. The results of these surveys will be taken into consideration in the next program evaluation study of the passenger processing area. Departmental initiatives generated as a result of this study and which aim at improving the compliance rate will be completed by 1988.

Movement of goods: With respect to the control over the movement of goods, a program evaluation study of the Customs Carrier Declarations System was completed in August 1984. This study focussed on the document control of three major sub-systems: Carrier Declarations, Postal Declarations/Sortation and Export Declarations. These systems form the basis for the Department's verification and control activities respecting goods entering, transiting or leaving the country.

The study concluded that the Carrier Declarations System is functioning satisfactorily and expeditiously and that the system reconciles control with responsive service. The process was well perceived by the importing community. Opportunities were identified for rationalizing the system across the transportation modes and for refinements to the verification process.

The Postal Declarations/Sortation process was found to be improving in effectiveness. However, the study concluded that there were opportunities for improving service to the public and for productivity improvements within the system.

The documentary controls for exports were found to be acceptable but the physical controls were in need of improvement. The study concluded that a further resource commitment will be required to implement any effective control in the area of exports.

The Department has reviewed the study findings and initiated actions to bring about those changes considered appropriate in response to the study. These actions are scheduled for incorporation into the Department's program by 1986-87.

The Department plans to improve the quality of effectiveness information provided through the continued development of program effectiveness indicators, conduct of studies and the further development of efficiency, effectiveness and responsiveness measurement systems. The provision of information to our clients is a key element in our strategy to foster and facilitate voluntary compliance. To this end, a major evaluation study will be completed by 1985-86 which will gauge the effectiveness of the Department's internal and external communication networks.

Section II
Analysis by Activity

A. Excise

Objective

To administer the Excise Act, the Excise Tax Act and other relevant legislation and thereby ensure that duties, taxes and other relevant charges and levies are assessed, collected and where appropriate, refunded at least cost to the public and in a manner which ensures the highest degree of public confidence in the integrity, efficiency and fairness of the excise process.

Resource Summary

The Excise Activity includes 1,506 person-years which represents approximately 15% of total departmental person-years and 16% of total departmental expenditures. The detailed Activity resources are displayed in Figure 7.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Tax Information	10,104	213	9,545	197	9,257	210
Revenue Collections	6,159	173	7,074	173	5,721	171
Verification and Enforcement	38,063	844	35,618	876	34,752	867
Excise Duty	3,322	81	3,248	81	3,404	94
Appeals	667	13	657	12	140	2
Policy and Systems	4,359	45	4,313	45	2,389	45
Program Management and Support	5,787	137	6,355	138	5,790	145
	68,461	1,506	66,810	1,522	61,453	1,534

Past Financial Performance

Actual 1983-84 expenditures for the Excise Activity were $768,000 or 1% under budget. Person-year lapses due to cancellation of Commodity Tax Reform (18 p-y's) and normal attrition (i.e. resignations, retirements, etc.) resulted in a $374,000 personnel cost saving. As well, $202,000 in operating and capital dollars were not spent because of the cancellation

of the Commodity Tax Reform. Revisions to the Client Profile System development strategy resulting in lower consultant costs and deferral of computer terminal purchases caused a saving of $192,000.

Description

The Excise objective is achieved by:

- ensuring that all taxpayers as required are licensed;
- providing information to persons affected by the Acts, in order for them to properly self-assess their tax liabilities and entitlements;
- processing tax returns; receiving, depositing and accounting for revenue;
- collecting where feasible all outstanding monies owing the Crown;
- identifying non-compliance and enhancing voluntary compliance through verification and enforcement activities.

In administering the Excise Act, Excise Tax Act, and other relevant legislations, the management focus in the Excise Activity is placed on seven areas of activity which are described below.

Tax Information: Eligible taxpayers are identified and licensed. Licensees, refund claimants and other members of the public known to be affected by the law are provided with information and interpretations respecting their entitlements and obligations with respect to Excise legislation, policy and administrative procedures. Voluntary compliance is enhanced.

This sub-activity is allocated 14% of total activity resources. These resources are utilized to facilitate the correct self-assessment of liabilities and entitlements by Excise clientele, to ensure the provision of nationally consistent and timely information and to license eligible taxpayers.

Revenue Collections: Revenue from licensed taxpayers consisting of voluntary remittances, as well as overdue taxes, duties and related penalties, is collected, deposited and accounted for. Taxpayers who are in arrears and non-filers of tax returns are identified, informed and provided with an opportunity to meet their obligations before collection action is initiated.

The volume of collection cases per annum is affected by a variety of non-discretionary factors such as the size of the licensee population, prevailing economic conditions (regional, as well as national), private sector interest rates versus Government penalty interest rates, sizes and types of enterprises, and the value of audit assessments. 11% of total activity resources are assigned to Revenue Collections.

Verification and Enforcement: Instances of over or underpayment of Excise taxes payable under the Excise Tax Act are discovered and corrected

through the selective audit of licensees, assessments and credits are issued and licensees are provided with information to assist them in voluntarily complying with legislative requirements. Claims for refund of federal sales or excise taxes by refund claimants are examined to confirm the validity of taxpayers' entitlement to reimbursement. Special investigations are conducted to confirm and deal with suspected cases of fraudulent activity.

The major output of this sub-activity, standard audit units, is an aggregate of the various types of excise and refund audits conducted according to prescribed quality and reporting requirements. This is the largest area of endeavour in the Excise Activity (56% of total Activity resources).

Excise Duty: Non-compliance with the Excise Act is identified and rectified through post-functional reviews (duty audits) and legislatively required surveillance of industries licensed under the Excise Act including distilleries, breweries, tobacco manufacturers, bonded warehouses and permit-holders. This area accounts for approximately 5% of total activity resources.

Appeals: All appeals against decisions made under the Excise Tax Act with respect to classification, tax status or valuation are resolved equitably and expeditiously. This sub-activity accounts for less than 1% of total activity resources.

Policy and Systems: Appropriate legislation, regulations, policies, procedures, and systems are planned, developed, evaluated, and maintained in order to achieve program results in operational areas. Approximately 3% of total activity resources are consumed in this sub-activity.

Program Management and Support: Management, financial and central administrative services are provided to all components of the Excise program and account for 9% of total activity resources.

Performance Information/Resource Justification

Each area of activity described above is essential within a tax system based on voluntary self-compliance. The level of results sought or achieved in each area will be affected by changes in a number of inter-related factors such as workload volume and complexity, size of the Excise client base (licensees, refund claimants, etc.), changes in legislation or policy, government priorities, business and economic conditions.

Excise workload is particularly influenced by the size of the licensee base, which in turn may be affected by normal growth in the manufacturing sector, by revisions to existing legislation, enactments of new legislation, or simply by the provisions of a federal budget. Over the next five years, Excise forecasts a steady increase of 500 licensees per annum (.9% increase) from the existing licensee base of 56,770. With the exception of workload associated with legislative changes, the Excise Activity will absorb 1985-86 workload increases in all affected operational areas without additional resources.

Performance information is provided for four major output areas in the Excise Activity. Collectively, these outputs account for approximately 87% of the total Excise resources. Details are given in Figure 8.

Figure 8: Outputs per Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	Outputs per P-Y	Volume	Outputs per P-Y	Volume	Outputs per P-Y
Tax Information						
Written Rulings Issued	37,540	176	37,210	189	36,883	176
Revenue Collections						
Collection Cases completed	104,450	604	103,530	602	102,606	600
Verification and Enforcement						
Standard audit units completed	35,030	42	34,720	40	34,412	40
Excise Duty						
Standard duty audit units completed	530	7	530	7	527	6

Written Rulings Issued: The major output of tax information is the number of written rulings issued, which includes license investigations. Excise rulings are issued by Excise officers located primarily in regional offices and are based upon established precedents or new circumstances. 1983-84 Excise rulings processed were 2% over the 36,326 volume forecast. Person-year utilization was 8% below budget (19 person-years) and as a consequence, outputs per person-year were 11% above target.

Collection Cases Completed: The number of collection cases completed in 1983-84 was 102,606 or 7% lower than the forecast volume (107,000). As person-year utilization in this area was 8% lower than budgeted, outputs per person-year were within .2% of target levels.

Standard Audit Units Completed: All performance areas measured in the standard audit units were within expected levels during 1983-84.

Standard Duty Audit Units Completed: Workload volumes (standard duty audit units) were 19% or 126 units below target. This was due to the introduction of periodic on-site surveillance for selected breweries as opposed to the previously employed post-functional audit approach. Workload forecasts for 1984-85 and 1985-86 reflect this change in methodology.

Figure 9 displays the workload volumes for the period 1981-82 to 1985-86 for these four areas of activity. Figure 10 relates workload volumes to person-years.

Figure 9: Excise Workload Volumes (1981-1986)

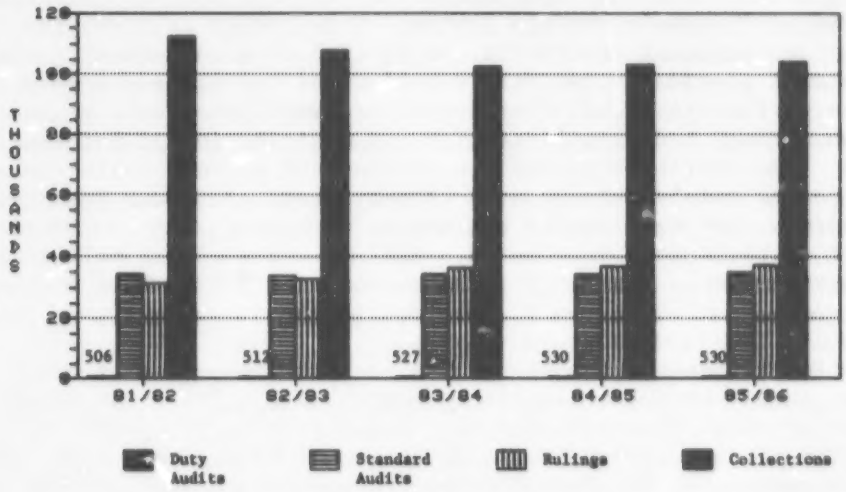
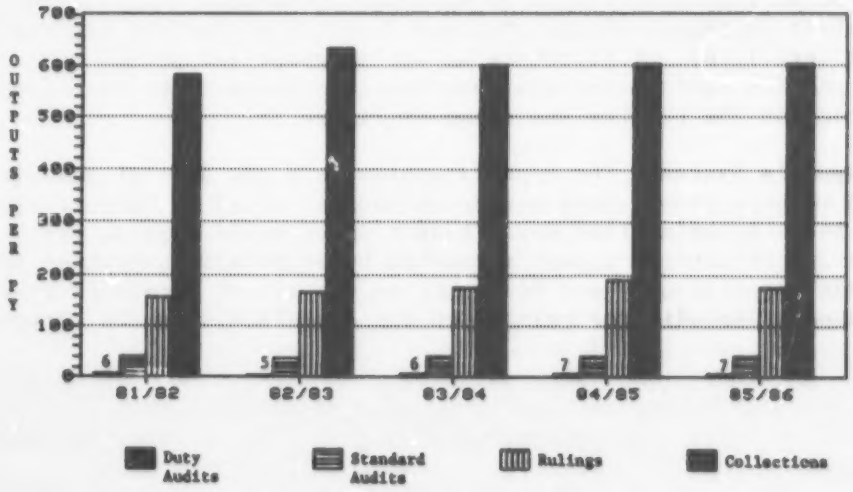


Figure 10: Excise outputs per person-year



Departmental initiatives affecting the Excise Activity

Three initiatives will affect the achievement of the Excise objective and impact on Excise resources in 1985-86 and beyond. These initiatives are the Excise Clientele Profile System (CPS), the new Appeals System and the Office Automation Field Trial project.

The Excise Clientele Profile System: This system involves the development and national implementation by 1988 of an automated client data base which will provide Excise with detailed and readily accessible information on the clientele. The impact of this system will be felt in tax information through form simplification and distribution of information literature. The verification and enforcement and revenue collections areas will be affected mainly through more effective and efficient deployment of audit resources, and more timely processing of refund claims. Overall, CPS will permit an estimated increase in annual revenues of $10 million and will improve control over a cash in-flow of approximately $11 - $12 billion in revenues.

The pilot implementation of the CPS regional component will be operational in Southwestern Ontario by September 1, 1985. The pilot will be implemented in three phases during the period from April 1, 1985 to September 1, 1985. The pilot evaluation will be completed by June 30, 1986. Total estimated expenditures for the pilot project amount to $5.8 million and 49 person-years. The national implementation of CPS, scheduled to commence in 1986, will be completed by March 31, 1988.

The Gasoline and Diesel Fuel Sales Tax Rebate Program: This program was effective as of December 1, 1984 and is to be in place until January 1, 1987. By virtue of this program, farmers, fishermen, loggers, hunters, trappers and mine operators will be eligible for a rebate of 4.8 cents per litre on their purchases of gasoline and diesel fuel for off-highway use in commercial activities. This rebate amount is comprised of 3.0 cents federal sales tax and 1.8 cents petroleum compensation charge. The resource expenditures for the program are shown in Figure 11.

The Appeals System: The Appeals system is a new area of activity for Excise and results from a Ways and Means Motion tabled on February 15, 1984 (see page 14). Assuming that Royal Assent is received, Excise will implement and maintain a structured appeal mechanism by which all taxpayers' appeals are resolved expeditiously and equitably to the extent permitted by law. The forecast annual expenditures related to the Appeals system are shown in Figure 11.

Figure 11: Annual Expenditures for the Fuel Tax Rebate Program and for the Appeals System (000)

	Expenditures to March 31, 1985		Estimates 1985-86		Annual Expenditures beyond 1985-86	
	$	P-Y	$	P-Y	$	P-Y
Fuel Tax Rebate Program	-	-	1,400	189	800	130
Appeals System	643	13	622	13	657	13

The Office Automation Field Trial: This project is one of four office automation field trials taking place in the Federal government under the umbrella of the Office Automation Study. The study's objective is to determine the feasibility and utility of using office communication technology in a variety of office functions. Excise is conducting this field trial in three phases. Phase I, which took place in 1983-84, consisted of a needs analysis and system development of a prototype system which was put into place to serve 100 people in Headquarters and Excise Toronto Region.

Phase II, which is under way, consists of the prototype system trial which will be completed in December 1984. Evaluation of system usage and user reaction will be ongoing until the end of the trial. To better evaluate the usefulness of the system, the Department may extend the Field trial until August 1985. The decision to implement nationally in Excise branch (Phase III) will be based on final evaluation of the trial.

B. Customs

Objective

The Customs sub-objective is as follows:

To administer the Customs Act, the Customs Tariff, the Special Import Measures Act, and other relevant legislation and regulations and thereby:

- control for the protection of Canadian industry and society, the movement of people, goods and conveyances entering or leaving Canada as required to achieve compliance with legislation;

- protect Canadian industry from real or potential injury caused by the actual or contemplated importation of dumped or subsidized goods, as well as by other forms of unfair foreign competition.

Resource Summary

The Customs Activity includes 7,786 person-years and represents approximately 77% of departmental person-years and 69% of departmental expenditures. Customs Programs branch resources are within the Interpretative Policy Determinations and Appeals and Program Development and Systems Maintenance sub-activities while Customs Field branch resources are within Port Operations and Regional Appraisal and Adjustments sub-activities. Both branches' overhead and support resources are within the Program Management sub-activity.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Port Operations	183,667	5,298	181,343	5,386	167,105	5,342
Regional Appraisal and Adjustment	37,139	1,063	35,934	1,063	35,419	1,057
Interpretative Policy Determinations and Appeals	16,001	337	14,625	343	13,795	335
Program Development and Systems Maintenance	10,383	204	17,522	226	11,846	277
Program Management and Support	40,734	884	37,442	892	35,229	885
	287,924	7,786	286,866	7,910	263,394	7,896

Past Financial Performance

Actual 1983-84 expenditures were $5,607,000 or 2% under budget. $4,628,000 represents departmental savings from the use of casuals paid at rates lower than the averages established in the salary costing schedule. $392,000 are operating dollars saved because of externally imposed restrictions on printing. Re-scheduling of planned repairs to border-point bridges and tunnels and purchases of office equipment as well as reduced uniform replacement and restraints on travel resulted in other savings totalling $587,000.

Description

The first Customs sub-objective is achieved:

- by ensuring that all goods are classified in conformity with prevailing statutes and regulations;

- by ensuring that all Customs duties, taxes and other relevant charges and levies are assessed, collected and where appropriate, refunded;

- by applying, on behalf of other government departments and agencies, the provisions of other statutes and regulations which relate to the flow of people, goods and conveyances across the frontier.

The second sub-objective is achieved:

- by investigating, making determinations, and where appropriate, referring cases of suspected injurious dumping or subsidization to the Anti-dumping Tribunal and Governor-in-Council;

- by investigating other cases of unfair foreign competition as may be referred to the Department e.g. cases involving undervaluation, misclassification and misdescription.

The Customs Activity includes therefore five areas of activity designed to achieve its objectives. These areas of activity are described below.

Port Operations: All people, goods and conveyances entering into Customs control are processed and assessed that only qualifying people, goods and conveyances are cleared to proceed into, or exit from Canada; all goods entering into Customs control are classified; and revenues owing the government are assessed and collected.

This sub-activity consumes 68% of total Activity resources and is mainly concerned with controlling the movement of people and goods into and leaving Canada, thereby contributing to the first Customs sub-objective.

(3) major outputs are representative of this sub-activity's performance and represent 100% of Port Operations total resources. These outputs include the number of travellers processed, commercial entries processed (excluding postal), and importer notifications issued (E14's) in the postal area, each of which is discussed in Performance Information/Resource Justification section which follows.

Regional Appraisal and Adjustments: All information requests respecting entry of goods are answered; Post-importation review of customs transactions associated with the importation of goods verifies compliance with relevant statutes and regulations; all appeals are processed; all claims for Drawbacks, Refunds and Remissions are reviewed, qualifying claims are approved and monies are refunded; and cases of suspected non-compliance with statutes and regulations are investigated and resolved.

This sub-activity accounts for approximately 13.6% of the Activity's resources. Major outputs include entries reviewed, rulings and appeals processed and refund claims reviewed (see Figure 13)

Interpretative Policy Determinations and Appeals: Rulings, administrative policy and guidelines relating to value for duty, tariff classification and relief, seizure actions and suspected injurious dumping are issued such that the public is provided with equitable and responsive interpretation of the law and related operational resources are used in a productive manner; disputes regarding interpretation of the law are resolved expeditiously and objectively. This sub-activity accounts for approximately 4% of total activity resources and its two major outputs (discussed in the next section) are seizure adjudication decisions and assessment and tariff appeals decisions.

Program Development and Systems Maintenance: Legislation, related regulations, policies, procedures and delivery systems which contribute to the equitable and responsive application of the law and the productive use of related operational resources are developed as necessary and maintained for application in the operational sub-elements of the Customs Activity. This area consumes about 3% of total activity resources.

Program Management and Support: Management direction, planning and central administrative services are provided to all of the components of the Customs Activity (11% of total activity resources).

Performance Information/Resource Justification

In administering the Customs Act, Customs Tariff, Special Import Measures Act, and other legislation and regulations, the management focus of this Activity is on four Customs results, each of which is essential in a customs system based on voluntary self-compliance. The level of results sought or achieved in each area will be affected by changes in a number of inter-related (sometimes competing) factors. These factors include workload volumes and complexity, number of ports of entry, hours of operation, government and departmental priorities, central agency

requirements, mode of transport, country of origin, interdepartmental agreements, changes in legislation, economic conditions, private sector priorities and needs, environmental/geographic conditions. Three of these operational areas, (Port Operations, Regional Appraisal and Adjustments, and Interpretative Policy Determinations and Appeals) generate eight major outputs shown in Figure 13.

Figure 13: Workload Volumes and Outputs per Person-Year

Major outputs by Sub-Activity	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Volume	Outputs per P-Y	Volume	Outputs per P-Y	Volume	Outputs per P-Y
Port Operations						
Travellers processed	80,820,000	33,786	80,092,000	33,525	79,965,000	33,669
Commercial entries processed	6,258,000	2,503	6,118,000	2,490	6,024,000	2,482
Importer notifications issued (E14's)	1,615,000	2,991	1,603,000	2,969	1,587,000	2,939
Regional Appraisal and Adjustments						
Entries reviewed	4,117,000	13,367	4,061,000	13,185	3,961,000	12,902
Rulings and appeals processed	157,000	611	157,000	610	161,000	621
Refund claims reviewed	177,000	2,391	175,000	2,364	173,000	2,306
Interpretative Policy Determinations and Appeals						
Seizure adjudication decisions	3,800	100	3,500	93	3,900	103
Assessment and Tariff appeals completed	6,800	133	6,800	133	4,800	132

Travellers Processed: The number of travellers processed during 1983-84 was very close to established targets. As depicted in Figure 13, the number of travellers processed reached 79,965,000 (versus 78,961,000 forecast in 1983-84). This included over 36 million visitors and over 43.9 million border crossings by Canadian residents. While an excess 1 million travellers had to be processed, person-years utilized to cope with these additional travellers exceeded previous estimates by only .6% (15 p-y's) of the sub-activity resources, thereby achieving targeted efficiency levels.

The projected shift in the composition of travellers in future years (see page 13) is likely to affect Port Operations in terms of the resource levels allocated to carry out the primary and secondary Customs functions. For instance, significant increases in the number of visitors entering Canada and concurrent decreases in the number of returning Canadians will allow the sub-activity to shift more resources from secondary examinations to the primary functions as dictated by workload peaks and type of travellers. This flexibility will allow the sub-activity to adjust more easily to travellers'needs, reduce queueing time during peak periods and overall, to be more sensitive while ensuring a more efficient and effective deployment of resources.

Commercial Entries Processed: Commercial entries processed in 1983-84 were 6,024,000 or 12% below forecast. This shortfall of entries results from a slower economic recovery as well as the general state of world-wide economic conditions. Underutilization of the resources in this sub-activity was .2% (or 42 p-y's). Outputs per person-year in this area were 11% under targeted levels. This variance is due to the Department's limited ability to shift resources to compensate for workload peaks (due to established minimum shifts levels and the employee relations considerations inherent in the frequent changing of work locations for individual employees).

With respect to the forecast of increased value of merchandise imports (previously mentioned on page 13), it is expected that the number of entries forecast for 1984-85 compounded by the increased value of entries will place a heavier workload on the resources of this sub-activity starting in 1984-85 (the review of commercial entries is based on the value of importations). In spite of this, the Department plans to maintain 1983-84 efficiency levels.

Importer Notifications Processed (E14's): As postal entries are received by Customs, a card (E14) is issued to notify the importer accordingly. All targets were met in the area of Importer notifications (E14's). While the actual number of E14's exceeded 1983-84 forecast by 58,000 or 4%, efficiency levels were 3% above those targeted.

Figures 14 and 15 relate Port Operations workload volumes to person-years for the 1981-82 to 1985-86 period.

Figure 14: Port Operations Workload Volumes

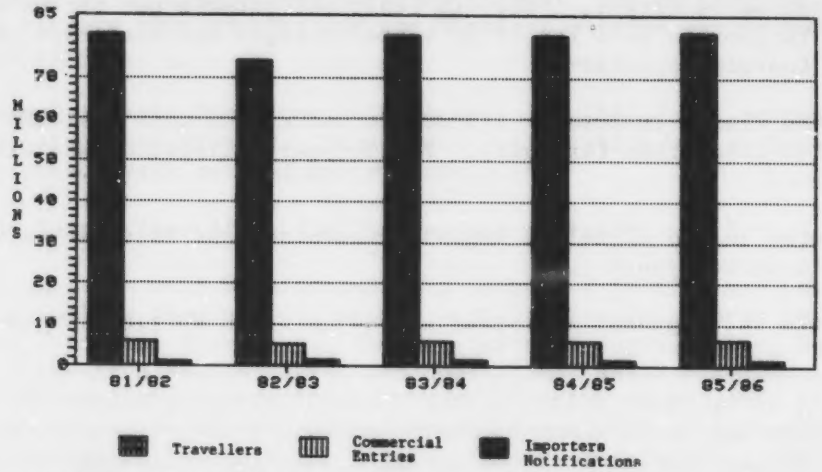
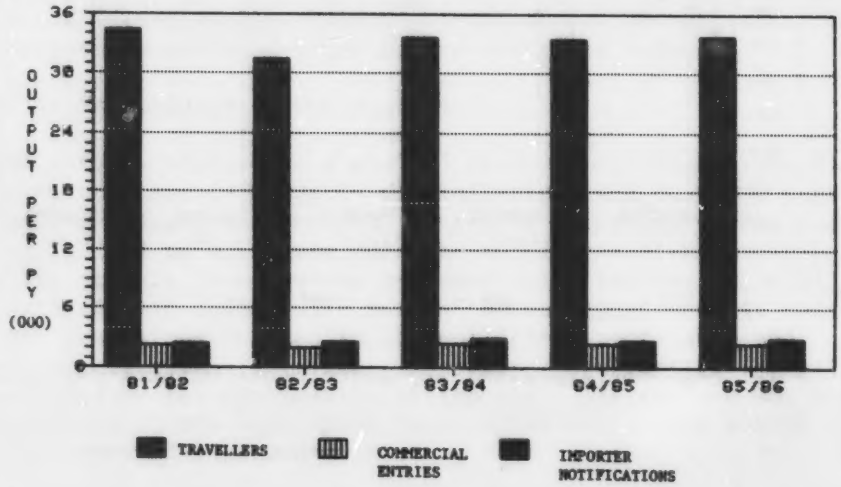


Figure 15: Port Operations Outputs per person-year



Entries Reviewed: The actual number of entries reviewed in 1983-84 was 14% over forecast. This is mainly due to the increased emphasis on the review of informal entries compared to the past, when only formal entries were subject to review. The review of informal entries is less time-consuming than the review of formal entries. Outputs per person-year were 1% above target while person-year utilization was 11% below budget.

Rulings and Appeals processed: In this area, overall performance was as planned, although the volume processed was 6% below forecast. Approximately 11,000 rulings and appeals originally forecast (as a result of Multilateral Trade Negotiations) did not materialize. As shown in Figure 16, 1984-85 workload is expected to drop slightly. Rulings and

appeals will decrease as a result of the new valuation provisions to be implemented on January 1, 1985. In addition, outputs per person-year are expected to improve as a result of better trained and more experienced Dominion Customs Appraisers.

Refund Claims reviewed: 173,000 refund claims were reviewed in 1983-84 (4% fewer than forecast). Person-year utilization was also 4% less then planned.

Figures 16 and 17 relate Regional Appraisal and Adjustments workload volumes to person-years.

Figure 16: Regional Appraisal and Adjustments Workload Volumes

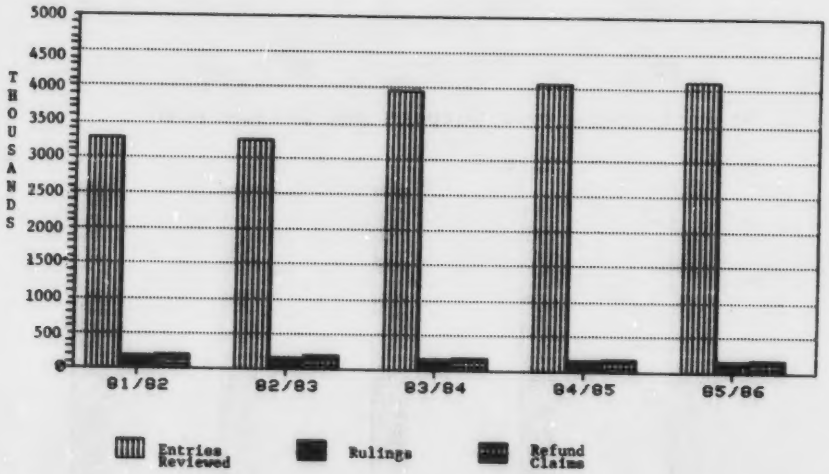
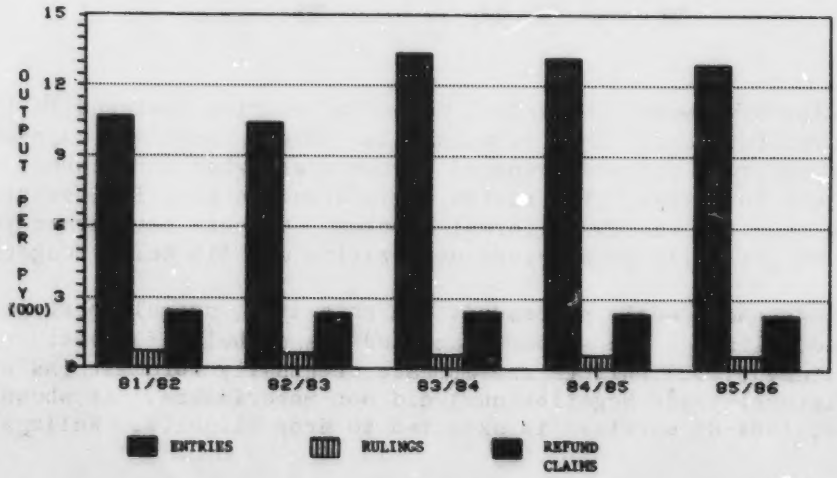


Figure 17: Regional Appraisal and Adjustments Outputs per person-year



Seizure Adjudication Decisions: The number of seizure adjudication decisions rendered in 1983-84 was 1% below target. The person-year utilization targets were reached and the level of outputs per person-year was 1% below target.

Assessment Appeals Decisions: There were 317 (6%) fewer assessment appeals completed than planned. Person-year utilization was as forecast. Outputs per person-year were 6% below target.

Departmental Initiatives Affecting The Customs Activity

The Customs activity will be affected by a number of initiatives (see pages 14-17) which include the revised Customs Act, the Special Import Measures Act, the new Valuation Provisions, the Extension of Jurisdiction, Duty-Free Shops, the Harmonized System, ALERT and Conditional Release and the Personal Alarm Security System (PASS). Each of these initiatives will impact on the manner in which Customs' areas of activities are managed to achieve its sub-objectives. These initiatives are developed in the Program Development and Systems Maintenance sub-activity. Three sub-activities will be particularily affected i.e. Port Operations, Regional Appraisal and Adjustments and Interpretative Policy Determinations and Appeals. Their impact on respective areas of activity are described below.

Initiatives To Be Implemented During 1984-85

Customs Act Revisions: As discussed in previous Expenditure Plans, the present Customs Act is outdated and inflexible and does not meet the needs of the importing community and the travelling public. The Customs Act is being revised to eliminate obsolete and inconsistent provisions and to express the statute in a logical sequence. The revised Act will provide greater flexibility in coping with modern business developments and will modernize the provisions related to the collection of revenue and enforcement aspects of the Act. The Customs regional activities will be the most affected by the application of the Act. The revised Act and all related documentation are kept up-to-date and maintained in a high state of readiness for eventual implementation.

Special Import Measures Act (SIMA): The Special Import Measures Act replaces the existing Anti-dumping Act and related countervailing regulations. The administration of the Act and other new legislative features (such as investigative timeframes, enhanced disclosure of information provisions and provision for the negotiation of price and quantity undertakings) will generate new workload which will be felt in the Interpretative Policy Determinations and Appeals sub-activity. During 1984-85, the Department will complete the work related to the development and implementation of the Act including the transition of cases in progress under previous legislation for total estimated expenditures of 34 person-years and $1.6 million.

In 1985-86, this sub-activity will: experience a 20% workload increase in the anti-dumping and countervailing areas during 1985-86 (the first full year following the Act's implementation); have to adjust to longer investigative periods and increased disclosure of information provisions, and, need to implement a more comprehensive approach to import monitoring and to the development of industry studies. Approximately 99 person-years and $4.7 million will be required annually, commencing in 1985-86, to administer this area of activity and absorb the additional workload.

Valuation Provisions: The new Valuation Provisions which have been implemented as of January 1, 1985, represent a basic and extensive change from our present fair market value system. The new agreement will base value for duty on the transaction price between exporter and importer and will emphasize the importer's role in providing information on transaction price and in assessing duty and tax liability. These changes should contribute to improved sensitivity and responsiveness by Customs and Excise towards its clientele and will generally improve the enforcement process. Once implemented, the new Valuation Provisions will affect all operational areas of the Customs Activity. The project will be completed (including the final project evaluation) during 1985-86 at an approximate cost of 6 person-years and $222,764 (see page 15).

Extension of Jurisdiction and Duty Free Shops : Two other initiatives resulting from Government policy changes will also impact on this Activity during 1984-85 and beyond. They are the Extension of Customs and Excise Jurisdiction to the continental shelf and Duty Free Shops. Each initiative will start implementation during 1984-85 and 1985-86. Duty Free Shops will provide an additional service to the public without generating a significant workload increase.

The Customs and Excise Offshore Application Act will require 21 person-years and $713,000 annually to maintain normal operational functions such as entry processing, examination of goods, processing of appeals, etc. Most of these resources will be deployed in Port Operations at the regional offices affected by the Act's administration.

Initiatives Affecting The Customs Activity In 1985-86 And Beyond

EXPO '86: EXPO '86 will take place in Vancouver from May 2, 1986 through October 13, 1986 and will involve over 50 participating countries (see page 15). The exhibitors, concessionnaires and performers from these countries will import (and eventually export) commercial goods which will be used for exhibition purposes. The processing of the imported goods will take place between November 1985 and May 1986 and total expenditures for 1985-86 will amount to 5 person-years and $208,000 (including a full-time official departmental representative which is required for both 1985-86 and 1986-87).

It is estimated that approximately 2 million visitors from other countries will attend EXPO '86 and will need to be processed as they enter in Canada. As well, Customs will need to supervise the exportation of the commercial goods (from October 1986 to December 1986) temporarily imported exempt of duties and taxes for the purpose of EXPO '86. The remaining Customs facilities at the EXPO '86 site will afterwards become a permanent point of entry which will accommodate up to 5 oceanliners at a time.

ALERT: The ALERT project consists of an automated selection process for entries and an on-line interactive information and retrieval system. This selection process will particularly affect the appraisal of importations, thereby ensuring that appropriate duties and taxes are assessed. The information and document retrieval system will facilitate access to information and will assist the Customs Activity in areas such as investigations and audits.

Conditional Release: The Conditional Release system is an on-line system that will select shipments for examination prior to their release from Customs. The system will improve the responsiveness in releasing goods and enhance effectiveness with respect to compliance with legislation. The system will facilitate the operations of the Port Operations and the Regional Appraisal and Adjustment areas.

Harmonized System: The Harmonized System, will result in a classification of goods system used by approximately 150 major trading countries and will describe all goods in international trade. The Harmonized System, based on principles of simplicity, precision and uniformity of application, should foster voluntary compliance, improve the enforcement process and diminish the number of disputes. As a result the whole Customs Activity is expected to benefit from the introduction in January 1987 of the new Harmonized System.

PASS: The Customs Activity will also be affected by the Personal Alarm Security System to be implemented in 1987-88. This system is designed to ensure that an alarm is activated when a Customs officer is in real or potential danger and that appropriate law enforcement agencies are immediately contacted and dispatched to the site. This initiative is under development in the Corporate Administration Activity (see page 40).

C. Corporate Administration

Objective

To provide management direction, planning coordination and central administrative services to the Department.

Resource Summary

The Corporate Administration Activity accounts for approximately 14% of 1985-86 total departmental expenditures and represents 8.4% of the total person-years. These resource expenditures are shown in Figure 18.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Corporate Management	38,574	498	32,209	506	35,348	500
Personnel Administration	13,765	222	11,962	214	10,748	225
Audit and Evaluation	4,542	71	4,429	71	3,824	71
Public Relations	1,572	14	1,494	14	1,358	14
Executive	2,788	51	2,418	51	2,222	54
	61,241	856	52,512	856	53,500	864

Past Financial Performance

Expenditures in 1983-84 were $741,000 or 1% under budget. Fifty-three percent ($390,000) of the total Activity lapse was linked to an underutilization of 18 person-years (2%), mainly caused by incomplete staffing actions. Reduced Customs and Excise services and deferred equipment purchases produced a saving of $235,000. Re-scheduling of planned printing, reduced travel and use of consultants resulted in an additional saving of $116,000.

Description

The Corporate Administration Activity is comprised of the following five sub-activities:

Corporate Management: Departmental management at all levels is provided with the management and control services necessary for the effective administration of resources in support of government-wide and departmental programs and objectives. This area includes 58% of total activity resources.

Personnel Administration: Departmental management at all levels is provided with the personnel services necessary for the effective administration of human resources in support of government-wide and departmental programs and objectives including the application of legislation pertinent to personnel management in the Public Service. This area accounts for approximately 26% of total activity resources.

Audit and Evaluation: Independent and objective audits, evaluation and assessments of the departmental programs and operations to assist in the decision-making process involved in achieving program objectives. This sub-activity includes approximately 8% of total activity resources.

Public Relations: Those affected by Customs and Excise legislation are provided with information to enhance their understanding and knowledge of the laws and of departmental activities and thereby, their ability to comply with the laws administered by the Department. This area accounts for 1.6% of total activity resources.

Executive: This sub-activity includes Legal services, Internal Affairs, the Deputy Minister's Secretariat and a portion of the Minister's office and accounts for approximately 6% of total Activity person-years.

Recent Performance

Management Improvement Plan: Initiated in October 1980, and phasing out on March 31, 1985, this Plan formulates the efforts of Customs and Excise to improve management performance and processes.

In 1983-84 major accomplishments have included the development and implementation of training courses for the whole departmental middle-management cadre; the full implementation of an improved contracting system and the creation of management position profiles for all management positions; the development and promulgation of management selection/recruitment guidelines for the management cadre in Customs and Excise; the continued development and implementation of improved financial information systems; the refinement of internal management reports and the establishment of a program evaluation function which resulted in the completion of program evaluation studies on the Customs Passenger Processing System and the Customs Carrier Declarations System.

Activities scheduled for 1984-85 include the continued implementation and evaluation of an efficiency, effectiveness and responsiveness measurement system and phased national implementation of a total expenditure control system with all phases to be completed by 1985-86.

Many modules of the Departmental Revenue Accounting System (DRAS) have reached the system design alternatives phase and approval has been given for further development and linkage to ALERT.

In 1984-85, 45 person-years and $1.1 million is required for these initiatives. Any residual initiatives which have not been completed by March 31, 1985 will be continued outside the Management Improvement Plan framework and will be absorbed within the Department's ongoing program development and improvement activities.

The impact of the MIP achievements is felt throughout the Department and offers the management tools, processes and systems necessary to entrench improved management practices at all managerial levels.

Departmental Initiatives Affecting The Corporate Administration Activity

While the Corporate Administration Activity's role is to provide the Customs and Excise Activities with the efficient and effective support and services necessary to carry out their respective operations, Corporate Administration is equally involved in the development of major departmental initiatives which will have resource implications in 1985-86 and beyond and/or will impact on the manner in which the Department will meet its program objectives in future years. Among the most important of these initiatives are the Personal Alarm Security System (PASS) and the Affirmative Action Program, each of which is discussed below.

Personal Alarm Security System (PASS): The technical specifications for PASS reflecting operational requirements for personal alarms, voice communication and remote monitoring have been developed. Two pilot systems in Windsor, Ontario and in Dundee-Lacolle, Quebec, will be operational by February 28, 1985 and March 31, 1985 respectively. The evaluation of the two pilot systems should be completed by September 30, 1985.

The parties to the contract have agreed to a ceiling price of $3.1 million subject to downward revisions through the application of a negotiated profit margin and determination of exact quantities, kinds and net costs of equipment installed. During 1984-85, the site surveys and systems engineering activities for all remaining sites in the national implementation will be conducted. The anticipated cost of this endeavor is in the $500,000 range. This preparatory work will provide the necessary information to firm up the cost of the national system.

The 1984-85 forecast expenditures for PASS amount to 4 person-years and $2 million to cover costs associated with system design, manufacturing and installation in Windsor and in the Dundee-Lacolle sector, and for some non-recurring design and engineering costs. The 1985-86 expenditures are estimated at $5.3 million and 6 person-years.

While the development of this initiative is conducted in Corporate Administration, its impact will be felt in the Customs Activity, primarily in the Port Operations sub-activity (see page 37).

Affirmative Actic : In accordance with the Treasury Board policy announced in June 1983, Customs and Excise has recently completed an intensive study of its workforce and employment policies, practices, systems and procedures in preparation for the April 1, 1985 implementation of its Affirmative Action Program.

The Affirmative Action Program, which will merge in 1985-86 with the existing Equal Opportunities Program, will permit the attainment of more equitable levels of employment in each target group and will be in direct support of Cabinet policy to bring about a more balanced, representative and responsive public service. These targets will be part of a 3-year action-plan which has been completed in December 1984. Implementation of this action-plan (starting in 1985-86) will remove or correct systems barriers which have adversely affected the careers of women, handicapped and indigenous employees. Work on the removal of architectural barriers and the identification of required technical aids will continue so as to enhance handicapped people's access to the worksite.

Customs and Excise will continue its efforts to integrate the Affirmative Action Program with other departmental human resource management initiatives currently underway. Among the most important of these initiatives are a management resourcing review, a department-wide career development program and a comprehensive performance review and appraisal process, all of which were developed under the Management Improvement Plan framework.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 19 presents the distribution of expenditures classified by standard object. They include cost reduction initiatives identified for 1985-86 which amount to $8.4 million. While $4.1 million of this amount are reductions associated with person-years and related expenditures in specific areas (see page 6), further cuts totalling $4.3 million were identified in the areas of information, personnel costs and general operating expenditures.

Figure 19: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and Wages	309,169	301,802	283,785
Contributions to employee benefit plans	43,278	39,008	41,828
Other personnel	3,166	2,716	2,651
Transportation and communications	19,956	22,405	17,131
Information	2,024	2,573	2,350
Professional and special services	12,916	15,263	10,006
Rentals	1,478	1,603	4,347
Purchased repair and upkeep	3,684	3,556	3,008
Utilities, materials and supplies	7,405	7,379	6,002
All other expenditures	170	166	227
	403,246	396,471	371,335
Capital			
Construction and acquisition of land, buildings and equipment	4,319	2,275	2,409
Construction and acquisition of machinery and equipment	10,061	7,442	4,603
	14,380	9,717	7,012
Total expenditures	417,626	406,188	378,347

Expenditures for 1985-86 show an overall net increase of $11.4 million (2.8%) over 1984-85. Contributing to this was an increase in operating expenditures of $6.7 million (caused by an increase in personnel costs of $12 million offset by a net decrease in other operating costs of

$5.3 million). Significant operating expenditures are identified as personnel costs, transportation and communications, and professional and special services. Materials and supplies are also of some significance and include expenditures for Department uniforms and other warehouse stock.

Although Customs and Excise is not a heavy user of capital (3.4% of total expenditures), there was a $4.7 million increase in the 1985-86 capital requirements to support approved major projects (such as PASS, SIMA, ALERT, etc.) and other ongoing functions.

2. Personnel Expenditures

Person-year and personnel costs trends are provided in Figures 20 and 21.

Figure 20: Person-Years for the Period from 1980-81 to 1985-86

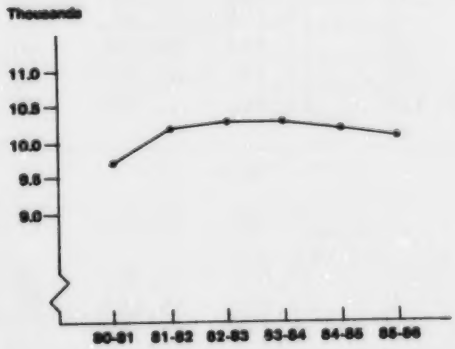
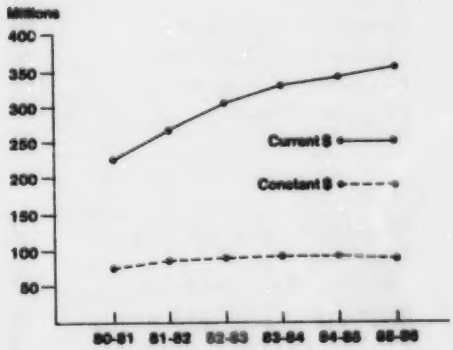


Figure 21: Personnel Cost for the Period from 1980-81 to 1985-86



Approximately 85% of total departmental expenditures are personnel related. In 1984-85, personnel costs will amount to $356 million, an increase of approximately $12 million over the previous year. In constant dollar terms, however, personnel costs have remained relatively stable over the six year time frame.

Between 1980-81 and 1985-86 the departmental person-year level has increased by only 5%. A large proportion of this increase was non-discretionary, in that the Department has assumed increased responsibilities as a result of budgetary provisions affecting the legislation it administers and Government decisions (e.g., appeals system, duty free shops, etc.). Increases have also been necessary for the Department's work in the areas of international agreements and system changes. Over the same period, the Department has received only marginal increases in person-years directly associated with normal growth in workload volumes. The temporary decrease in the person-year level in 1980-81 is attributable to Government austerity measures at that time. As indicated in Figure 20, there has been a net reduction in person-years since 1983-84 (1.6% or 168 person-years). This decrease includes a 105 person-year reduction in 1985-86 which is related

to the November 1984 cost reduction initiatives. The number of person-years and average salary by category is provided in Figure 22.

Figure 22: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	105	106	102	50,530 - 96,300	62,006
Scientific and Professional					
Auditing	562	548	557	27,934 - 68,070	40,729
Other	35	36	34		
Administrative and Foreign Services					
Admin. Services	308	293	298	13,913 - 57,987	34,852
Commerce	78	77	16	15,635 - 60,465	43,930
Computer Systems	94	84	79	18,766 - 61,433	35,140
Financial Services	80	73	70	13,853 - 57,980	40,959
Personnel Admin.	144	142	137	13,330 - 63,870	38,749
Program Admin.	5,144	5,396	5,428	13,912 - 57,987	30,505
Other	71	50	47		
Technical					
Drafting and Illus.	2	2	2	15,557 - 40,310	27,469
Engineering and Scientific Support	7	8	7	14,041 - 50,866	28,305
General Technical	4	4	4	12,635 - 55,682	29,795
Social Science Support	3	3	3	12,635 - 57,764	31,154
Administrative Support					
Clerical	2,364	2,366	2,718	12,932- 31,743	21,148
Other	889	830	545		
Operational					
Gen. Labour and Trades	44	43	41	14,776 - 40,676	20,512
General Services	41	39	37	13,253 - 39,988	21,572
Other	173	156	169		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

Approximately 51% of personnel are in the Program Administration category, reflecting the Department's major role in Customs and Excise tax administration. About 5.5% of personnel (562 person-years in 1985-86) are in the Auditing category and carry out the verification process to ensure the collection of revenue due to the Crown and compliance with other aspects of legislation administered by the Department.

B. Cost Analysis

Figure 23 shows the total program costs by activity. Included under the operating expenditure heading are the Department's operating and capital expenditures. Other costs include the costs of services provided without charge by other departments, but do not include depreciation or accomodation provided without charge by this Department. The non-tax revenues shown consist of revenues from seizures and penalties, from special service charges on Customs operations and from other operations. Figure 24 details the services provided to the Department without charge.

Figure 23: Total Program Cost for 1985-86

		1985-86 Operating Expend-itures	Add Other Costs	Total Cost	Deduct Non-Tax Revenues	1985-86 Total Net Cost	1984-85 Total Net Cost
	P-Y	$	$	$	$	$	$
Excise	1,506	68,461	4,285	72,746	770	71,976	68,824
Customs	7,786	287,924	34,453	322,377	20,210	302,167	293,614
Corporate Administration	856	61,241	7,923	69,164	1,120	68,044	60,513
	10,148	417,626	46,661	464,287	22,100	442,187	422,951

Figure 24: Services provided without charge by other Departments (000)

Description	Estimates 1985-86	1984-85	1983-84
Department of Public Works			
Accommodation	35,880	33,980	33,215
Department of Supply and Services			
Cheque Issue and Other Services	1,074	2,501	2,414
Treasury Board			
Employer's Share of Employee Insurance Premium	6,819	7,901	6,207
Department of Labour	314	288	265
Transport Canada Air Administration			
Accommodation at Various Canadian Airports	2,574	—	—
	46,661	44,670	42,101

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C. Revenue Analysis

Figure 25 presents a breakdown of revenue collected by Customs and Excise for the years 1981-82, 1982-83 and 1983-84. Several factors have a direct impact on the amount of revenue collected in any given year. These include the general level of economic activity, changes in the rate of tax, expansions, restrictions or total withdrawal of exemptions, the imposition of new taxes or refund provisions, the effects of inflation, and the effectiveness of the Department's examination, verification and enforcement operations.

Total gross collections in 1983-84 decreased by $738,398,000 or 4.3% from those made in 1982-83. All of the decreases were in energy-related revenues, the largest being the Petroleum Compensation Charges which decreased by $1,327,644,000 or 36.3%; and Marketable Pipeline Gas and Gas Liquids taxes which decreased by $761,529,000 or 49.2%. These were partially offset by increases in Sales Tax and Import Duties collection of $742,062,000 or 12.0% and $478,349,000 or 14.5%.

Figure 25: Revenue by Class ($000)

	1983-84	1982-83	1981-82
Customs			
Import duties	3,766,575	3,288,226	3,912,168
Sales tax (imports)	1,341,526	1,093,699	1,183,270
Other Excise taxes (imports)	65,248	60,710	59,183
Sundry collections	16,121	13,935	13,339
Total revenue collected by Customs	5,189,470	4,456,570	5,167,960
Excise			
Sales tax	5,573,890	5,079,655	5,260,181
Excise tax on gasoline	470,999	505,073	542,354
Other Excise taxes	663,125	626,322	506,541
Excise duties	1,356,074	1,274,259	1,174,994
Sundry collections	564	273	138
Petroleum compensation charge	2,325,183	3,652,827	4,860,934
Air transportation tax	207,619	198,399	188,629
Marketable pipeline gas and gas liquids Tax	787,693	1,549,222	1,217,249
Telecommunications Programming Services tax	28,236	—	—
Total revenue collected by Excise	11,413,383	12,886,030	13,751,020
Total Headquarters collections	2,976	1,627	2,205
Gross Customs and Excise revenue	16,605,829	17,344,227	18,921,185
Less: refunds, drawbacks, credits	(755,947)	(847,501)	(840,257)
Net revenues	15,849,882	16,496,726	18,080,928

Some of the November 1984 economic measures taken by the Government will affect the amount of revenue collected by the Department for the remainder of 1984-85 and for 1985-86. The areas affected include the Petroleum Compensation Charges, increased by 74% effective November 10, 1984, and the Federal Sales tax increase by 1%, effective October 1, 1984. These two specific measures could respectively bring about $1.8 billion and $1 billion additional revenue in 1985-86. However, a number of tax relief provisions for specific groups (such as primary producers) will offset the net amount of revenue collected for each area. The amount in refunds, drawbacks and credits is difficult to forecast at this time and no accurate revenue forecast can be made until the tax relief programs are put in place (see page 26). Other measures (i.e. the Air Transportation Tax and the Telecommunications Programming Services Tax) will also bring slight increases in revenue in 1985-86.

D. New Activity Structure

As previously mentioned in the Preface and in Section I, the Department is presenting this year's Expenditure Plan in terms of a new activity structure. As such, all tables contained in this document with the exception of Figure 4 (page 8) are expressed in terms of the new structure where applicable. Figure 26 provides a crosswalk between the old and the new activity structures for the years 1983-84 to 1985-86. This should assist the reader in understanding the changes brought by the new structure and allow for a more meaningful comparison with the former structure. The conversion and implementation of the new structure was conducted during 1984-85 in several phases, one of which consisted of an historical conversion of operational and resource data back to 1981-82. This historical conversion has permitted the Department to express 1983-84 performance information in terms of the new structure as well as providing performance targets for 1984-85 and 1985-86.

Figure 26: Comparison between the new and the old Activity Structures in Customs and Excise

		1983-84		1984-85		1985-86	
New Activities	Activities from Old Structure	P.Y.	$000's	P.Y.	$000's	P.Y.	$000's
Excise	1. Compliance Facilitation	322	13,137	310	14,168	316	15,746
	2. Compliance Verification and Enforcement	1,012	39,876	995	40,229	994	41,076
	3. Dispute Settlement	15	250	2	163	15	685
	4. Administration	185	8,190	183	10,668	181	10,954
		1,534	61,453	1,490	65,228	1,506	68,461
Customs	1. Compliance Facilitation	5,211	157,685	5,170	172,664	5,139	175,634
	2. Compliance Verification and Enforcement	1,658	63,029	1,683	62,597	1,635	63,343
	3. Dispute Settlement	237	8,650	272	10,326	234	11,517
	4. Administration	790	34,030	785	35,854	778	37,430
		7,896	263,394	7,910	281,441	7,786	287,924
Corporate Administration	1. Compliance Facilitation	17	5,685	17	1,611	17	1,837
	2. Compliance Verification and Enforcement	9	4	—	—	—	—
	3. Dispute Settlement	9	1	—	—	—	—
	4. Administration	829	47,810	839	50,901	839	59,404
		864	53,500	856	52,512	856	61,241
TOTAL		10,294	378,347	10,256	399,181	10,148	417,626

E. Acts Administered in Whole or in Part by Customs and Excise

Act for carrying into effect a Treaty between Canada and the United States for the suppression of smuggling operations
Aeronautics Act
Animal Disease and Protection Act
Atomic Energy Control Act

Canada Agriculture Products Standards Act
Canada Dairy Products Act
Canada Ports Corporation Act
Canada Post Corporation Act
Canada Shipping Act (Coastal Regulations)
Canada Water Act
Canadian Citizenship Act
Canadian Commercial Corporation Act
Canadian Dairy Commission Act
Canadian Wheat Board Act
Coastal Fisheries Protection Act
Consumer Packaging and Labelling Act
* Convention on International Trade in Endangered Species of Wild Fauna and Flora
Copyright Act
Criminal Code of Canada
Cultural Property Export and Import Act
Customs Act
Customs Tariff

Department of National Revenue Act
Diplomatic and Consular Privileges and Immunities Act

Energy Administration Act
Environmental Contaminants Act
Explosives Act
Excise Act
Excise Tax Act
Export and Import Permits Act

Fish Inspection Act
Fertilizers Act
Fisheries Act
Food and Drug Act
Fruit, Vegetable and Honey Act

Game Export Act

Hazardous Products Act

* This international convention is not an Act of Parliament but is administered pursuant to the Export and Import Permits Act.

Immigration Act
Importation of Intoxicating Liquors Act
Inspection and Sale Act
International Boundary Commission Act

Livestock and Livestock Products Act
Livestock Pedigree Act

Maple Products Industry Act
Meat and Canned Foods Act
Meat Import Act
Meat Inspection Act
Motor Vehicle Safety Act
Motor Vehicle Tire Safety Act

Narcotic Control Act
National Energy Board Act
Nova Scotia Offshore Retail Sales Tax Act

Offshore Application Act

Pest Control Products Act
Plant Quarantine Act
Precious Metals Marking Act
Privileges and Immunities (International Organizations) Act
Privileges and Immunities (NATO)
Public Harbours and Ports Facilities Act

Quarantine Act

Radiation Emitting Devices Act
Radio Act
Railway Act

Seeds Act
Special Import Measures Act
Statistics Act

Textile and Clothing Board Act
Textile Labelling Act
Trade Marks Act
Transport Act

Visiting Forces Act

Revenue Canada
Taxation

1985–86
Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Revenue Canada
Taxation

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates and Volume II of the Public Accounts in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

Where possible, the tables or figures have been revised to reflect the most current data available.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $633,550,000 in support of the Taxation Program. The remaining expenditures, estimated at $79,402,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Taxation		
10	Operating expenditures	619,407	582,935
15	Capital expenditures	14,143	18,313
(S)	Contributions to employee benefit plans	79,402	69,267
	Total Program	712,952	670,515

Votes - Wordings and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Taxation	
10	Taxation - Operating expenditures, contributions and recoverable expenditures on behalf of the Canada Pension Plan and the Unemployment Insurance Act, 1971	619,407,000
15	Taxation - Capital expenditures	14,143,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer payments	Sub-Total	Less: Revenues credited to the Vote	Total	
Returns Processing	8,789	334,582	7,680	...	342,262	...	342,262	323,851
Compliance	9,620	372,379	2,452	...	374,831	...	374,831	348,544
Notices of Objection and Appeals	646	25,455	89	...	25,544	...	25,544	25,645
Administration	808	48,032	3,922	64	52,018	...	52,018	48,326
Less: Revenues credited to the Vote	...	...	...	...	...	81,703	-81,703	-75,851
	19,863	780,448	14,143	64	794,655	81,703	712,952	670,515

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Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appro-priations	**Actual Use**
Budgetary	$	$	**$**
Vote 5 - Operating expenditures, contributions and recoverable expenditures on behalf of the Canada Pension Plan and the Unemployment Insurance Act, 1971	538,017,000	538,509,000	**517,329,000**
Vote 10 - Capital expenditures	15,868,000	17,753,000	**16,446,000**
Statutory - Contributions to employee benefit plans	62,891,000	69,998,000	**69,998,000**
Statutory - Federal Court Awards	-	103,000	**103,000**
Total Program	616,776,000	626,363,000	**603,876,000**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In the current year the Department of National Revenue, Taxation has established the following performance goals:

- to provide an enhanced and expanded level of training for Taxation employees who have regular contact with taxpayers (see page 16).
- to continue to enhance services to taxpayers and to implement new Seasonal Tax Information Clinics in 24 Canadian localities (see page 16).
- to increase the advance rulings service provided to taxpayers (see page 17).
- to improve taxpayer communication facilities (see page 17).
- to increase the level of verification of tax payable by non-residents (see page 17).
- to reduce to more acceptable levels both the number of unpaid taxpayer accounts and the amount of taxes owing (see page 18).

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2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Returns Processing	**342,262**	323,851	18,411	21
Compliance	**374,831**	348,544	26,287	27
Notices of Objection and Appeals	**25,544**	25,645	(101)	36
Administration	**52,018**	48,326	3,692	40
	794,655	746,366	48,289	
Less: Revenues credited to the Vote[1]	**81,703**	75,851	5,852	
	712,952	670,515	42,437	
Authorized person-years	**19,863**	19,338	525	

[1] Amounts recoverable from the Canada Pension Plan account and from Canada Employment and Immigration Commission for administering certain parts of the Canada Pension Plan and the Unemployment Insurance Act, 1971.

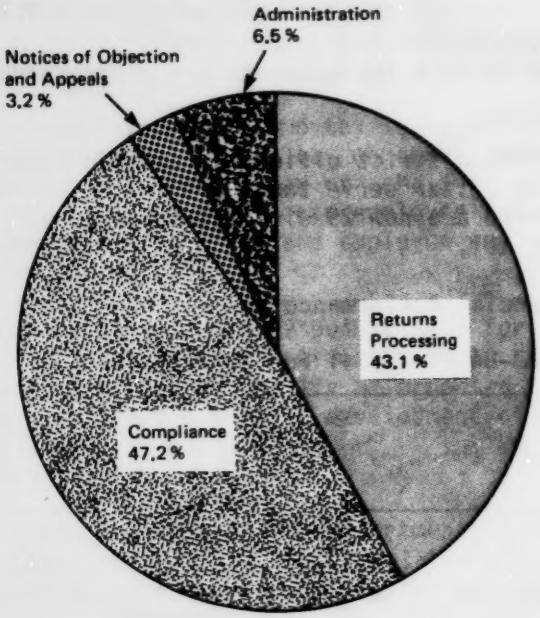
The increase of 525 person-years consists of the following: 320 person-years for the collection of billed taxes, 60 person-years for the training of taxation employees, 30 person-years for non-resident tax verification, 27 person-years for rulings, 25 person-years for audit and 63 person-years for service to taxpayers in other programs based on increases in workload.

The increase in the 1985-86 requirements of $48.3 million over the 1984-85 forecast is comprised of the following major items:

- increases in salaries, employee benefits and other personnel costs amount to $44.6 million;

- increases in postage, travel, professional and special services, data processing, printing expenditures and other operating costs of $7.9 million and a reduction in capital expenditures of $4.2 million for a resulting net increase of $3.7 million.

Figure 2: Expenditures by Activity (Percentage Distribution) 1985-86



B. Recent Performance

1. Highlights

Highlights of Program performance during 1983-84 were:

- The improvement of Taxroll Services was started in 1983-84. Automation of the Taxroll operation will reduce paperburden, and cut down on the requirement for storage space and person-years. This not only benefits the department, but also taxpayers and their representatives (see page 18).

- The computer system upgrade planned for 1983-84 was done as planned. However, the department's data processing capacity had to be further increased to meet the computing needs for the 1984-85 processing program (1984 tax returns). Therefore, the installation of a second processor, which had been planned for 1984-85 was advanced to 1983-84.

- The Cash processing system was improved through use of data entry terminals and direct access data (see page 19).

Some of the highlights of the Program's performance during 1984-85 were:

- Telephone service improvements are progressing as planned (see page 19).

- The Montréal district office was divided into three offices in 1983-84 to better serve taxpayers in the metropolitan Montréal area. There are now 29 district offices and five sub-offices (see page 19).

2. Review of Financial Performance

Figure 3: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Returns Processing	283,295	281,899	1,396
Compliance	317,600	335,654	(18,054)
Notices of Objection and Appeals	21,915	18,801	3,114
Administration	42,668*	42,127*	541
	665,478	678,481	(13,003)
Less: Revenues credited to the Vote	61,705	61,705	-
	603,773*	616,776*	(13,003)
Authorized Person-Years	18,184	18,294	(110)

* Excludes $103,000 for Statutory Federal Court Awards

Explanation of Change: Actual financial requirements were approximately $13 million less than the Main Estimates or 2.2% less than estimated. This included $9.0 million for salaries and $4.0 million for other operating costs.

C. Background

1. Introduction

The Department of National Revenue, Taxation operates one program which is under the direction of a Deputy Minister who reports to the Minister of National Revenue.

The Department administers income tax legislation for the federal government, collects personal income tax on behalf of all provinces except Quebec and corporate income tax on behalf of all provinces except Alberta, Ontario and Quebec and collects employee and employer contributions under the Canada Pension Plan and employee and employer premiums for Unemployment Insurance.

The Department of Finance has responsibility for tax policy and amendments to the Income Tax Act. National Revenue, Taxation provides advice on the administrative feasibility of proposed tax measures and provides a statistical service for the development of tax policy.

2. Legal Mandate

The Department exists by virtue of the Department of National Revenue Act which charges it with the "control, regulation, management and supervision of internal taxes including income taxes and succession duties".

The Minister of National Revenue is the responsible Minister for Part I of the Canada Pension Plan and for Part IV of the Unemployment Insurance Act, 1971.

The Department also administers the Petroleum and Gas Revenue Tax Act as well as International Tax Agreements signed with a large number of countries aimed at promoting the exchange of information between treaty partners, to avoid the double taxation of foreign-earned income by their respective citizens.

The Department collects income taxes for the provinces under agreements entered into by the Minister of Finance with the provincial governments concerned according to provisions of Part III of the Federal-Provincial Fiscal Arrangements Act.

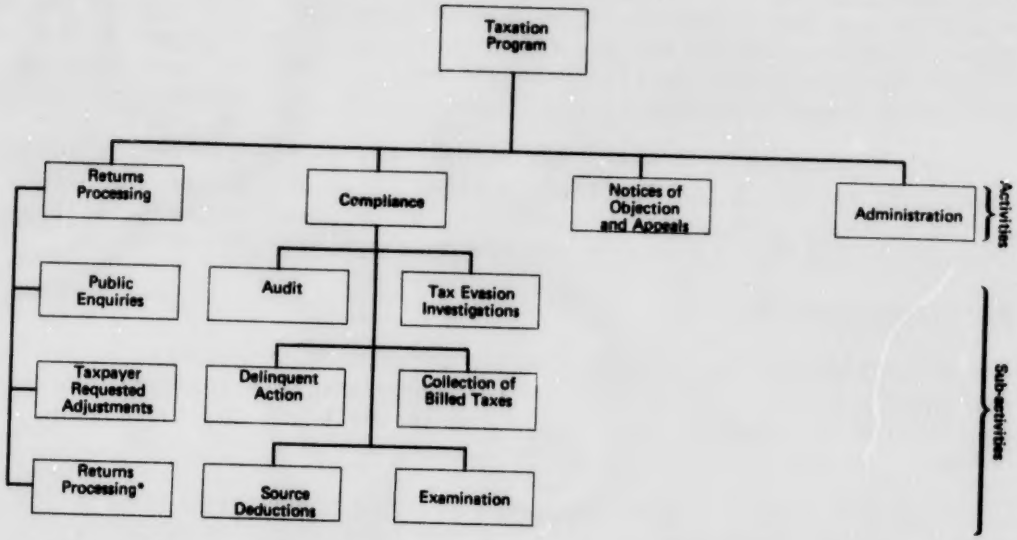
3. Program Objective

The objective of the program is "To administer and enforce the Income Tax Act, various federal and provincial statutes related thereto, including parts of the Canada Pension Plan and the Unemployment Insurance Act, 1971 and various provincial tax credit plans".

4. Program Organization for Delivery

Activity Structure: The four activities of the program are Returns Processing, Compliance, Notices of Objection and Appeals and Administration. For the purposes of internal planning and resourcing, two of the activities are broken out into a number of sub-activities as shown in Figure 4.

Figure 4: Activity Structure



* The term Returns Processing is used to characterize an entire activity as well as one of the sub-activities. The resources included in the sub-activity are used for all the operations which lead to the issuance of an assessment notice as well as all resources associated with electronic data processing in the Department.

Organization Structure: The Department is organized into six broad sectors or branches each reporting to the Deputy Minister.

The Assistant Deputy Minister, Policy and Systems Branch is in charge of directorates which give functional direction to field offices in matters concerning tax assessment, collections and compliance. The Branch also provides central computer services in the form of various data bases and programs which are used by field personnel when recording and assessing returns, maintaining records of collections, monitoring source deductions and answering questions from taxpayers.

The Assistant Deputy Minister, Legislation Branch, supervises directorates which provide tax rulings and interpretation bulletins, register charitable organizations and pension plans and serve as the point of liaison with the provinces and countries with which tax treaties exist.

The Assistant Deputy Minister, Management Services Branch, supervises the personnel, finance, administration and training services of the Department.

Four regional Assistant Deputy Ministers are responsible within designated regions for the application of departmental programs and policies across Canada. This is done by coordinating the activities of the taxation centres, district offices and sub-offices in their respective regions. Seven taxation centres, twenty-nine district offices, and five sub-offices report to the regional Assistant Deputy Ministers.

The Director General, Appeals Branch, establishes policies and guidelines for dealing with notices of objection and appeals submitted by taxpayers who do not agree with their tax assessment. Taxation centres and district offices have an appeals division for the processing of notices of objection. These are under the direction of the Director General of Appeals.

The Executive Direction and Corporate Services Sector coordinates the activities of a number of directorates, including Management Audit which conducts internal audits and evaluations of the effectiveness of departmental programs; Management Controls Directorate which is responsible for management information and statistical services; and Information Services.

The distribution by organization and activity is shown in Figure 5.

Figure 5: 1985-86 Resources by Organization and Activity ($000)

Deputy Minister Taxation

	ADM Policy and Systems	ADM Legislation	ADMs Regions*	ADM Management Services	DG Appeals	Executive Direction and Corporate Services	Activity Totals $	Activity Totals P-Y
Returns Processing	41,315	9,390	241,192	47,568	...	2,797	342,262	8,789
Compliance	10,410	...	352,955	11,266	...	200	374,831	9,620
Notices of Objection and Appeals	...	...	690	85	24,754	15	25,544	646
Administration	9,740	1,467	13,562	15,991	...	11,258	52,018	808
Organisation Totals $	61,465	10,857	608,399	74,910	24,754	14,270	794,655	
Organisation Totals P-Y	929	250	17,127	708	635	214		18,863

* Includes resources in the four regional ADMs' offices, the seven taxation centres, 29 district offices, and five sub-offices with the exception of the Appeals resources.

D. Planning Perspective

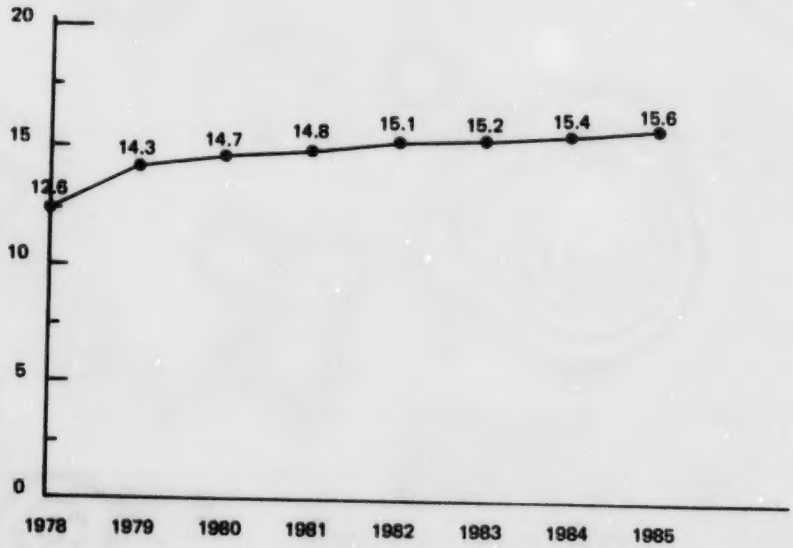
1. Environment

The Department bases its planning on assumptions about the number of tax returns, success in the further application of computer technology and levels of compliance. Changes in tax legislation can and do have a great effect on the Department's operations, but they are rarely known sufficiently far in advance to be effectively brought into the planning framework.

Workload: The best single indicator of the volume of work is the number of tax returns. Increases in the number of returns filed reflect such factors as the growth in population, labour force participation rates, changes in per-capita income, and the introduction of new tax initiatives by the federal and provincial governments.

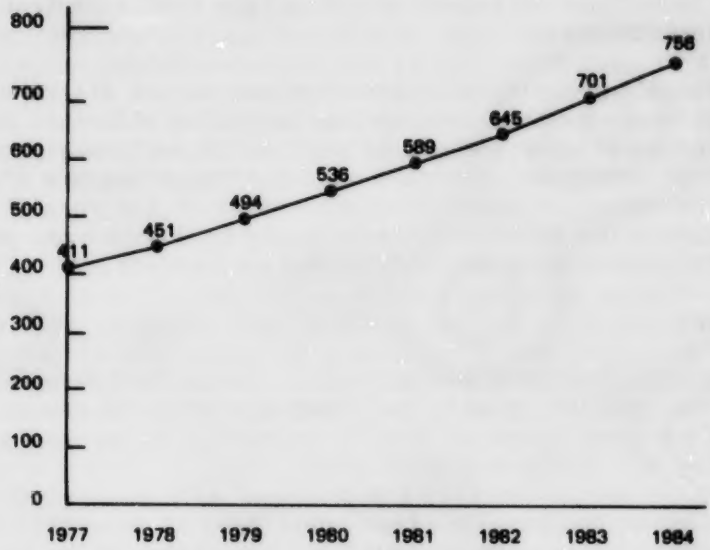
In addition to personal and corporate tax returns, there are many other types of documents which the Department receives and processes. These include returns of trusts, employer remittances, instalment payments by the self-employed and corporations, annual T4 statements of salaries and wages, information slips concerning other types of income and the applications and other documents associated with registered charities. The growth in the number of returns by year is illustrated in Figures 6 and 7.

Figure 6: Millions of Personal Tax Returns Filed by Calendar Year



The substantial increase in 1979 resulted from the introduction of the child tax credit.

Figure 7: Thousands of Corporation Tax Returns Filed by Tax Year



Technology: The Department has a history of success in using computers to process high volume work, to provide quick response to taxpayer enquiries, and to support almost all other facets of its work. Communications technology has been combined with computer technology to link the taxation centres and district offices to data bases at the Ottawa computing centre, which facilitates assessing, collections, source deductions and other operations throughout the country. The expanding use of computers and communications technology has, however, only partially bridged the gap between workload increases and the growth in staff. Since however these technologies continue to improve and to become less expensive, the planning perspective assumes increasing reliance upon them.

Compliance: In support of the self-assessment system, the Department verifies that taxpayers are complying fully with the law. In cases where either income or deductions are claimed that are not in accordance with the law, corrective actions are taken. Compliance activities include the audit of corporations and the self-employed; the audit of employer payrolls to ensure that deductions at source for Income Tax, C.P.P. and U.I. are made and remitted; the detection of those who do not file tax returns but who should; the investigation and prosecution of those who attempt to avoid taxes by fraudent or criminal means; collec-

tion actions taken against those who do not choose to arrange to pay their taxes as finally agreed; the matching of information slips (e.g. T4's) against income received; and post-assessing examination of selected claims for deductions or exemptions of a type that experience has shown are subject to abuse.

Planning for compliance activities concentrates on the distribution of resources to strike a balance between two desirable effects: the encouragement of compliance and the production of additional revenues. The production of additional revenues is a surrogate measure of effectiveness; if the result of compliance activities is the receipt of additional revenues due the Crown, then it may be assumed the department is applying its resources in areas that are appropriate.

2. Initiatives

Expanded Training: In recent years, budget limitations have resulted in concentration on training to meet the immediate needs of new employees, leaving longer term employees to operate primarily on the basis of initial training and on-the-job experience.

More and better training has been identified as essential to improving the quality of tax administration. Immediate action to improve accurate, knowledgeable application of the law was seen as a critical precondition to regaining public confidence in the fair administration of the self-assessment system. The department has accordingly developed a plan to increase the quantity and improve the quality of training offered to its employees.

The training initiatives will concentrate on:

- improving the specialized knowledge of auditors and assessors;
- improving the overall knowledge of employees, especially those with taxpayer contact (e.g. enquiries officers);
- improving employee communication skills.

Enhancement of Taxpayer Services: Seasonal Taxpayer Assistance Centres established as a pilot project during 1984 served over 40,000 taxpayers who might otherwise not have had the opportunity to visit a district office. These services have been so well received that the Department will repeat the program in 1985-86. In addition Seasonal Tax Information Clinics will be set-up in 24 communities for a few weeks during the peak of the filing season to make the Department's services more accessible to a greater number of taxpayers (see page 51).

Advance Rulings: For many years the Department has been providing an advance rulings service to taxpayers wanting to know the likely tax consequences of potential business transactions.

To improve the rulings service in order to encompass a growing volume of more complex requests and to deal with them in a time frame acceptable to the requestors will require, at a minimum, 20 person-years to process relevant corporate rulings, five person-years for non-corporate rulings, as well as two person-years to resume the publication and updating of rulings.

Communications: The Department annually receives over 7 million telephone calls from taxpayers at 570 public enquiry positions located in 29 district offices. It has, to date, competitively acquired and installed a total of 372 automatic call distributor and call sequencer stations replacing rented key sets. As a result, in the 1985-86 Public Enquiries Program, over 75% of the calls received will be served through automated telephone systems explicitly designed to meet the program's service and quality objectives.

The department also prepares 4.3 million letters to taxpayers at 540 keying stations located in the word processing units of seven tax centres and 29 district offices. The department has started a gradual phase-out of electro-mechanical typewriters and replacement by standard micro-electronic equipment in order to accommodate increasing correspondence workload without a corresponding increase in word processing person-years. To date 200 keying stations have been converted, with at least one word processor in each field office. This will result in more timely and high quality written communications with taxpayers.

Increasing the level of verification of tax payable by non-residents: A tax is payable when monies are paid to non-residents. The tax is fairly straight forward when compared to other types of withholding taxes, and the open nature of the Canadian economy makes it desirable to maintain a reasonable verification program.

The non-resident verification program has declined in recent years because of pressure on resources and is at present allocated about 19 person-years; in 1983-84, verification yielded $16 million in additional taxes utilizing 13 person-years.

An increase of 30 person-years for fiscal 1985-86 is based on the results of an audit of selected financial institutions, which indicated that 30 more person-years would be required to secure an acceptable level of compliance.

Reducing Unpaid Taxes: The value of accounts receivable has grown dramatically over the past five years, increasing from $1.25 billion to $3.15 billion as of April 1984. A number of factors, including general economic conditions, changing public attitudes, limited departmental resources and an interest rate on overdue taxes appreciably lower than the cost of money from other sources, have contributed to the growing problem.

The number of outstanding accounts has risen from approximately 927,000 in 1981 to close to 1,100,000 in 1984. Furthermore, the Department has introduced a new policy of directly contacting taxpayers prior to initiating any garnishment or legal proceeding. These factors increase resource requirements in 1985-86 and subsequent years.

The Department has received 320 additional person-years to reduce the $3.15 billion accounts receivable outstanding at April 1, 1984 ($3.5 billion at October 31, 1984). It is expected that, with these additional person-years, approximately $400 million additional will be collected based on 1983-84 experience.

3. Update on Previously Reported Initiatives

Improvement of Taxroll Services: The gradual conversion of taxpayer information to a computerized form for rapid storage and retrieval is now being implemented across Canada. The system now makes available on computer terminals essential income, deductions and exemptions data from personal tax returns. This has substantially reduced the requirement to draw and refile taxpayer returns, thereby making it possible to respond to taxpayer enquiries more quickly. The Department has also begun to implement a system of numeric filing of returns in selected taxation centres and district offices that will eventually eliminate the need for manual sorting when filing returns.

When the Taxroll system is fully automated in 1987-88, it is anticipated that these measures will have increased productivity by reducing person-year needs by 300, and will have produced significant savings in travel and accommodation costs while at the same time producing dramatic reductions in the turnaround time between receipt of a taxpayer enquiry and its resolution.

Appeals: Appeals divisions have been established at the Shawinigan-Sud, Sudbury, Surrey and Winnipeg Taxation Centres to process simpler objections. This initiative has enabled the Department to resolve that type of objection more quickly, thereby greatly improving the service to those taxpayers.

Upgrade of Taxation Cashiering System: In 1983-84 the Department undertook to review and improve its cash processing system in order to reduce the time required for depositing cheques. Although initial plans called for the purchase of special cashiering equipment, a feasibility study resulted in a decision to use data entry terminals and direct access data to improve the system. A pilot project in the Ottawa and Sudbury Taxation Centres is underway, with implementation in all Taxation Centres planned by the end of 1986-87.

Improved Telephone and Telecommunications Services: The telephone enquiry service, which now receives over 7 million enquiries annually, is a major departmental operation. In 1981 the toll-free long-distance service was converted from the Zenith to the "800" or direct dial service, resulting in substantial savings. Telephone queuing which allows enquiry officers to take calls in the sequence received is now being used in many district offices, as a result of tests showing that it enables offices to handle more calls. Phone installations in all offices have been reconfigured to secure an optimum balance between lines, extensions and special features, and savings are being achieved in these areas as well.

A departmental study has determined that purchasing rather than renting telephone equipment could result in further savings. Interconnect trials in several district offices have been very successful to date, and new equipment purchases offer features which enable these offices to provide improved service both internally and to the public.

Non-voice office communication systems, such as telex equipment and word processing equipment have also been modernized and upgraded in order to expand capacity and reduce costs.

New Offices: In 1983-84 the Montréal District Office was divided into three separate offices in order to provide better service to taxpayers in the metropolitan region. Saint-Hubert and Laval were chosen as sites for the two additional district offices which made the Department more accessible to taxpayers by reducing travel distance and eliminating problems of access to downtown Montréal. In addition to increased taxpayer service, these new offices have enabled the Department to achieve greater uniformity in the structure of district offices in terms of size, manageability and efficiency.

Enhanced Level of Service for Taxpayers: In 1983-84 and 1984-85 the Department undertook a number of organizational and service initiatives aimed at providing an enhanced level of service to taxpayers. The initiatives included an automated taxroll service, implementation of a more efficient telephone system, the opening of new offices in growing population centres, as well as seasonal tax assistance centres to meet taxpayer information needs more promptly during peak periods.

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4. Program Effectiveness

The ultimate measure of program effectiveness would be the extent of compliance with legislation administered by Taxation. Full compliance would be realized where all taxpayers reported income from all sources, claimed precisely those exemptions and deductions to which they were legally entitled, no more and no less, and paid their tax liabilities in full.

The difference between full compliance and what the Department is able to assess and collect is commonly known as the tax-gap. In spite of periodic attempts to translate the concept into useable terms, measurement has proven elusive. The measurement of program outputs (see Analysis by Activity Section) has accordingly been used as a proxy for program effectiveness measurement.

In addition, the department's program evaluation function does involve a deeper periodic examination of the effectiveness of individual components of the Taxation program. Two evaluations completed in the last year are: Revenue Program and Basic Files Program. The findings and conclusions of these evaluation studies are reported under their respective activities in Section II, Analysis by Activity (For Returns Processing see page 26 and for Compliance, page 31).

Program evaluation work is now in progress on the following components: Special Investigations, Taxpayer Requested Adjustments and Income Tax Appeals.

Section II
Analysis by Activity

A. Returns Processing

Objective

The objective of the Returns Processing activity is to foster self-assessment by the taxpayer.

Resource Summary

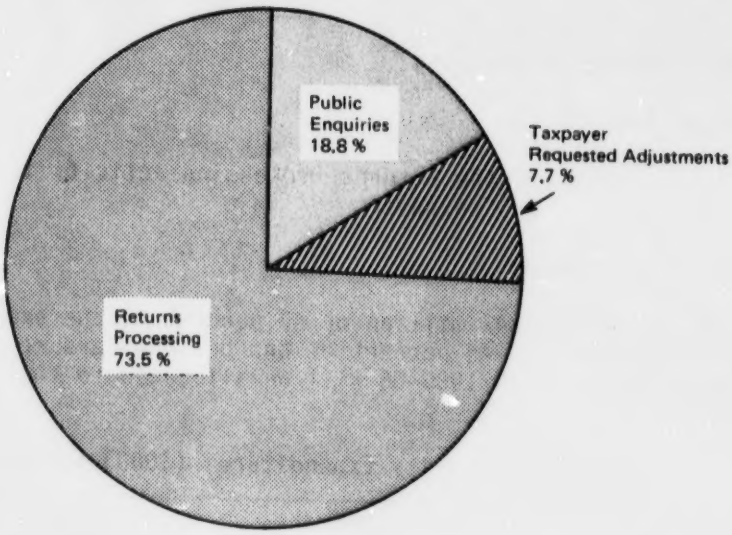
Approximately $342 million or 43 percent of the expenditures and 8,789 person-years, or 44 percent of the person-years required for tax administration in 1985-86 will be allocated to the Returns Processing activity.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Public Enquiries	64,283	1,505	47,704	1,475	38,428	1,238
Taxpayer Requested Adjustments	26,247	866	22,635	799	17,410	648
Returns Processing	251,732	6,418	253,512	6,496	227,457	6,302
	342,262	8,789	323,851	8,770	283,295	8,188

For 1985-86, the cost of returns processing amounts to $342.3 million. Personnel costs account for 75.3%, printing and postage for 13.2% and other operating costs for 11.5%.

Figure 9: Returns Processing Expenditures by Sub-Activity (Percentage Distribution) 1985-86



Past Financial Performance

Figure 10: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	**$**	**P-Y**
Public Enquiries	38,428	1,238	40,355	1,316	**(1,927)**	**(78)**
Taxpayer Requested Adjustments	17,410	648	17,515	646	**(105)**	**2**
Returns Processing	227,457	6,302	224,029	5,926	**3,428**	**376**
	283,295	8,188	281,899	7,888	**1,396**	**300**

Returns Processing activity financial requirements were $1.4 million higher than originally estimated which is the net result of the use of 300 person-years over plan for $7.8 million in salaries and employee benefit plans and a lapse of $6.4 million in other operating costs mainly for postage, data processing rentals and printing. The 1983-84 Main Estimates were developed using the 1982-83 Operating Budget. This forecast was insufficient to handle the 1983-84 Returns Processing program. Internal adjustments to other programs were made to fund this deficiency.

Description

This activity consists of the following sub-activities.

Public Enquiries: The Department receives a very large number of enquiries of varying complexity, ranging from taxpayers requesting information about the status of an expected refund to an explanation of the applicability of some deduction or exemption to an advance ruling as to the tax consequences of a proposed corporate reorganization.

Public enquiries may be made by telephone in the district offices where a no-charge, long-distance service is available to taxpayers; by appearing in-person at a district office; or by correspondence, generally directed to a taxation centre.

The Department has assigned a very high priority to answering enquiries in the belief that ready taxpayer access to information facilitates the self-assessment process. Nonetheless, the quality of this service, in terms of the promptness of its delivery, must remain a matter of judgment in the light of available resources.

Taxpayer Requested Adjustments: A taxpayer may submit additional documents concerning a return recently filed and awaiting assessment. Or, a taxpayer may request, on the basis of new documentation, that an already assessed return be re-opened as long as not more than three years have elapsed since the original assessment. The processing of these adjustments is accorded a very high priority in terms of resource allocation.

Returns Processing: This encompasses the receipt of returns in taxation centres; the information encoding and correction of returns for apparent errors; the transmission of data to the computing centre; the assessing of the return; the issuance of an assessment notice, usually with either a refund or a demand for payment; the recording and banking of all payments received from taxpayers; and the filing of returns in Taxroll.

Performance Information/Resource Justification

Public Enquiries: Figure 11 below includes for 1985-86 additional person-years dedicated to the enhancement of services to taxpayers. More telephone calls will be answered and the number of lost calls will be reduced, meaning that the first time response rate will be improved. Also, in 1984-85, a pilot project involving Seasonal Taxpayer Assistance Centres in selected Canadian cities increased the capacity to answer in-person enquiries. That project will be continued in 1985-86 together with a new pilot project involving Seasonal Tax Information Clinics in

24 locations. The Department intends to increase overall quality and staff productivity in the handling of enquiries. Centralized district office enquiry units, with advanced communications hardware, are being established to direct calls to the appropriate sources of expertise. Person-years shown in Figure 11 are those strictly devoted to the handling of public enquiries. Other person-years supporting the sub-activity, such as those involved in initiating information releases to the public, or providing rulings and interpretations, are not included in Figure 11.

Figure 11: Public Enquiries by Type and Associated Person-Years

	Telephone (000)	Counter (000)	Correspondence (000)	Total (000)	Person-Years Associated with Workload	Enquiries Handled per Person-Year
1981-82 Actual	6,276	1,121	151	7,548	731	10,326
1982-83 Actual	6,465	1,128	138	7,731	759	10,186
1983-84 Actual	7,140	1,139	139	8,418	759	11,091
1984-85 Forecast	5,879	1,125	144	7,148	837	8,540
1985-86 Estimates	6,006	1,153	148	7,307	855	8,546

Taxpayer Requested Adjustments: Person-years shown in Figure 12 are those devoted solely to the handling of taxpayer requested adjustments, which have been increasing in complexity over the years. Also associated with the sub-activity are person-years involved in adjusting information returns; these are not included in Figure 12.

In 1983-84 the late passage of legislation delayed issuance of assessments. This allowed the Department to process a significant number of T1 taxpayer requested adjustments as part of the original assessment. As a result, taxpayer requested adjustments for T1 returns for 1983-84 show a decline, which was unique to the situation and not evidence of any downward trend.

Additional person-years to avoid backlogs and provide more prompt responses to taxpayer requested adjustments have been provided for in 1984-85.

Figure 12: Taxpayer Requested Adjustments by Type and Associated Person-Years

	T1 Individual Returns Adjustments (000)	T2 Corporation Returns Adjustments (000)	T3 Trust Returns Adjustments (000)	Total Adjustments (000)	Person-Years Associated With Workload	Adjustments Per Person-Year
1981-82 Actual	825	88	6	919	656	1,401
1982-83 Actual	923	122	7	1,052	602	1,748
1983-84 Actual	842	148	11	1,001	605	1,655
1984-85 Forecast	953	182	10	1,145	687	1,667
1985-86 Estimates	973	197	11	1,181	707	1,670

Returns Processing: Results are measured by the number of tax returns processed per person-year. The production rate varies over time because of the change in complexity of the average return.

Figure 13 shows the number of notices of assessment issued for returns processed in each fiscal year. From January to March 1983 (fiscal year 1982-83) issuing of notices was delayed in anticipation of the passage of legislation incorporating tax changes from two previous budgets. In these months the usual processing of workload continued, utilizing the normal person-year allocation, except for sending out the notices of assessment as they could not legally be issued until the new provisions of the Income Tax Act took effect on March 30, 1983.

Figure 13: Returns Processed by Type and Aggregate Person-Years Associated with the Sub-Activity

	T1 Individual Returns Processed (000)	T2 Corporation Returns Processed (000)	T3 Trust Returns Processed (000)	Special Returns and Approvals Processed (000)	Total Returns Processed (000)	Aggregate Person-Years for the Sub-activity	Returns Processed Per Person-Year
1981-82 Actual	14,765	589	238	96	15,688	6,073	2,583
1982-83 Actual	13,048	641	315	117	14,121	6,101	2,315
1983-84 Actual	17,834	700	319	121	18,974	6,302	3,011
1984-85 Forecast	16,012	756	344	178	17,290	6,496	2,662
1985-86 Estimates	16,354	826	432	192	17,804	6,418	2,774

Program evaluation study: A program evaluation study of Revenue Programs, a key component of the Returns Processing sub-activity, was completed in 1983-84. This concerns the processing of revenue collected by the department, the maintenance of control accounts to facilitate payments to other jurisdictions, setting interest policy within the guidelines of the Income Tax Act and providing timely, accurate and useful information to taxpayers concerning their accounts.

The evaluation study focused on the procedures for handling and allocating payments to taxpayer accounts. The study found that the majority of individual taxpayers do not submit their payments with the required remittance form and the proper allocation noted on the form. Moreover, while the majority of corporations use the required remittance form, the information pertaining to the allocation of payment is often incorrect. The study concluded that the majority of misapplied payments, with the resultant enquiries and delays, were caused by a lack of, or incomplete, information provided by taxpayers and, to a much smaller degree, by internal procedures.

In response to the findings and conclusions of this study, the department will issue a pamphlet with the receipts forwarded to taxpayers emphasizing the importance of including a remittance form with each payment and explaining how to complete it. Also, internal procedures are to be reviewed.

B. Compliance

Objective

The objective of the Compliance activity is to enhance taxpayer compliance with the law.

Resource Summary

Approximately $375 million or 47 percent of the expenditures and 9,620 person-years, or 49 percent of the person-years required for tax administration in 1985-86 will be allocated to the Compliance activity.

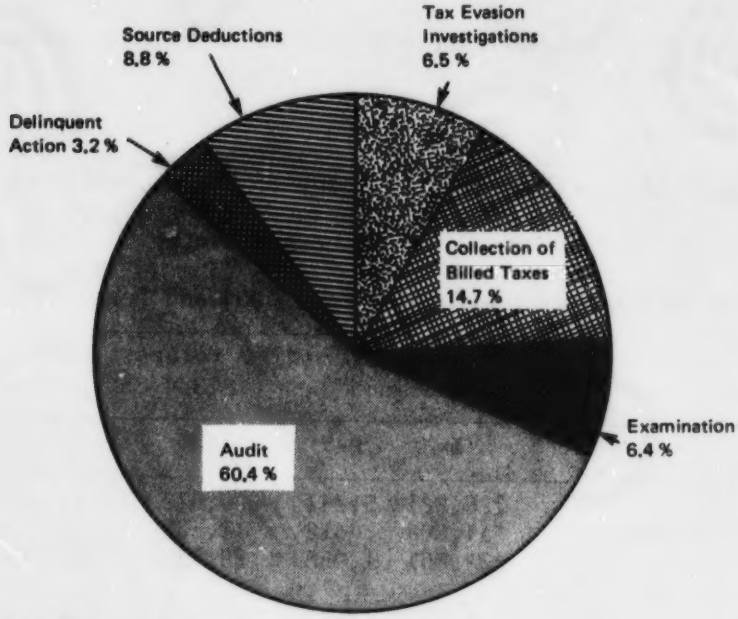
Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Audit	226,221	5,241	220,672	5,298	204,058	5,095
Delinquent Action	11,898	412	11,632	398	10,883	394
Source Deductions	32,861	1,056	29,779	953	27,482	911
Tax Evasion Investigations	24,659	523	23,940	524	22,867	533
Collection of Billed Taxes	54,946	1,694	43,287	1,374	35,509	1,162
Examination	24,246	694	19,234	587	16,801	569
	374,831	9,620	348,544	9,134	317,600	8,664

For 1985-86, the cost of Compliance amounts to $374.8 million. Personnel costs account for 89.5% of this amount and other operating costs for 10.5%.

An increase of 486 person-years over the 1984-85 Forecast consists of 320 for Collection of Billed Taxes and a net 166 person-years in other compliance sub-activities including verification of tax payable by non-residents.

Figure 15: Compliance Expenditures by Sub-Activity (Percentage Distribution) 1985-86



Past Financial Performance

Figure 16: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Audit	204,058	5,095	215,710	5,409	(11,652)	(314)
Delinquent Action	10,883	394	11,948	421	(1,065)	(27)
Source Deductions	27,482	911	29,702	986	(2,220)	(75)
Tax Evasion Investigations	22,867	533	24,893	574	(2,026)	(41)
Collection of Billed Taxes	35,509	1,162	30,396	1,028	5,113	134
Examination	16,801	569	23,005	732	(6,204)	(163)
	317,600	8,664	335,654	9,150	(18,054)	(486)

Compliance activity financial requirements were $18 million lower than originally estimated because Compliance resources were reduced internally in order to meet the requirements of service programs such as returns processing (300 person-years) and appeals (101 person-years).

Description

This Compliance activity consists of the following six sub-activities.

Audit: The Audit sub-activity is concerned with the detection of non-compliance among taxpayers whose income is from sources other than salaries and wages. This includes corporations and self-employed individuals, such as unincorporated businesses, professionals, farmers, and fishermen. Auditors are supported in this work by other officers with special knowledge of particular industries (oil, steel, etc.) and by specialists such as real estate appraisers and equity evaluators. The fundamental purpose of audit and all the other compliance sub-activities is to encourage future voluntary compliance. The additional tax revenues that result from audit operations are very much in excess of the cost of the audit effort.

Delinquent Action: Every individual is required to file a return for every year for which there is tax payable, and every corporation is required to file a return every year whether or not there is tax payable. Accordingly, the objective of the staff engaged in this effort is to identify those who fail to comply and to secure the appropriate returns and tax from them. Where a person has filed in the past, computer records are available to identify delinquents. In addition a variety of projects are carried out to identify those who have not filed in the past. Failure to file a return carries a range of penalties, which help to bring on to the taxrolls many who would otherwise pay no tax.

Source Deductions: The largest source of revenue is the money deducted at source from employees by their employers and remitted each month to cover Income Tax, Unemployment Insurance premiums and Canada Pension Plan contributions. Audits of employer payrolls are conducted in cases of suspected delinquency and, where necessary, followed by penalties and, in extreme cases, by prosecution. Service audits are also conducted to reconcile differences between remittances actually made and the year-end reports of employers of total deductions shown on T4s. Audits are also conducted of payments to non-residents where source deductions were required.

Tax Evasion Investigations: The main purpose of this endeavour is to discourage evasion by investigating and prosecuting flagrant cases of tax cheating. All but the smallest of the district offices have a Special Investigations Section responsible for the investigation of attempts to escape tax by fraudulent means, e.g., the making of false statements in a return, the making of false entries in books and records, and the destruction or hiding of records. A number of these cases are brought to prosecution each year. In other cases, the Department

only imposes a gross negligence penalty. In some cases the investigation fails to provide sufficient evidence of fraud for either penalty or prosecution. Upon summary conviction, the Court may impose a fine of not less than 25 percent and not more than 200 percent of the tax that was sought to be evaded and in addition a term of imprisonment of not more than two years. Proceeding by indictment is sometimes used, and in these cases the accused is, in addition to any penalty otherwise provided, liable upon conviction to imprisonment for as much as five years and not less than two months.

Collection of Billed Taxes: Most taxpayers pay their taxes promptly, but a small but significant percentage do not. Collection action becomes necessary in cases of unpaid balances on filing and unremitted source deductions and because some taxpayers, particularly those whose income is not subject to adequate source deductions, may persistently fail to pay what they owe. Initial action on these accounts takes the form of computer generated reminders. When this action does not produce the desired result, the accounts are referred to the district offices for direct action. Attempts are made to arrange the payment of back taxes consistent with the taxpayer's financial circumstances and with the necessity to keep payments on current-year taxes up to date. Should the taxpayer persist in the delinquency and has not made satisfactory arrangements with the Department to discharge his indebtedness, the Department is enpowered as a last resort to garnishee income, bank deposits or payments due from third parties. In extreme circumstances, seldom exercised, the department may seize and sell a taxpayer's assets.

Examination: This sub-activity comprises three operations: office examination, matching and post-assessing.

Office examination: This consists of a post assessment review and possible reassessment of tax returns within district offices where the necessary contacts with the taxpayer can be made by telephone, letter or office interview. The taxpayers are typically those in receipt of income from selling, investments and rentals.

Matching: This consists of the verification of income reported by taxpayers against information slips received from payors, for example, T4 slips from employers and T5 slips from banking institutions.

Post-assessing: This consists of the scrutiny of certain claims for deductions or exemptions, accepted without question at initial assessing in order to expedite the flow of returns. Examination of these claims requires either comparison with prior year returns or obtaining from the taxpayer additional supporting documents as well as the application of a wider knowledge of the legislation than would be practical at the initial assessing stage. Post-assessing also includes the validation of a portion of claims for provincial tax credits.

Performance Information/Resource Justification

Audit:

Figure 17: Files Audited, Additional Taxes Assessed and Associated Person-Years

	Individuals			Corporations			
	Files Audited	Additional Tax Assessed ($000)	Associated Person-Years	Files Audited	Additional Tax Assessed ($000)	Associated Person-Years	Additional Total Tax Assessed ($000)
1981-82 Actual	29,036	153,925	1,067	17,428	530,156	1,255	684,081
1982-83 Actual	26,966	182,965	1,052	17,916	645,983	1,294	828,948
1983-84 Actual	23,612	166,029	857	18,460	760,896	1,423	926,925

Program evaluation study: In addition to the above statistics, a program evaluation study of the Basic File Program was completed. As a principal component of the Audit sub-activity, this program concerns the development of procedures and policies and the provision of resources for the audit of tax returns and books and records of corporations whose gross income is $12 million or greater. The study focused on the performance of this program over the three-year period ending March 31, 1982. The study recognized that the immediate tax impact of this program compares favourably to the Department's overall compliance activities. In addition, there is also a future tax impact arising from these audits. However, the study also concluded that some improvement could be made in gathering the audit results in order to increase the level of precision of the cost/benefit data. On April 1, 1984, the Department implemented its new Audit Results Information System (ARIS).

Currently, the Department has underway a six-month project to analyse the results of the Audit sub-activity using this new Audit Results Information System.

Essentially the new system allows the Department to quantify the various elements of the audit adjustments such as timing adjustments that merely shift income from one taxation year to another, offsetting adjustments that are requested by a taxpayer and reduce the tax reassessment resulting from an audit, and those adjustments that do not produce any tax recovery in the current year because of the various provisions of the Income Tax Act permitting deferrals, reserves, etc... The system also segregates tax adjustments such as Part XIII Non-resident tax from income adjustments.

Delinquent Action:

Figure 18: Returns Obtained through Delinquent Action with Associated Person-Years and Productivity

	Returns Obtained from Late-Filers	Returns Obtained from Non-Filers	Total Returns Obtained	Associated Person-Years[1]	Returns Obtained per Person-Year
1981-82 Actual	160,441	8,988	169,429	382	444
1982-83 Actual	167,925	7,179	175,104	384	456
1983-84 Actual	208,559	13,568	222,127	374	594

[1] Excludes person-years not strictly devoted to obtaining returns from delinquent taxpayers, such as the person-years concerned with other compliance activities related to late-filers.

Source Deductions:

Figure 19: Payroll and Non-Resident Files Audited Showing Additional Taxes Assessed and Person-Years Utilized

	Payroll Audits				Non-Resident Audits			
	Files Audited	Additional Tax Assessed ($000)	Additional Tax Assessed per File Audited	Associated Person-Years	Files Audited	Additional Tax Assessed ($000)	Additional Tax Assessed per File Audited	Associated Person-Years
1981-82 Actual	57,567	134,286	2,333	248	2,678	10,228	3,819	17
1982-83 Actual	63,989	179,930	2,812	258	2,328	10,989	4,720	16
1983-84 Actual	60,780	168,425	2,771	254	2,166	16,009	7,392	13

Tax Evasion Investigations:

Figure 20: Special Investigations Cases and Associated Person-Years

	Cases Investigated				
	Ending at the Preliminary Investigation Stage	Resulting in Prose-cutions	Resulting in Other Settle-ments	Total Cases	Associated Person-Years
1981-82 Actual	410	157	92	659	573
1982-83 Actual	432	158	85	675	571
1983-84 Actual	381	186	70	637	533

Figure 21: Results of Special Investigations

	Tax Changes ($000)	Penalties ($000)	Fines ($000)	Total ($000)	Court Imposed Jail Sentences
1981-82 Actual	23,569	3,892	2,234	29,695	4
1982-83 Actual	26,103	4,591	3,117	33,811	5
1983-84 Actual	27,930	5,044	3,844	36,818	6

Resources have been assigned sufficient to undertake about 150 to 200 prosecutions a year. Great care is taken in selecting cases for prosecution to limit the possibility of unjust prosecutions while ensuring that flagrant attempts to circumvent the law are being vigourously pursued.

Collection of Billed Taxes:

Figure 22: Number of Accounts Receivable and Outstanding Balances at Fiscal Year End (March 31st) [1]

	Number of Accounts (000)	Outstanding Balance ($ millions)
1981-82 Actual	1,007	2,340
1982-83 Actual	1,011	2,675
1983-84 Actual	1,086	3,150

[1] Excludes Uncollectible Accounts

Until recently the collections sub-activity has been assigned resources in accordance with a departmental policy to, at least, stabilize the amount owing by keeping both the number and dollar amount of outstanding accounts from increasing. However, over the past few years a number of factors, not the least of which has been the state of economy, have combined to make tax collections more difficult than usual. As a result, the Treasury Board has approved additional resources to enable the Department to make a special effort over the next three years to reduce the growing inventory of unpaid taxes.

Figure 23: Annual Intake and Closing of Accounts and Associated Person-Years

	Annual Intake		Annual Closings			
	Number	Amount ($000)	Number	Amount ($000)	Associated Person-Years	Closings per Person-Year
1981-82 Actual	482,498	2,014,673	422,124	1,523,120	970	435
1982-83 Actual	414,992	2,592,582	369,443	2,112,502	1,098	336
1983-84 Actual	292,348	2,719,199	295,395	2,318,796	1,182	250
1984-85 Forecast	311,000	3,977,000	316,800	2,800,000	1,354	234
1985-86 Estimates	349,000	3,500,000	370,000	4,000,000	1,694	218

Examination: Program result are measured by the number of returns reviewed and additional taxes assessed in each of the three areas: Office Examination, Matching and Post-Assessing. Person-years shown in Figures 24, 25 and 26 are those strictly devoted to the particular operation. Additional person-years provide support activities such as file retrieval.

Figure 24: Returns Examined, Additional Taxes Assessed and Person-Years Utilized

Fiscal Year	Returns Reviewed	Additional Tax Assessed ($000)	Additional Tax Assessed per Return	Associated Person-Years
1981-82 Actual	39,225	45,461	1,159	376
1982-83 Actual	50,840	54,075	1,064	399
1983-84 Actual	36,646	38,525	1,051	346

Figure 25: Returns Matched, Additional Taxes Assessed and Person-Years Utilized

	Returns Reviewed	Additional Tax Assessed ($000)	Additional Tax Assessed per Return	Associated Person-Years
1981-82 Actual	118,490	19,195	162	58
1982-83 Actual	234,829	28,592	122	45
1983-84 Actual	182,404	31,251	173	42

Figure 26: Returns Post-Assessed, Additional Taxes Assessed and Person-Years Utilized

	Returns Reviewed	Additional Tax Assessed ($000)	Additional Tax Assessed per Return Reviewed	Associated Person-Years
1981-82 Actual	176,705	21,778	123	144
1982-83 Actual	224,991	31,879	142	148
1983-84 Actual	147,088	27,044	184	98

C. Notices of Objection and Appeals

Objective

The objective of the Notices of Objection and Appeals activity is to provide the taxpayer with a means of redress.

Resource Summary

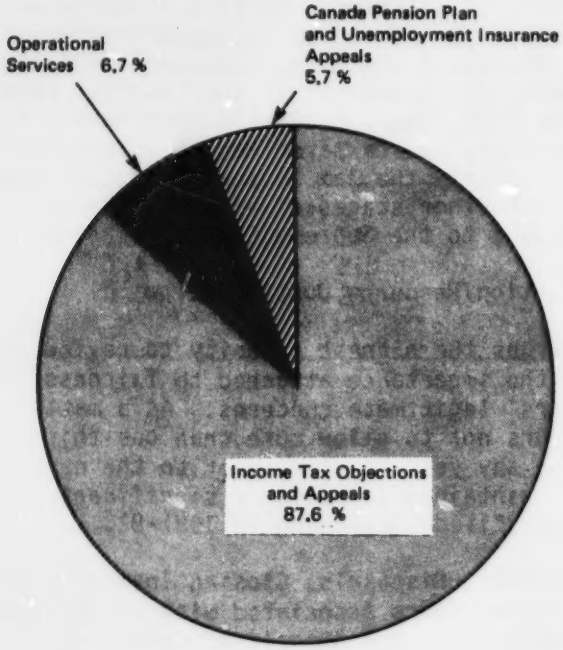
Approximately $26 million or 3 percent of the expenditures and 646 person-years, or 3 percent of the person-years required for tax administration in 1985-86 will be allocated to the Notices of Objection and Appeals activity.

Figure 27: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Income tax objections and appeals	**22,382**	**584**	22,438	586	19,323	537
Canada Pension Plan and Unemployment Insurance Appeals	**1,457**	**40**	1,513	39	1,412	39
Operational Services	**1,705**	**22**	1,694	21	1,180	18
	25,544	**646**	25,645	646	21,915	594

For 1985-86, the costs of Notices of Objection and Appeals amount to $25.6 million. Personnel costs account for 96.9% of this amount.

Figure 28: Notices of Objection and Appeals Expenditures by Sub-Activity (Percentage Distribution) 1985-86



Past Financial Performance

Figure 29: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		**Change**	
	$	P-Y	$	P-Y	**$**	**P-Y**
Income tax objection and appeals	19,323	537	16,565	447	**2,758**	**90**
Canada Pension Plan and Unemployment Insurance Appeals	1,412	39	788	25	**624**	**14**
Operational Services	1,180	18	1,448	21	**(268)**	**(3)**
	21,915	594	18,801	493	**3,114**	**101**

Notices of Objection and Appeals activity financial requirements were $3.1 million higher than expected because of an increase in the objections and appeals from the number originally estimated.

Description

A taxpayer who objects to an assessment has 90 days from the date of mailing of the notice of assessment to file a Notice of Objection. The notice of objection is considered by an appeals division in a taxation centre or a district office where the assessment is re-examined in the light of the taxpayer's arguments. If the taxpayer remains unsatisfied with the outcome at this stage, or if 180 days have elapsed since filing the notice of objection, the taxpayer may file an appeal with the Tax Court of Canada, (formerly the Tax Review Board), a tribunal independent of the Department. Further stages of appeal are possible to the Federal Court and, with leave, to the Supreme Court of Canada.

Performance Information/Resource Justification

The Department assigns the highest priority to review of taxpayer objections, because of the importance attached to fairness and equity in satisfying taxpayers' legitimate concerns. As a matter of policy, the Department endeavours not to allow more than one-third the number of objections filed in any year to carry-over to the next. This policy has been successfully maintained in spite of significant increases in the number of objections filed, beginning in 1981-82.

Figure 30: Intake, Disposals, Closing Inventory and Person-Years Associated with Income Tax Objections and Appeals Activity [1]

	Intake	Dis-posals[2]	Closing Inventory	Associated Person-Years: D.O.'s and T.C.'s	Associated Person-Years: Head Office	Associated Person-Years: Total	Disposals per D.O. and T.C. Person-year
1981-82 Actual	33,270	29,555	13,381	366.0	28.1	394.1	80.7
1982-83 Actual	45,350	42,452	16,279	433.9	29.2	463.1	97.8
1983-84 Actual	57,417	54,089	19,607	494.0	31.3	525.3	109.4
1984-85 Forecast	41,000	46,940	13,667	537.2	33.0	570.2	87.4
1985-86 Estimates	44,000	43,000	14,667	580.3	35.0	615.3	74.1

1 Does not include Petroleum and Gas Revenue Tax Objections and Appeals.
2 Includes 22 disposals by Head Office in 1981-82, five in 1982-83 and 45 in 1983-84.

Additional data on the number of appeals that were heard at later stages are presented below.

Figure 31: Number of Appeals Heard in Court, by Level of Court

	Tax Court of Canada	Federal Court - Trial Division	Federal Court of Appeal	Supreme Court of Canada
1981-82 Actual	1,259	249	44	...
1982-83 Actual	1,415	210	27	2
1983-84 Actual	1,347	240	49	3

D. Administration

Objective

The Administration activity encompasses the direction and support necessary to administer the law uniformly and economically.

Resource Summary

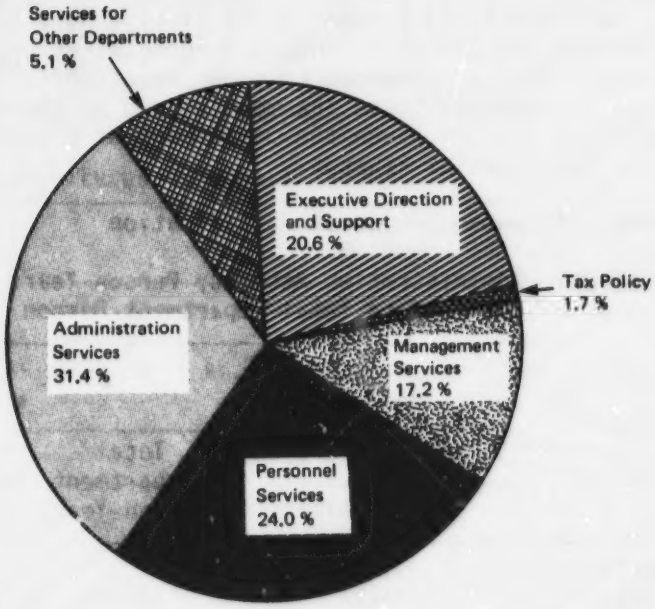
Approximately $52 million or 7 percent of the expenditures and 808 person-years, or 4 percent of the person-years required for tax administration in 1985-86 will be allocated to the Administration activity.

Figure 32: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive Direction and Support	10,709	105	9,526	94	8,835	71
Tax Policy	884	16	611	16	928	17
Management Services	8,966	159	7,058	139	6,167	133
Personnel Services	12,463	185	11,694	190	7,842	165
Administration Services	16,359	270	17,465	292	16,674	287
Services for other Departments	2,637	73	1,972	57	2,222	65
	52,018	808	48,326	788	42,668	738

For 1985-86, the costs of Administration amount to $52.0 million. Personnel costs account for 56.2% of this amount. Professional and special services 15.1%. Transportation and Communications 14.4%. Others 14.3%.

Figure 33: Administration Expenditures by Sub-Activity (Percentage Distribution) 1985-86



Past Financial Performance

Figure 34: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Execution Direction and Support	8,835	71	8,349	91	**486**	**(20)**
Tax Policy	928	17	790	18	**138**	**(1)**
Management Services	6,167	133	6,877	127	**(710)**	**6**
Personnel Services	7,842	165	11,363	203	**(3,521)**	**(38)**
Administration Services	16,674	287	12,782	263	**3,892**	**24**
Services for other Departments	2,222	65	1,966	61	**256**	**4**
	42,668	738	42,127	763	**541**	**(25)**

Description

This activity provides the central direction of the Department as well as a wide range of central support and control services that are not allocated to the other activities. These central services include financial management, management audit, including program evaluation, staff relations and official languages administration. This activity also includes services provided to other departments such as the maintenance of computer-based tax models used by the Department of Finance and the support given the Department of Customs and Excise in relation to Gasoline Tax Rebates.

Performance Information/Resource Justification

Figure 35: Administration Activity Person-Years Compared to Total Department Person-Years

	Administration Activity Person-Years	Total Department Person-Years	Percentage of Administration Activity Person-Years to Total Department Person-Years
1981-82 Actual	788	17,879	4.41
1982-83 Actual	758	18,039	4.20
1983-84 Actual	738	18,184	4.06
1984-85 Forecast	788	19,338	4.07
1985-86 Estimates	808	19,863	4.07

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Taxation Program expenditures by object are presented in Figure 36.

Figure 36: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	567,162	532,825	474,069
Contributions to Employee Benefit Plans	79,402	69,267	69,998
Other Personnel Costs	860	770	132
	647,424	602,862	544,199
Goods and Services			
Travel	20,344	17,142	14,081
Postage	22,319	25,026	19,558
Telephone and Telegraph	15,771	14,144	13,011
Other Transportation and Communications	3,942	4,766	2,924
Information	1,247	1,294	1,904
Printing	26,371	23,318	19,901
Professional and Special Services	17,553	16,014	15,106
Data Processing	10,850	10,803	9,018
Other Rentals	1,724	2,017	1,245
Purchased Repair and Upkeep	5,626	3,546	3,015
Other Utilities, Materials and Supplies	7,267	7,051	4,996
All Other Expenditures	10	12	29
	133,024	125,133	104,788
Total operating	780,448	727,995	648,987*
Capital			
Construction and Acquisition of Land, Buildings and Works	1,000	1,000	220
Construction and Acquisition of Machinery and Equipment	13,143	17,313	16,226
Transfer payments	64	58	45
Less: Revenues Credited to the Vote	81,703	75,851	61,705
Total expenditures	712,952	670,515	603,773

* Excludes $103,000 for statutory Federal Court awards.

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Personnel costs will increase by about $44 million and the purchase of goods and services by $8 million. A $4 million decrease on the acquisition of machinery and equipment and a $6 million increase in revenues credited to the vote will require net additional expenditures of approximately $42 million or roughly six percent more than last year.

2. Personnel Expenditures

Taxation Program's personnel costs of $647.6 million, an increase of about $44 million over the previous year, account for 81.5% of total departmental expenditures. Information on person-years is provided in Figures 37 and 38.

Figure 37: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Returns Processing	**8,789**	8,770	8,189
Compliance	**9,620**	9,134	8,663
Notices of Objection and Appeals	**646**	646	594
Administration	**808**	788	738
	19,863	19,338	18,184

Figure 38: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	132	110	111	50,530 - 96,300	64,191
Temporary Complement	40	...	...	50,530 - 96,300	64,191
Scientific and Professional					
Auditing	2,438	2,359	2,495	27,934 - 68,070	43,221
Economics, Sociology and Statistics	38	35	33	14,570 - 65,080	42,765
Education	19	17	4	13,609 - 68,070	35,578
Library Science	4	1	5	19,782 - 50,712	33,301
Administrative and Foreign Service					
Administrative Services	602	687	611	13,912 - 57,987	35,062
Computer Systems Administration	392	376	339	18,766 - 61,433	36,410
Financial Administration	32	32	31	13,853 - 57,980	39,888
Information Services	18	17	19	13,579 - 57,980	41,690
Organization and Methods	29	42	33	13,520 - 57,980	41,885
Personnel Administration	180	166	179	13,330 - 63,870	37,289
Programme Administration	6,031	5,540	5,203	13,912 - 57,987	32,047
Purchasing and Supply	13	8	11	12,766 - 57,980	35,998
Technical					
Drafting and Illustration	8	14	9	15,557 - 40,310	25,935
General Technical	18	35	22	12,635 - 55,682	34,434
Social Science Support	182	180	195	12,635 - 57,764	38,695
Administrative Support					
Communications	8	16	13	15,364 - 31,824	19,089
Data Processing	815	857	796	13,352 - 37,130	18,393
Clerical and Regulatory	7,715	7,650	7,014	12,932 - 31,743	19,737
Office Equipment	111	54	78	12,665 - 25,271	17,885
Secretarial, Stenographic and Typing	810	910	779	12,636 - 31,946	18,613
Operational					
General Labour and Trades	20	18	13	14,776 - 40,676	20,299
General Services	203	208	206	13,253 - 39,988	20,712
Printing Operations	5	6	5	15,340 - 39,895	25,774

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Taxation capital expenditures total $14.1 million. An amount of $3.7 million will cover general replacement costs, capital for new person-years and dedicated funds. Mini and micro-computers, micrographics equipment and word processors cost $6.0 million, other computer hardware and software total $.7 million, and office communications equipment for the improved telephone and telecommunications project amount to $2.7 million. A further $1.0 million is required for the acquisition of property for the purpose of securing billed taxes.

4. Transfer Payments

Figure 39: Contributions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Inter-American Centre of Tax Administrators	**53,000**	48,000	36,000
Commonwealth Association of Tax Administrators	**11,200**	10,000	9,000
	64,200	58,000	45,000

5. Program Cost Analysis

Figure 40 shows the total cost of each of the activities of the Program. Other costs of $94.1 million include services provided without charge such as the cost of accommodation provided by the Department of Public Works for $78.2 million, the cost of employee insurance premiums and health insurance plans for $13.3 million, and other miscellaneous services provided free by other government departments for $2.5 million as detailed in Figure 41. Revenue of $90.9 million, described in Figure 43, includes revenues credited to the vote for $81.7 million, and receipts credited to revenue for $9.2 million.

Figure 40: Total Program Cost ($000) and Person-Years

	1985-86						1984-85
		Expen-ditures	Add: Other Costs[1]	Total Program Costs	Less: Revenue[2]	Net Costs	Net Costs
	P-Y	$	$	$	$	$	$
Returns Processing	8,789	342,262	...	342,262	...	342,262	323,851
Compliance	9,620	374,831	...	374,831	...	374,831	348,544
Notices of Objection and Appeals	646	25,544	...	25,544	...	25,544	25,645
Administration	808	52,018	...	52,018	...	52,018	48,326
Add: Other Costs[1]	...	...	94,100	94,100	...	94,100	98,276
Less: Revenue[2]	...	...	...	...	90,919	90,919	84,621
	19,863	794,655	94,100	888,755	90,919	797,836	760,021

[1] See Figure 41

[2] See Figure 43

Figure 41: Services provided without charge by other Departments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Department of Public Works Accommodation	78,210	74,332	69,821
Department of Supply and Services Services Administration	2,212	9,089	9,141
Treasury Board Employer's share of employee insurance premiums, and costs of the Group Surgical-Medical Insurance Plan and the Provincial Health Insurance plans	13,348	14,554	11,192
Department of Labour Employee Compensation Payments	330	303	278
	94,100	98,278	90,432

B. Revenue Analysis

Figure 42: Net Revenues collected and allocated ($000)

	Net Collections 1983-84	Net Collections 1982-83	Net Collections 1981-82
Source of Revenue			
Individual Tax, Canada Pension Plan Contributions and Unemployment Insurance Premiums			
Employer Remittances	40,773,345	37,594,938	35,277,891
Direct Payments	9,320,212	8,668,821	6,720,445
Total Individual Tax	50,093,557	46,263,759	41,998,336
Corporation Tax	7,963,878	7,593,675	9,316,780
Petroleum and Gas Revenue Tax	1,943,831	1,856,857	810,783
Resource Royalties Tax	162,290	103,432	53,575
Non-Resident Tax	908,322	998,002	1,018,103
Miscellaneous	124,404	130,741	119,213
Total Revenues[1]	61,196,282	56,946,466	53,316,790
Allocation of Net Revenues Collected			
Federal Income Tax	37,392,099	36,558,217	34,165,569
Provincial Income Tax[2]	12,622,880	11,902,953	10,981,932
Canada Pension Plan Contributions[3]	3,715,934	3,446,363	3,281,872
Unemployment Insurance Premiums[3]	7,465,369	5,038,933	4,887,417

[1]Does not include Revenues credited to the Vote (see Figure 43) nor Receipts credited to revenue (see Figure 44).
[2]Allocated from Tax Collections of Individuals and Corporations.
[3]Allocated from Tax Collections of Individuals.

Figure 43: Revenues Credited to the Vote ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canada Pension Plan	52,561	48,211	37,110
Unemployment Insurance	28,874	27,640	24,595
Statistics Canada (Census)	268	...	...
	81,703	75,851	61,705

Figure 44: Receipts Credited to Revenue (Non-Tax Revenue) ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Services and Service Fees			
Property Tax Agreement Fees	4,784	4,368	4,318
Advance Income Tax Ruling Fees	615	600	557
Other Services	260	260	269
Other Non-Tax Revenue			
Fines and Forfeitures	3,037	3,037	3,313
Sundry	520	505	588
	9,216	8,770	9,045

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C. Acts Administered in Whole or in Part by Revenue Canada, Taxation

- Canada Pension Plan
- Federal Provincial Fiscal Arrangements Act
- Income Tax Act
- Petroleum and Gas Revenue Tax Act
- Unemployment Insurance Act, 1971

D. Provincial Tax Incentives Administered by Revenue Canada, Taxation (does not include Foreign Tax Credits, Surtaxes or Tax Reductions)

1. **Political Contribution Tax Credits for Individuals and Corporations**
   Nova Scotia Political Contribution Tax Credit for Individuals and Corporations
   New Brunswick Political Contribution Tax Credit for Individuals and Corporations
   Ontario Political Contribution Tax Credit for Individuals
   Manitoba Political Contribution Tax Credit for Individuals and Corporations
   Alberta Political Contribution Tax Credit for Individuals
   British Columbia Political Contribution Tax Credit for Individuals and Corporations
   Yukon Political Contribution Tax Credit for Individuals and Corporations

2. **Property Tax Credits for Individuals**
   Ontario Tax Credits
   Manitoba Tax Credits
   Alberta Renters Assistance Credit

3. **Royalty Tax Rebates and Credits for Individuals and Corporations**
   Manitoba Mineral Tax Rebate for Individuals
   Saskatchewan Royalty Tax Rebate for Individuals and Corporations
   Alberta Royalty Tax Rebate for Individuals
   Alberta Royalty Tax Credit for Individuals
   British Columbia Royalty and Deemed Income Rebate for Individuals and Corporations

4. **Miscellaneous Tax Credits for Individuals and Corporations**
   Nova Scotia Research and Development Tax Credit for Corporations
   Manitoba Manufacturing Investment Tax Credit for Individuals and Corporations
   Saskatchewan Livestock Investment Tax Credit for Individuals and Corporations
   Saskatchewan Venture Capital Tax Credit for Individuals and Corporations
   British Columbia Housing and Employment Development Bond Tax Credit for Individuals and Corporations
   British Columbia Logging Tax Credits for Individuals and Corporations
   Yukon Manufacturing and Processing Profits Tax Credit for Corporations

E. Revenue Canada, Taxation Offices

Taxation Centres	District Offices	Sub-Offices	Seasonal Tax Assistance Centres	Seasonal Tax Information Clinics
Atlantic Region (Regional Office: Halifax)				
St. John's, Nfld.	St. John's, Nfld.		Cornerbrook, Nfld.	
	Charlottetown, P.E.I.			
	Halifax, N.S.			
	Sydney, N.S.			
	Saint John, N.B.	Bathurst, N.B.	Moncton, N.B.	Fredericton, N.B. Edmunston, N.B.
Quebec Region (Regional Office: Montréal)				
Jonquière	Québec	Chicoutimi Rimouski Trois-Rivières		Thetford-Mines Sept-Îles Rivière-du-Loup Baie-Comeau
	Sherbrooke			Granby Drummondville
	Rouyn			
Shawinigan-Sud	Montréal Laval Saint-Hubert			
Ontario Region (Regional Office: London)				
Ottawa	Ottawa			Cornwall
	Toronto		Barrie Pickering Mississauga	
Sudbury	Belleville	Kingston	Peterborough	
	Hamilton			Oakville Brantford
	Kitchener			
	St. Catharines			

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	London		St. Thomas Woodstock Sarnia Chatham
	Windsor		
	Sudbury	Sault-Ste-Marie	North Bay
	Thunder Bay		
Western Region (Regional Office: Calgary)			
Winnipeg, Man.	Winnipeg, Man.		Brandon, Man.
	Regina, Sask.		Moose Jaw, Sask.
	Saskatoon, Sask.		Prince Albert, Sask.
	Calgary, Alta.	Lethbridge, Alta.	Red Deer, Alta.
	Edmonton, Alta.		Fort McMurray, Alt. Yellowknife, N.W.T.
Surrey, B.C.	Penticton, B.C.	Kelowna, B.C. Kamloops, B.C.	
	Vancouver, B.C.	Prince George, B.C.	Whitehorse, Y.T.
	Victoria, B.C.		Namaimo, B.C.

Royal Canadian Mounted Police

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Royal Canadian Mounted Police

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is comprised of three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $686,970,000 in support of the 1985-86 Law Enforcement Program of the Royal Canadian Mounted Police. The remaining expenditures, estimated at $141,320,000 for contributions to benefit plans of Members of the Force and other employees will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Royal Canadian Mounted Police Law Enforcement Program		
30	Operating Expenditures	596,929	648,421
35	Capital Expenditures	90,041	82,987
(S)	Pensions and Other Employee Benefits - Members of the Force	127,575	128,778
(S)	Contributions to Employee Benefit Plans	13,745	13,588
	Total Program	828,290	873,774

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-86 Main Estimates
	Royal Canadian Mounted Police Law Enforcement Program	
30	Law Enforcement - Operating expenditures, the grants listed in the Estimates contributions, and authority to spend revenue during the year	**596,929,000**
35	Law Enforcement - Capital expenditure	**90,041,000**

Program by Activities

(thousands of dollars)	1985-86 Main Estimates Authorized person-years	Budgetary Operating	Capital	Transfer Payments	Sub-Total	Less: Revenues Credited to the Vote	Total	1984-85 Main Estimates
Enforcement of Federal Statutes and Executive Orders	4,796	255,919	12,052	.....	265,971	12,281	253,688	[illegible]
Canadian Police Services	1,555	84,056	16,989	508	101,553	1,121	100,432	[illegible]
Police Services Under Contract	9,914	499,504	52,611	.....	552,115	370,116	181,999	[illegible]
Administration	1,112	161,858	8,389	604	170,851	.....	170,851	[illegible]
Pensions and other Employee Benefits*	.....	111,693	.....	29,627	141,320	.....	141,320	[illegible]
	19,377	**1,111,030**	**90,041**	**30,739**	**1,231,810**	**403,520**	**828,290**	**871,774**

* For the purpose of the Part III, the expenditures in this activity have been allocated to the other four activities. (See Figure 1, page 8).

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Section I
Program Overview

A. Highlights

The R.C.M.P. plans to continue during 1985-86 its emphasis on:

- improving systems and procedures for protecting diplomats and others from acts of terrorism (see pages 16, 18);
- accommodating a projected increase in illicit drug activity commensurate with acquired resources with emphasis on targetting major illicit drug financiers and traffickers at national and international levels (see pages 16, 18, 29, 31);
- focusing on detection and prosecution of organized groups who aid and abet illegal immigration (see pages 17, 18);
- concentrating Commercial Crime resources on significant economic crimes which are national and international in scope (see pages 17, 18);
- emphasizing detection and enforcement of violations of laws controlling exports of certain strategic goods and unauthorized transfers of technology (see page 18)
- sharpening the focus of criminal intelligence collection, improving analysis and coordination of enforcement effort directed at major organized crime groups (see page 17);
- developing and implementing additional program initiatives in the area of general crime prevention and service to victims of crime (see pages 18, 19);
- Developing the capability to accommodate enforcement obligations established under the Canadian Security Intelligence Service Act and refining relationships with C.S.I.S. and other police forces to enforce laws and exchange intelligence on matters of national security.
- seeking additional means and methods to counter enterprise crime offences (see page 16);
- continuing development of information systems and data analysis to maximize productivity and use of resources (see pages 17, 19);
- maintaining current levels of Canadian Police Services to the national law enforcement community (see page 33);

- continuing to respond to requirements imposed by Canada's new Access to Information and Privacy legislation (see pages 35, 39);

- investigating a projected Criminal Code caseload of approximately 630,000 cases (see page 40);

- place emphasis on policing methods which involve crime prevention initiatives and increased attention to the victims of crime, particularily in family violence and spousal assault situations (see page 40)

B. Financial Summary by Activity

Funding requirements for the Law Enforcement Program for both the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86			Forecast 1984-85		
Activity	Total Expenditures	Receipts Credited to Vote	**Total Net Expenditures**	Total Net Expenditures	Change	For Details See Page
Enforcement of Federal Statutes and Exec. Orders	302,463	32,283	**270,180**	347,761	(77,581)	24
Canadian Police Services	113,409	1,121	**112,288**	88,858	23,430	33
Police Services Under Contract	623,359	370,116	**253,243**	245,630	7,613	40
Administration	192,579		**192,579**	167,675	24,904	48
	1,231,810	403,520	**828,290**	849,924	(21,634)	
Person-Years	19,377			20,998		

Explanation of Change: The financial requirements for 1985-86 are $21.6 million or 2.6% less than the 1984-85 forecast expenditures. The change is primarily due to program reductions associated with separation of C.S.I.S. from the RCMP Law Enforcement Program. In addition, vote-netted expenditures were reduced by a $17.5 million increase in revenue. These reductions were offset by an increase in salary, pension, capital and other operating requirements.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of November, 1984) is $23.8 million or 2.8% less than the 1984-85 Main Estimates of $873.8 million (Extracts from Part II of the Estimates, page 4). The variance of $23.8 million is attributable to person-year savings and reductions of $17.5 million as well as $12.2 million associated with restraint, lower inflation and deferment of some capital expenditures. These savings were offset by a $5.9 million reduction in revenue which was associated with the lower utilization of person-years in some of the policing contracts.

Explanation of Estimates to Estimates Change: The financial requirements for 1985-86 are $45.5 million less than 1984-85 estimates. This 5.2% reduction is the combined impact of the two explanations noted above. A significant portion of the reduction was due to C.S.I.S. separation while the balance can be attributed to program savings through restraint and other factors.

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C. Background

1. Introduction

The RCMP is the primary federal law enforcement agency responsible for the enforcement of a broad range of federal statutes and the investigation of suspected national security offences (see Section III for a listing of major Acts). Other federal departments have statutory responsibility to administer legislation such as the Income Tax, Customs and Excise Acts and frequently call upon the RCMP to assist in matters requiring police investigations.

Under the authority of federal-provincial policing agreements, the RCMP provides provincial police services to the territories and all provinces except Ontario and Quebec. In addition, municipal police services are provided to some 190 municipalities in the Atlantic, Prairie and Pacific regions. As provincial and municipal police, the RCMP enforces the Criminal Code, Provincial Statutes, and certain municipal by-laws, as well as meeting federal enforcement requirements. This dual role provides the basis for cost sharing arrangements.

A 1966 Federal/Provincial Administrative Agreement on Organized Crime tasked the Force as a co-ordinating body for the collection, analysis and dissemination of criminal intelligence. This agreement created a new role for the Force and provided the framework for investigations and operations directed at combatting organized crime in Canada. Field Intelligence Sections are strategically located across Canada. Special emphasis is placed on entrenched organized crime (including income tax investigations related to organized crime).

In 1966, a further Federal/Provincial Administrative Agreement on Financial Disclosure and Securities Regulations was approved. This Agreement tasked the Force to establish investigative units to enforce the laws relative to securities offences. Investigative Sections were established in every province to deal with securities crimes, fraudulent bankruptcies, commercial crime and frauds against the Government of Canada. The RCMP was also tasked to establish and operate a repository for securities fraud information.

Since 1949, the RCMP has represented Canada in Interpol and operates Canada's National Central Bureau which links with 135 countries in a system for communicating criminal information likely to assist in preventing and suppressing crime. The National Central Bureau links the world police network with Canada's police forces and law enforcement agencies.

The RCMP offers a variety of specialized services to the Canadian police community. Through operation of Canadian Police Services Activity, the Force provides the police community with a computerized criminal information repository, forensic laboratory services, fingerprint and other identification services as well as specialized police training.

Security consulting and evaluation services relating to physical security of buildings, electronic data processing systems and electronic intrusion devices are provided to the Federal Government and facilities designated as vital points under the auspices of Emergency Planning Canada. The Force also provides personal and residential protection to Canadian and foreign dignitaries, embassies, consulates and trade missions. A Bomb Data Centre is maintained to serve the Canadian police community.

2. Legal Mandate

The origin of the Force dates back to 1873 and its present day role is based on authority and responsibility assigned under the Royal Canadian Mounted Police Act. This Act establishes the RCMP as a federal police force, provides the legislative basis for operation of the Force and authorizes the Solicitor General to enter into policing agreements with provincial and municipal governments. The 1966 Federal/Provincial Attorneys General Conferences on Organized Crime, and Financial Disclosure and Securities Regulations extended this mandate to cover investigation of organized and certain white collar crime. In addition, a substantial number of agreements with other federal departments have been developed to further articulate enforcement responsibilities.

3. Program Objective

The objective of the Law Enforcement Program is "to enforce laws, prevent crime, and maintain peace, order and security".

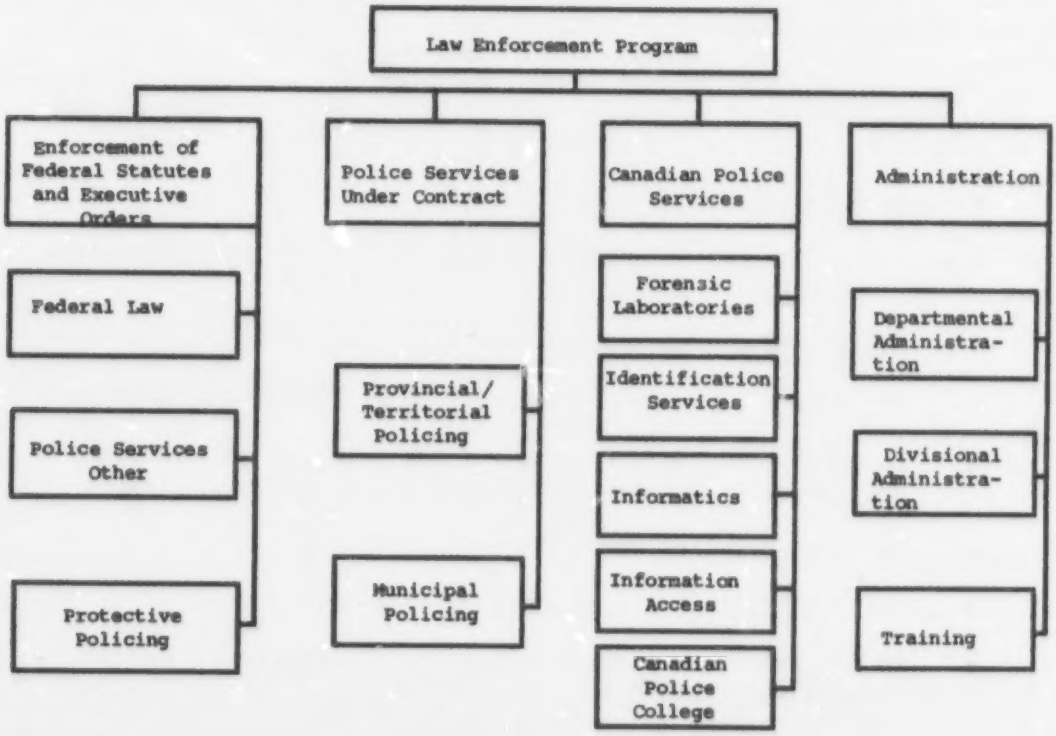
The Program has six sub-objectives:

- to prevent and detect offences against federal statutes;
- to prevent and detect crime and maintain law and order in the provinces, territories and municipalities under contract;
- to improve police/community relations;
- to investigate national security offences;
- to provide investigative and protective services to other federal departments and agencies; and
- to assist, upon request, all Canadian law enforcement agencies by providing specialized police training, forensic laboratory and identification and information services.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 2, the Law Enforcement Program is divided into four activities, each comprised of several sub-activities. The primary task of enforcing laws, preventing crime and maintaining peace, order and security are delivered through two activities, Enforcement of Federal Statutes and Executive Orders, and Police Services Under Contract. Canadian Police Services provide specialized police training, forensic laboratory, identification and information services. Administration provides support systems and services which include recruiting and in-service training.

Figure 2: Activity Structure



Organization Structure: Authority and accountability for execution of requirements of the RCMP Act rests with the Commissioner, supported by Deputy Commissioners and divisional Commanding Officers. The Commissioner reports to the Solicitor General of Canada, who in turn is responsible to the Parliament of Canada. As shown in Figure 3, there are 13 operational divisions. These divisions are sub-divided into 48 sub-divisions and 716 detachments. The remaining three divisions are "HQ", "Depot" and "N" Divisions. "HQ" Division, Ottawa, provides administration and financial services in support of the corporate roles of the Commissioner, Deputy Commissioners and policy directorates. "Depot" Division at Regina, Saskatchewan, is the Academy for training RCMP recruits. "N" Division Ottawa services the Canadian Police College, Musical Ride and Band.

Figure 3: RCMP Divisions

Figure 4 provides details on the Program's organizational structure.

Figure 4: Organization Structure

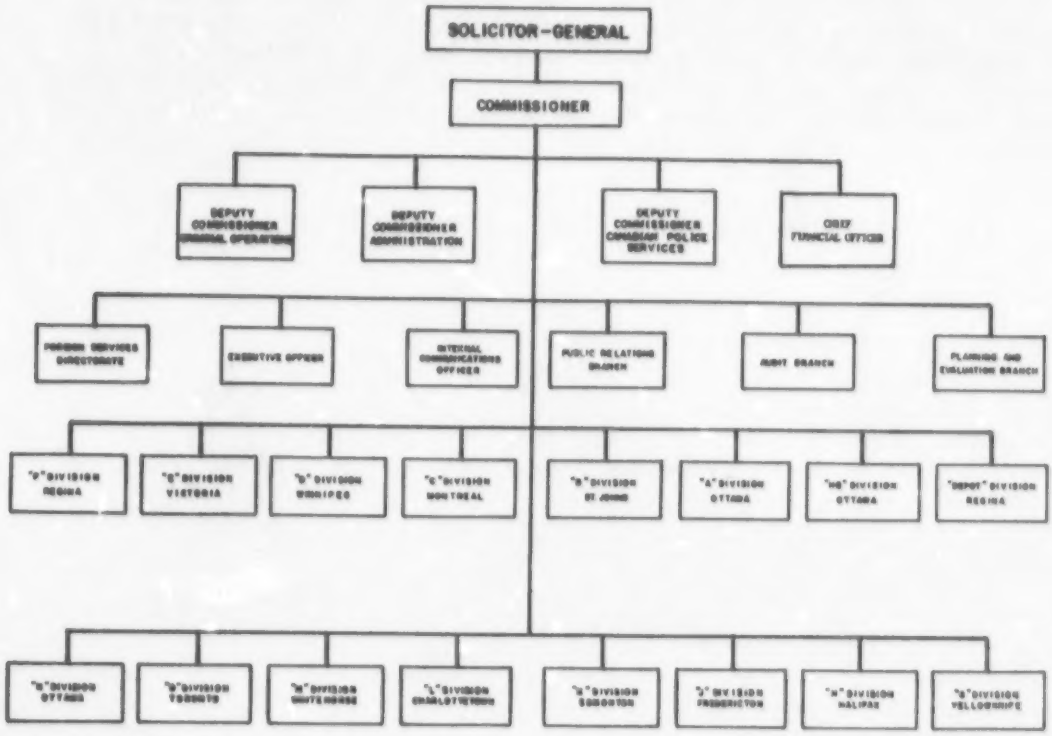


Figure 5: 1985-86 Resources by Activity ($000)

Activity	Person-Years	1985-86 Estimates
Enforcement of Federal Statutes and Executive Orders	4,796	302,463
Canadian Police Services	1,555	113,409
Police Services Under Contract	9,914	623,359
Administration	3,112	192,579
	19,377	1,231,810

5. Organization/Activity Structure Relationship

Program resources are assigned and results achieved within the context of four Activities listed above. Accountability for the Program resides with the Commissioner who receives policy advice and functional support from three Deputy Commissioners and the Chief Financial Officer.

Enforcement of Federal Statutes and Executive Orders Activity is functionally directed by the Deputy Commissioner Criminal Operations. Canadian Police Services Activity is delegated to and receives direction from the Deputy Commissioner Canadian Police Services. Police Services Under Contract is delegated to Divisional Commanding Officers and functionally directed by the Deputy Commissioner Criminal Operations. The Administration Activity is functionally directed by the Deputy Commissioner Administration and the Chief Financial Officer.

Divisional Commanders, who report to the Commissioner on operational matters, are accountable for the resources utilized and the results achieved within their assigned regions. These Commanders have the additional responsibility of interfacing with the provincial/ territorial Solicitor or Attorney General on such matters as resource planning, general enforcement policy, and the achievement of planned results. The divisional Commanding Officers are supported in the achievement of these responsibilities by the provision of policy and functional direction and advice by the Deputy Commissioners and the Chief Financial Officer.

D. Planning Perspective

The Royal Canadian Mounted Police, as Canada's national police force, is charged with a wide array of responsibilities and faces numerous competing priorities for the use of resources. This Expenditure Plan reflects resource allocations required to meet primary responsibilities; however, the need for flexibility to meet emergencies and new priorities must be recognized.

Emergency situations are inevitable within the realm of police work and can arise on a local, regional or multi-regional basis. While there is a degree of predictability to some of these situations, the diversity and wide expanse of Canada does not facilitate maintenance of contingency resources. Therefore, these situations are handled through temporary redeployment of resources. The availability of personnel employed in Police Services Under Contract is particularily significant in accommodating such situations and is a factor recognized in Federal-Provincial cost-sharing arrangements. When this occurs, planned outputs may not be fully achieved. This does not indicate that planning was invalid or that performance was substandard. It simply reflects the unpredictable nature of police work.

1. Environment

National/International Terrorism: Escalation in Canada of criminal activities by extremist/terrorist groups has serious social and political implications. Events such as the attempted murder of the Turkish Commercial Attaché, the assassination of the Turkish Military Attaché and the bombing of Litton Systems in Toronto and a B.C. hydro sub-station, all demonstrate how serious these problems can impact on Canada.

Protection of foreign diplomatic missions in the National Capital Region is of particular concern. Recent terrorist activities around the world have caused an increase in the provision of guard service to foreign missions. An assessment indicating that the threat level will not diminish in the near future has prompted a review of current practices.

Drug Enforcement: Illicit drug activity is Canada's most profitable criminal activity. Drug interdiction programs in the USA and elsewhere have impacted on Canada, causing a shift of some illicit operations to our coastal regions and larger cities. Current enforcement strategies are producing good results, however, additional enforcement personnel and resources would improve the level of effectiveness.

Anti-drug profiteering investigations are producing positive results, however, are limited in overall effectiveness by gaps in law. Additional personnel in this program would result in increased seizures and confiscation of illicit funds and profits associated with the drug trade.

In the United States, where illicit drug proceeds were estimated at $80 billion in 1980, authorities have embarked upon an extensive interdiction program which has already encouraged some major American criminal organizations to conduct illicit activity in Canada. This northward push of major American drug syndicates has a potential to directly affect person-year requirements of Drug Sections in all of Canada's major cities. Continuing American efforts against the transport of illicit drugs along Eastern and Western Seaboards, Gulf of Mexico and the Caribbean Sea may cause smugglers to shift points of entry to Canada's east and west coasts. This could also affect person-year requirements for both British Columbia and the Atlantic Provinces.

Immigration and Passport: Restrictions on immigration to Canada and a decrease in the number of working permits being issued, coupled with the attractiveness of Canada as a permanent place of residence, is expected to result in an increase of illegal entries to Canada and smuggling of aliens through Canada into the United States. This will require an increase in immigration enforcement activity.

Commercial Crime: An increase in the incidence of fraudulent activity in relation to bankruptcies and securities trading is expected. Criminal elements could attempt to exploit various federal and provincial government programs. There will be increased demand from all levels of government for a greater commitment to revenue and expenditure protection. Government departments are demanding reduced turnaround time on investigational requests and reported violations.

Organized Crime and Criminal Intelligence: Canada is affected by organized crime groups operating from a number of countries, but more particularly, from the USA. Leadership challenges are occurring within certain Canadian organized crime groups resulting in outbreaks of violence and gang style murders. Public concern about organized crime has heightened as a consequence and demands for more effective enforcement action has surfaced. Outlaw motorcycle gangs have moved to consolidate power and rival groups have already confronted each other. Leadership and coordination of effort by all police forces is required to derive maximum impact.

Customs and Excise: Personal smuggling of many consumer goods has declined in recent times due to marginal cost differences resulting from a decline in the value of our dollar vis-à-vis the US dollar. Commercial smuggling remains active due to significant cost differences between domestic and foreign sources. Export and Import Permits Act offences are expected to increase. Excise enforcement is likely to remain relatively constant.

Productivity: Governments at all levels in Canada are concerned over the increased cost of policing. This has resulted in greater emphasis being placed on accountability and the control of expenditures to the maximum extent possible while maintaining a publicly acceptable standard of service. Since the overall services provided by the Force are

primarily labour intensive, future expenditure restraint and some productivity gains may be achieved through continued research on crime patterns to maximize the use of human resources, further use of computer technology, and workload prioritization at the local level, taking into account the needs of individual communities.

Crime Prevention: In cooperation with the Ministry of the Solicitor General, the Force is conducting research to improve delivery of police services under contract to better reflect the requirements of the community being policed and the cost effectiveness of various services delivered. Other initiatives include improved training of police officers involved in child abuse investigations and family violence cases and sensitivity to the impact and needs of crime victims.

2. Initiatives

National/International Terrorism: The RCMP is studying and will implement measures to improve the existing static guard, mobile patrol and emergency response system and services provided to Canadian and foreign dignitaries. Improvements in the system should improve protection with minimal incremental operating costs.

Drug Enforcement: The main strategy of drug enforcement is to suppress the flow of illicit drugs into Canada. Enforcement activity is directed against individuals and organizations who import large quantities of drugs, especially those who operate supply lines from South East and South West Asia, the Middle East, South America and Europe (see pages 29, 30, 31, 32). Increased emphasis on confiscation of funds involved in illicit drug activity should result in larger seizures of money and reduce the ability of some organizations to finance their unlawful operations.

Immigration and Passport: Emphasis on immigration and passport enforcement has shifted from primarily street level enforcement to a more balanced approach targeted at organized illegal immigration as well as the detection and arrest of illegal immigrants (see page 28).

Commercial Crime: All aspects of commercial crime such as major economic crime within the business community, fraudulent bankruptcy, illegal activities in the Securities Trading Industry and economic crime against the Government of Canada will continue to be investigated. Programs will be maintained to attack proceeds of crime through provisions of the Income Tax Act and to suppress the manufacture and distribution of counterfeit currency, coins, tokens of value and negotiable instruments. It may be necessary to allocate additional resources above levels already planned to meet recent increases in commercial crime both nationally and internationally (see page 28).

Customs and Excise: The enforcement strategy will maintain emphasis on investigation of commercial smuggling. Increased attention will be given to contraventions of the Export-Import Permits Act relative to shipment of strategic goods and high technology items (see page 28).

Information Systems: Considerable attention is being given to automation of information systems. The Police Information Retrieval System (PIRS) is replacing some manual police information storage methods with an automated system capable of storing, integrating and displaying data relative to reported occurrences. In addition the Force is proceeding on a phased basis with the concept of a centralized data processing centre with access facilities located in each division headquarters which will amalgamate electronic data processing, telecommunications, records and information services.

Informatics: The RCMP is implementing organizational changes within Canadian Police Services which will amalgamate all matters pertaining to the administration, development and operation of Electronic Data Processing (EDP), Telecommunications, Record and Information Services under a new Directorate called Informatics.

Crime Prevention: In co-operation with the Ministry of the Solicitor General, the Force is conducting research on "Community Based Policing". This project seeks to analyze existing literature and research in order to establish models for delivery of police services under contract. These models must reflect both needs of the communities being policed and cost effectiveness in delivery of services. Three initiatives are: the training and development of police officers for participation on child abuse prevention teams; development of policy to facilitate laying charges in family violence cases; and establishment of research projects in several provinces to analyze resource implications of providing certain services to victims of family violence. Referrals to social agencies, advice on security of premises, and court processes are examples of services that the police could deliver to victims.

3. Program Effectiveness

Resource requirements are determined by an analysis of a number of indicators relevant to law enforcement. Such things as number of cases handled, number of cases successfully cleared and police to population ratios are important in determining the level of police resources required (both personnel and dollar costs). The problem with most statistical information available is that it is quantitative rather than qualitative. Statistics are used extensively as a management tool, but in the final analysis a judgement decision must be made to determine the level of enforcement to be provided. This decision must take the level of public satisfaction into consideration and, in the case of Police Services Under Contract, consultation with provincial and municipal officials on the level of resourcing they will agree to fund. The policing agreements are an important determinant in resourcing decisions.

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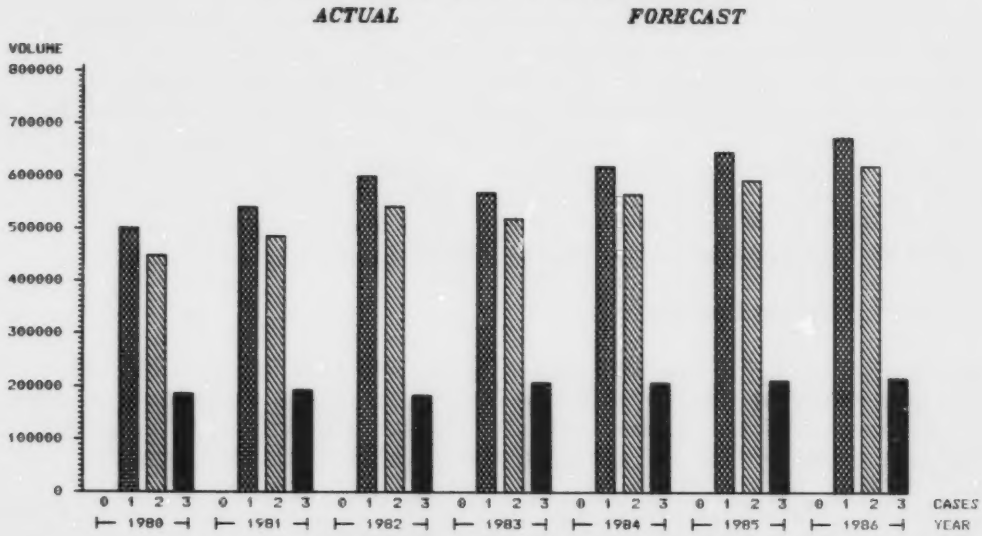
A measure of effectiveness for the Law Enforcement Program is the ratio of actual offences cleared to the actual offences. This ratio, commonly referred to as the clearance rate, serves as a useful monitor of effectiveness. Significant fluctuations or major changes over time signal the need for further analysis. A myriad of factors can influence clearance rates. For example, a change in the complexity of reported crime can increase the time required to investigate certain types of offences. If resource levels remain constant, this phenomenon can reduce the number of offences successfully concluded within available time. Similarly, a major increase in reported crime raises the case burden of each investigator and may impact upon the successful clearance of cases by reducing the average time available per investigation.

Figures 6 through 10 show actual and forecasted cases cleared along with reported and actual offences investigated by the RCMP over a seven year period.

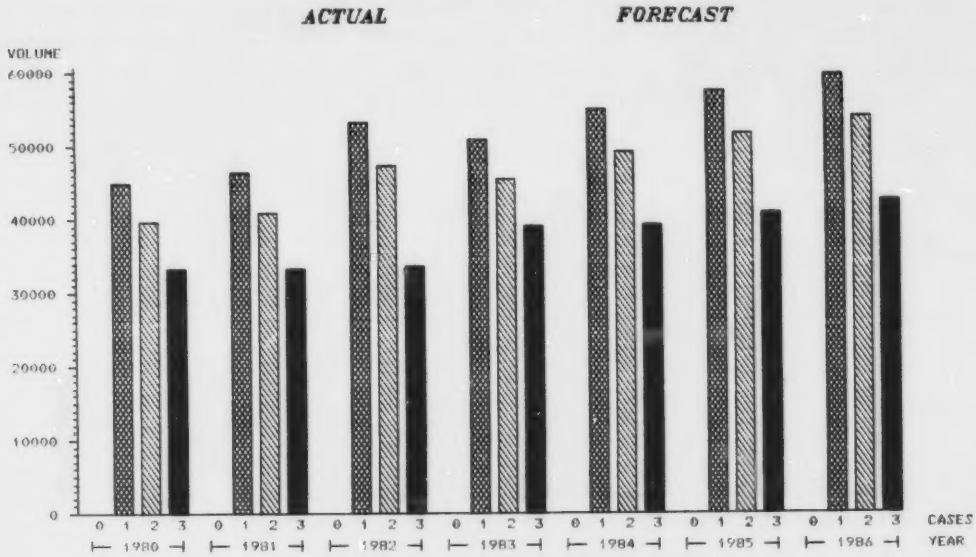
FIGURE 6 CRIMINAL CODE - EXCLUDING TRAFFIC
(TOTAL FORCE - RCMP JURISDICTION)
REPORTED, ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

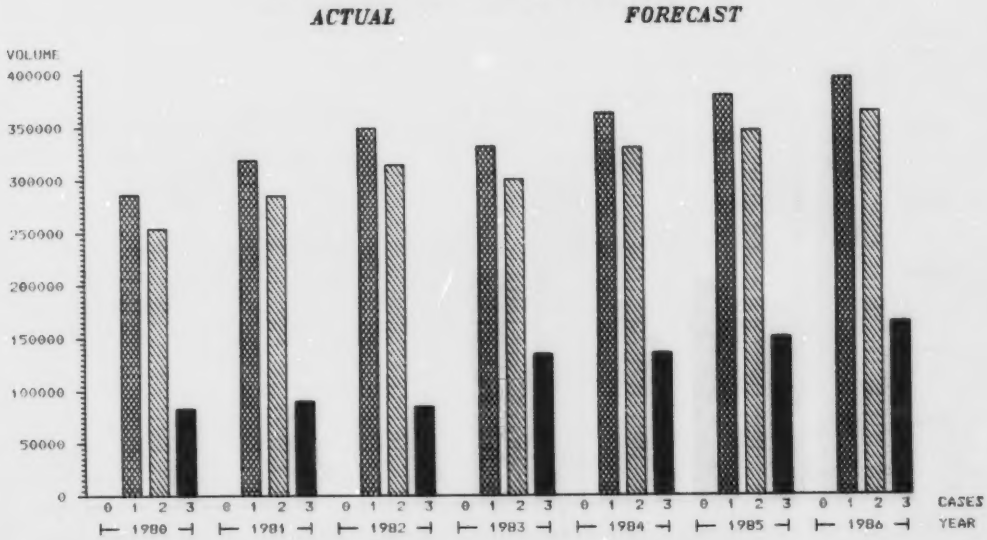
FIGURE 7 CRIMINAL CODE – "PERSONS" REPORTED, ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

FIGURE 8 CRIMINAL CODE – "PROPERTY" REPORTED, ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

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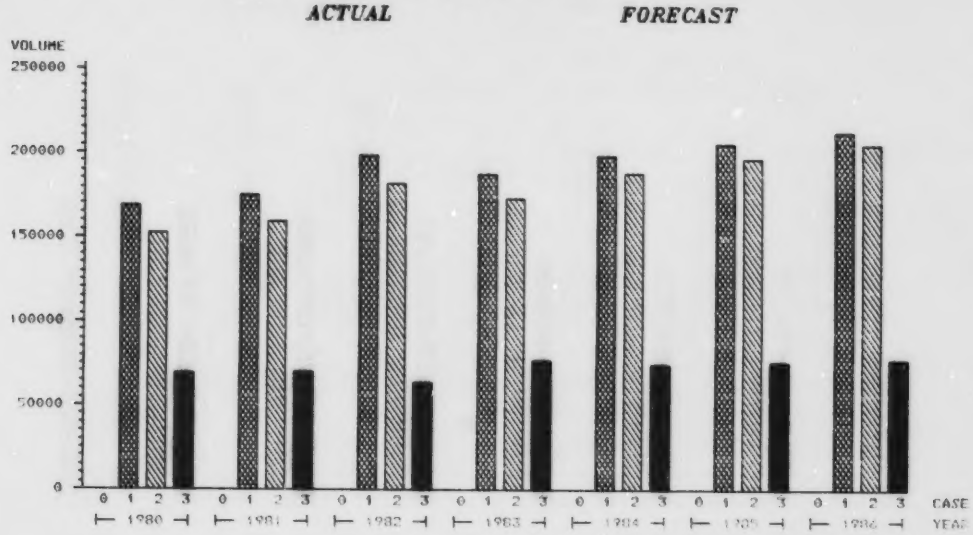
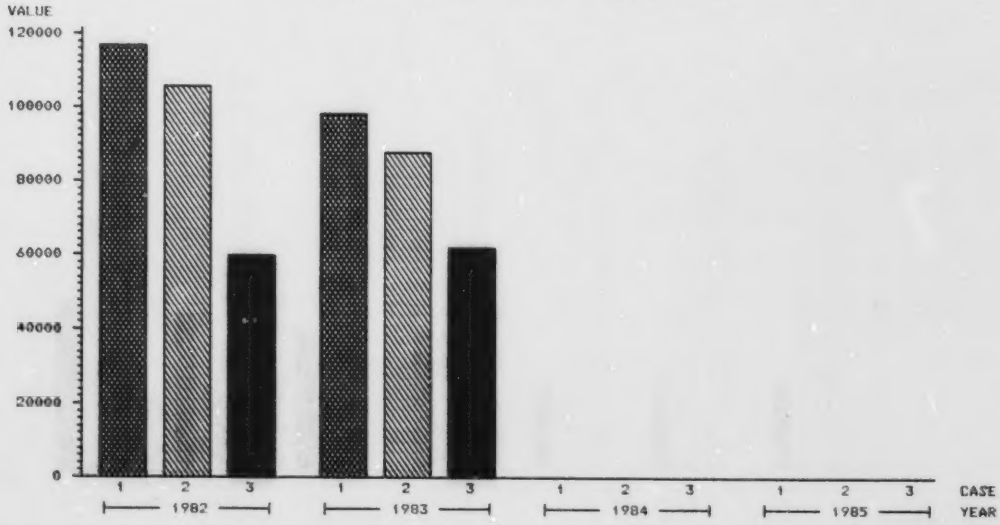
FIGURE 9 CRIMINAL CODE – "OTHER" REPORTED, ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

FIGURE 10 – FEDERAL OFFENCES INVESTIGATED BY THE RCMP REPORTED ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

Federal offences are violations of federal statutes. These include offences against Acts such as the Narcotic Control Act, Food and Drug Act, Customs Act, Excise Act, Export/Import Permit Act, Income Tax Act, Combines Investigation Act, Bankruptcy Act, Immigration Act and Citizenship Act. For a full list of major federal Acts, see page 63. Further details on federal offences are provided on pages 26, 27 and 28.

Section II
Analysis by Activity

A. Enforcement of Federal Statutes and Executive Orders

Objective

To prevent and detect offences against federal statutes; to maintain internal security; and to provide investigative and protective services to other federal departments and agencies.

Plans for 1985-86 include:

- continuing the shift of enforcement emphasis to interdicting importations of illicit drugs to impact the supply and concentrating on detecting and prosecuting the financiers, importers and major traffickers of heroin, cocaine, illicit chemical drugs, hashish and marijuana;
- focusing on illicit profits from enterprise crimes and employing all effective statutory methods to seize unlawfully acquired assets;
- maintaining the present enforcement emphasis on commercial smuggling of goods;
- responding to an anticipated workload increase in violations of the Export and Import Permits Act involving strategic and restricted goods;
- responding to a projected workload increase in enforcement of immigration laws. Concentrating investigators' efforts on organized illegal immigration schemes;
- collecting criminal intelligence on major active families and groups, and coordinating investigations and joint force operations with other police forces nationally and internationally; and
- investigating national security offences and politically motivated crimes directed at internationally protected persons including terrorist acts as provided in the Security Offences Act.

Resource Summary

Total expenditures for the Enforcement of Federal Statutes and Executive Orders Activity will account for approximately 24.6% of total operating expenditures for 1985-86 and 24.8% of person-years.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Federal Statutes and Executive Orders	302,463	4,796	379,033	6,783	336,910	6,707
Less revenue	32,283		31,272		28,106	
Net expenditures	270,180	4,796	347,761	6,783	308,804	6,707

Revenue projections of $32.3 million for the Federal Statutes and Executive Orders Activity are derived from agreements with the Departments of Transport, External Affairs, Indian Affairs and Northern Development. For further details on revenue, see pages 61 and 62.

Description

The Enforcement of Federal Statutes and Executive Orders Activity may best be described in terms of its three sub-activities.

Federal Law: This includes prevention, detection and investigation of offences against Federal Statutes and Executive Orders. It involves specialized investigations such as drug trafficking, contract killing, extortion, laundering of money, white collar crime, sophisticated frauds, misappropriations, bankruptcies and tax frauds. Also involved are investigations into Immigration and Customs and Excise offences, Import and Export Permit Act offences, the collection/dissemination of criminal intelligence information relating to organized crime syndicates and other high profile enterprise crimes, and acts of violence by terrorist groups.

Police Services Other: This includes provision of investigational and enforcement support services through programs such as 3(b) Native Policing, Airport Security and Policing. The 3(b) Program, carried out in co-operation with Department of Indian and Northern Affairs, is designed

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to place Native Special Constables in policing roles on reserves and areas adjacent thereto in order to enrich the quality of police services being provided. The 3(b) Program augments efforts within Police Services Under Contract Activity aimed at reducing conflicts of Native peoples with law enforcement.

Airport Security and Policing is another program delivered by the R.C.M.P. This program is funded by Transport Canada. The objective is to maintain security of airports and departing flights at ten international and eight major domestic airports.

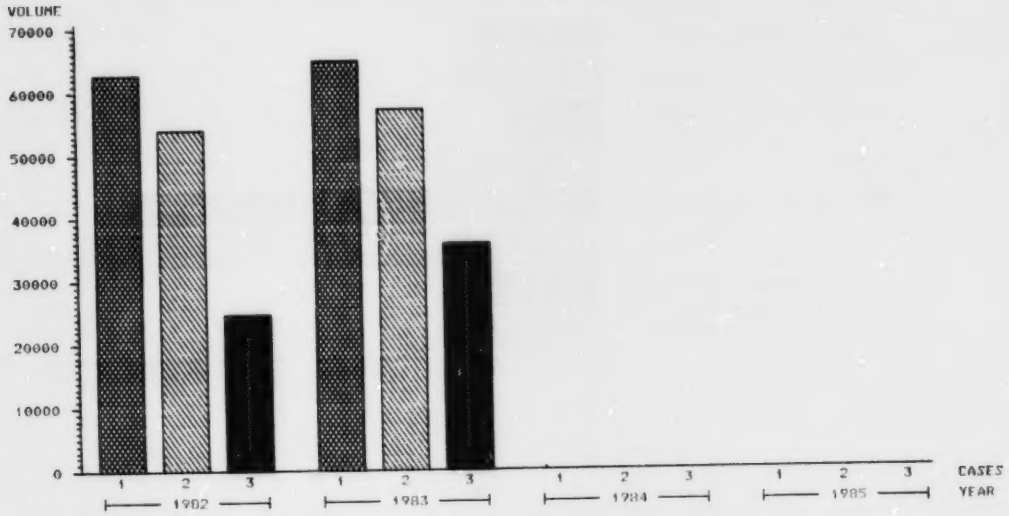
Protective Policing: This includes protection of Federal Government facilities, assets, Canadian and foreign dignitaries as well as the research, development and evaluation of security equipment, materials and concepts on behalf of the Government of Canada.

Performance Information/Resource Justification

Figures 12(a) and (b) display crime statistics relative to the Federal Policing Function. Information is also provided on non-crime functions performed by the Force. Non-crime data refers to a significant group of occurrences which are not necessarily crime-related, but nevertheless require attention by the police department. These include calls for assistance by the public in various emergency situations, property checks, issuance of permits, service of legal documents and other related duties.

An effectiveness indicator for the Enforcement of Federal Statutes and Executive Orders Activity is the ratio of actual offences cleared divided by the total actual offences. Figure 12(a) shows the reported and actual offences along with the number cleared.

FIGURE 12A - FEDERAL OFFENCES, EXCLUDING TRAFFIC, INVESTIGATED WITH RCMP FEDERAL RESOURCES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

Figure 12(b): Volume of Non-Crime Services Provided by Federal Resources

	1982	1983
Applicant (RCMP Investigations)	4,945	1,499
Service of Legal Documents	13,345	9,019
Asst. General Public (Unspecified)	157,348	69,625
Property Checks	7,431	6,583
Permit Issuance	13,168	50,777
Boats Checked	9,238	22,229
Hunters Checked	10,498	11,913

Federal Law: Figure 13 (a) and (b) provide a breakdown of major offences included in Figure 12(a). Clearance rates are not currently available at this level of disaggregation.

FIGURE 13A – DISTRIBUTION OF MAJOR FEDERAL OFFENCES INVESTIGATED BY THE RCMP IN 1982

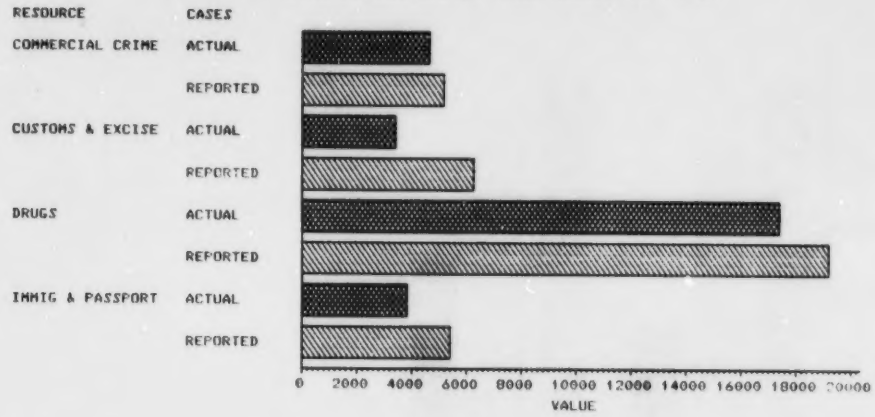
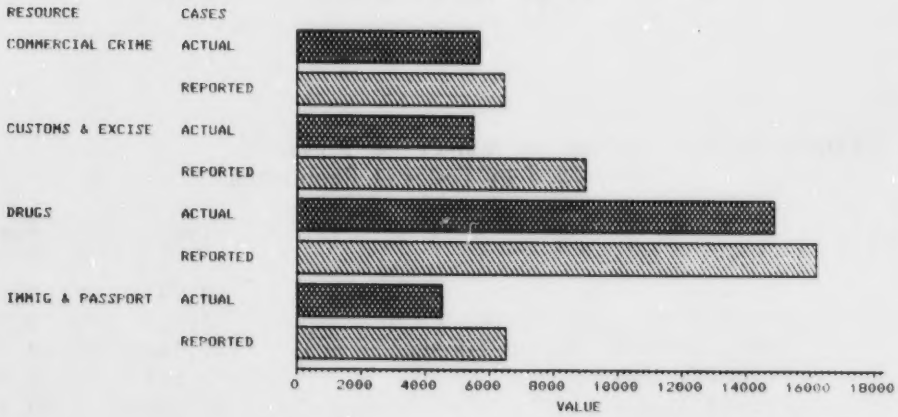


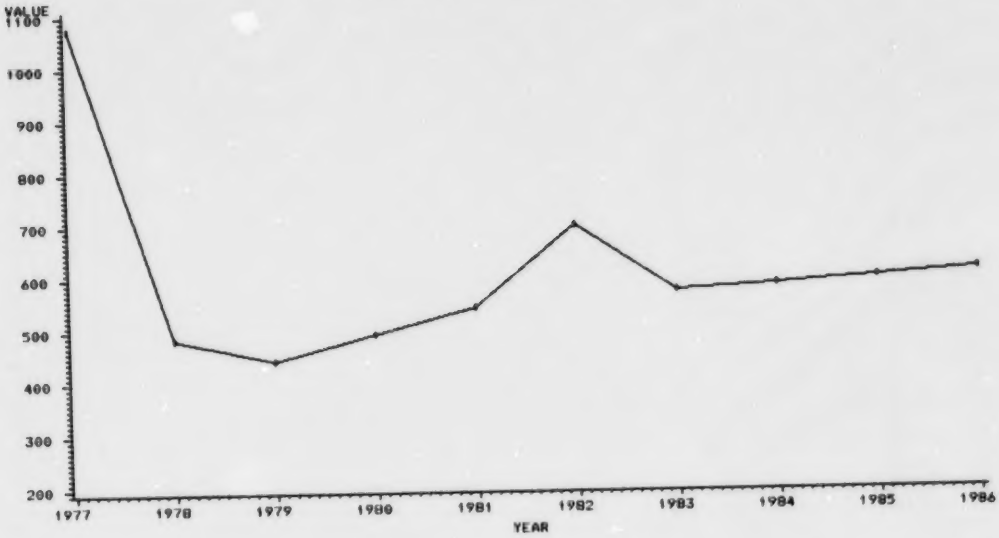
FIGURE 13B – DISTRIBUTION OF MAJOR FEDERAL OFFENCES INVESTIGATED BY THE RCMP IN 1983



SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

The objective of drug enforcement is to reduce the availability of narcotics. A reduction in street level purity of the narcotic suggests this objective is being achieved. Figures 14(a), (b) and (c) illustrate the relationship between enforcement action and the street level purity of heroin. This relationship prevails during normal supply conditions. However, if world supply were to significantly increase as a result of bumper crops, enforcement efforts would not likely generate the desired effect.

FIGURE 14A NUMBER OF PERSONS CHARGED IN CANADA BY THE RCMP FOR HEROIN RELATED OFFENCES

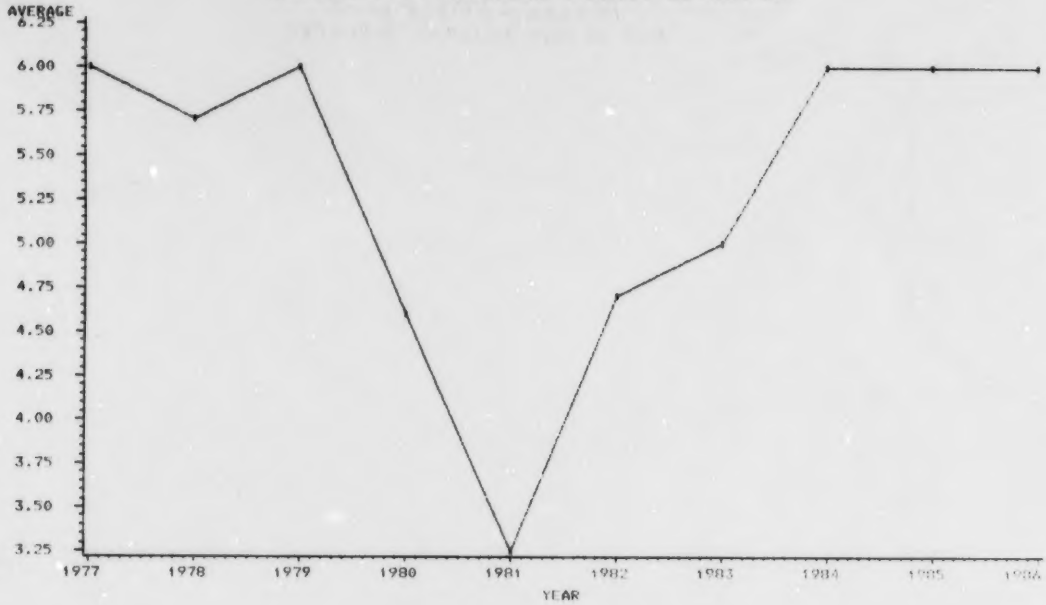


SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

FIGURE 14B – KILOGRAMS OF HEROIN SEIZED BY RCMP

SOURCE: RCMP DRUG ENFORCEMENT RECORDS

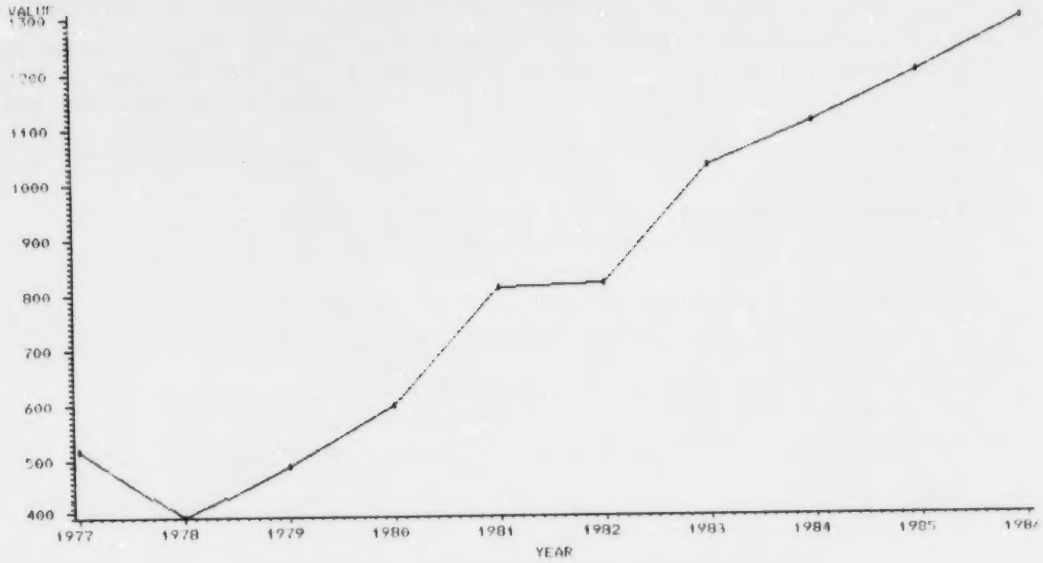
FIGURE 14C - AVERAGE PURITY OF HEROIN



SOURCE: RCMP DRUG ENFORCEMENT RECORDS AND ANALYSIS

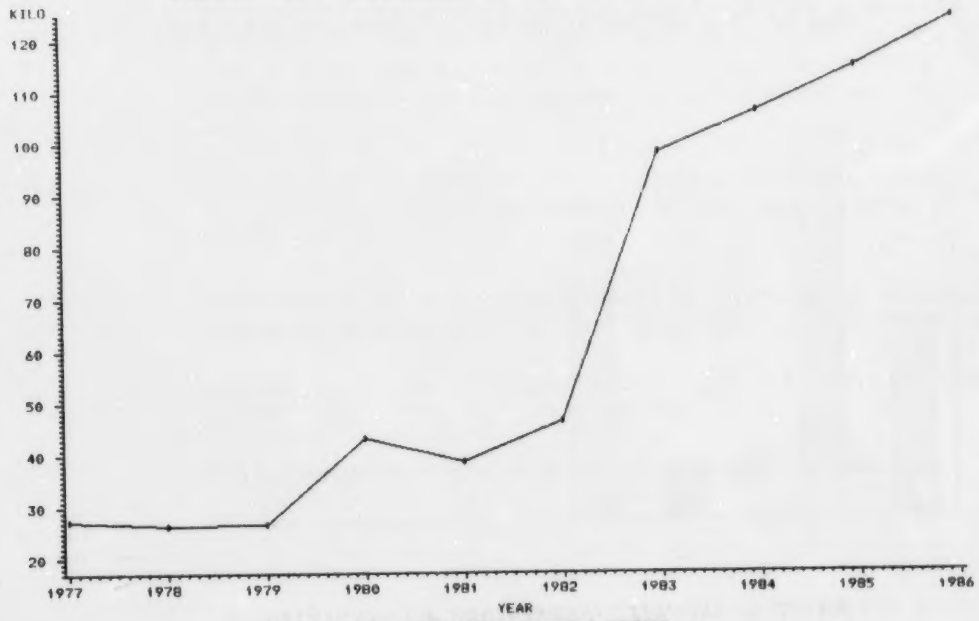
Figures 15(a), (b) and (c) illustrate the relationship between enforcement action and the street level purity of cocaine. As noted in Figures 14(a), (b) and (c), an increase in enforcement action will generally reduce the purity of illicit drugs. However, since 1978 world production of cocaine has tripled; the impact of this is reflected in Figures 15(a), (b) and (c). Enforcement activity increased in terms of seizures and persons charged while street level purity continued to increase.

FIGURE 15A NUMBER OF PERSONS CHARGED IN CANADA BY THE RCMP FOR COCAINE-RELATED OFFENCES



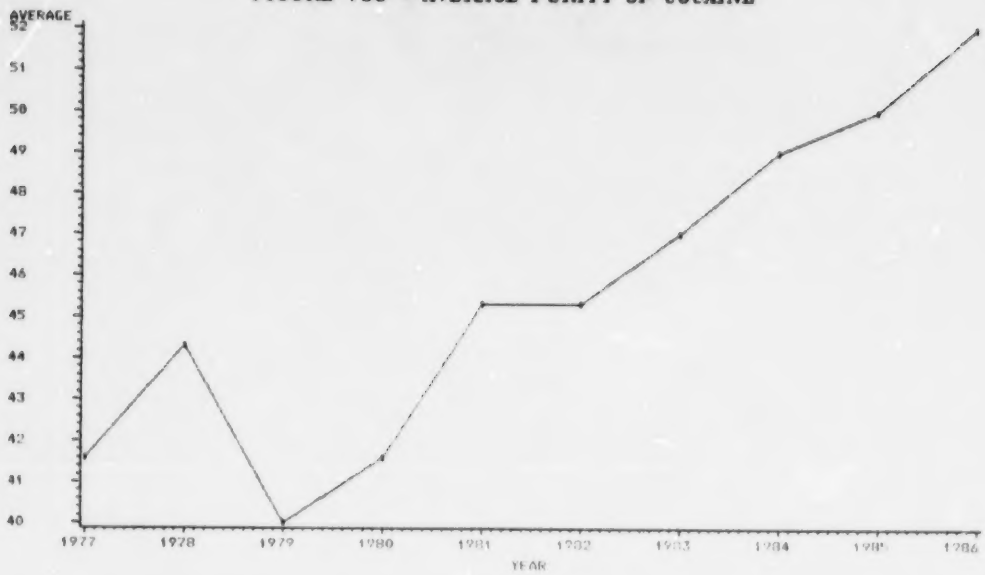
SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

FIGURE 15B - KILOGRAMS OF COCAINE SEIZED BY RCMP



SOURCE: RCMP DRUG ENFORCEMENT RECORDS

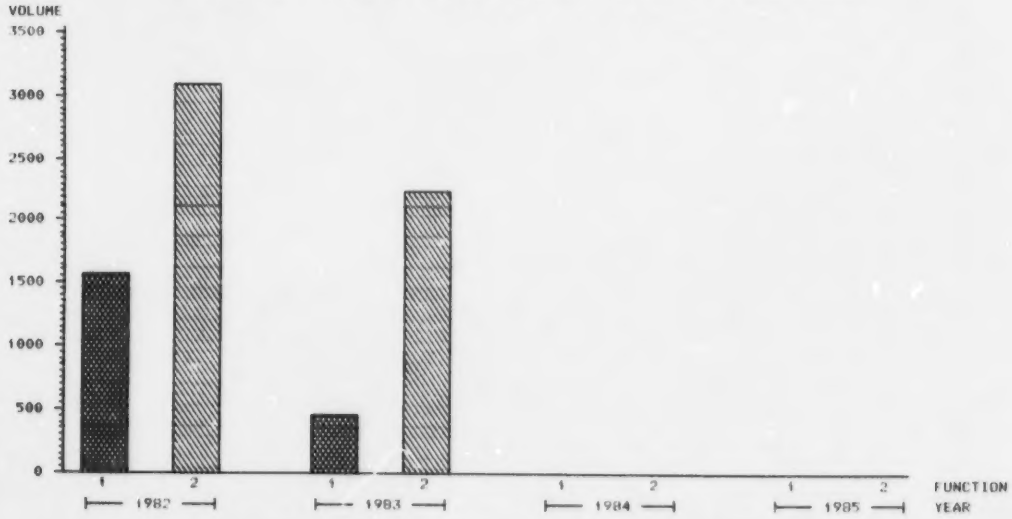
FIGURE 15C – AVERAGE PURITY OF COCAINE



SOURCE: RCMP DRUG ENFORCEMENT RECORDS AND ANALYSIS

Protective Policing: Figure 16 identifies the volume of security functions performed by the RCMP. These functions include security for VIP visits, security inspections and surveys of physical installations and consultation on security requirements

FIGURE 16 – VOLUME OF SECURITY FUNCTIONS PERFORMED



1 = PHYSICAL SECURITY INSPECTIONS & CONSULTATIONS
2 = VIP SECURITY DETAILS

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

B. Canadian Police Services

Objective

To assist, upon request, all Canadian law enforcement agencies by providing specialized police training, forensic laboratory, identification and information services.

Plans for 1985-86 include:

- The maintenance of existing services to meet the priority needs of the police community and the courts by:

  - providing police training in management and specialized areas;

  - continuing priority setting to enable limited Forensic Laboratory resources to meet higher priorities of Law Enforcement Agencies and the evidential requirements of the courts;

  - continuing development of new information systems, Computerized Integrated Information Dispatch System (CIIDS) and RCMP Office Support System (ROSS) to meet increasing demand for more effective dissemination and storage of information.

  - creation of a data administration function to provide centralized management of corporate data as a primary resource of the Force to meet accountability for value, cost, legal and legislative obligations required by Treasury Board and the Access to Information and Privacy Act.

  - Development of single Data Communications Network to replace the present separate CPIC and Data Centre Networks;

  - replacement of the Ampex Videofile fingerprint storage system with a digital optical disc storage system;

  - upgrading of the RCMP operational support radio systems in "A", "B", "C", "J", "K" and "O" Divisions; and

  - replacement of Force-wide voice privacy equipment.

Resource Summary

Total expenditures for Canadian Police Services Activity will account for approximately 9.2% of total operating expenditures for 1985-86 and 8.0% of the P-Y utilization.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Forensic Laboratories	22,534	343	17,211	337	17,192	320
Identification Services	26,985	459	20,611	444	19,757	450
Informatics*	54,608	639	44,362	613	42,702	614
Canadian Police College	6,777	79	5,176	71	5,344	71
Information Access	2,505	35	1,913	35	1,502	61
	113,409	1,555	89,273	1,500	86,497	1,516
Less Revenue	1,121		415		64	
Net Expenditure	112,288	1,555	88,858	1,500	86,433	1,516

*An organizational change, approved by Treasury Board on 84.06.07, amalgamated the previous Telecommunications and E.D.P. Services sub-activity with some functions within Record Services sub-activity. This new sub-activity is called Informatics. The balance of Record Services person-years were transferred to the Administration Activity. Details under the 1984-85 forecast and 1983-84 actual have been adjusted to facilitate year to year comparisons.

Description

The Canadian Police Services Activity may best be described in terms of its five sub-activities.

Forensic Laboratories: Forensic laboratory services are made available to Canadian police agencies, other government agencies and the courts through eight Crime Detection Laboratories strategically located across Canada. Expert opinion based on scientific examination of exhibits is provided as an aid to investigators and the courts.

Identification Services: Identification services are provided through maintenance and operation of a central repository for fingerprints and criminal records, the Firearms Registry and the Canadian Police Services Information Centre.

Informatics: This Directorate develops and maintains a comprehensive Program of Information Management which includes Electronic Data Processing, Telecommunications, Office Systems and the technologies associated with their convergence and interconnection. In addition, as a Police Service to the Canadian Police Community, this Directorate provides Electronic Data Processing and Telecommunications Services through the facilities of the Canadian Police Information Centre.

Canadian Police College: The Law Enforcement Community is provided with manager development training supported by related studies and widely available publications. Specialized and technical training courses are made available to all Canadian Police, other government agencies, and on a limited basis, to Commonwealth and Foreign Police Agencies.

Information Access: Legislative requirements governing access to information and privacy are met by the Information Access Directorate located in Ottawa.

Performance Information/Resource Justification

Forensic Laboratories: Support to law enforcement agencies and the courts requires meeting non-discretionary demands for forensic examinations and evidence. Figure 18 illustrates the results and outputs of laboratory operations based upon experienced and projected demand. Performance in terms of demand, reports, and court attendance is presented as follows.

Casework demand refers to cases submitted by law enforcement agencies, each of which normally requires several examinations to provide all available forensic information.

Reports issued refers to reports prepared by the laboratories on analysis performed in support of law enforcement; examination conclusions reported to client agencies lead to pleas of guilty, exoneration of citizens under suspicion, redirection or changes in the scope of investigations and evidence presentations; as an intermediate operational output these results contribute to the success rates of law enforcement programs.

Court attendance refers to the provision of expert evidence based on scientific findings and conclusions as a direct support to the courts.

Figure 18: Demand for Forensic Laboratories Services

	1981-82	1982-83	1983-84	Forecast 1984-85	Forecast 1985-86
Casework Demand	17,103	16,719	18,680	19,183	20,034
Reports Issued	16,384	16,441	18,305	18,879	19,788
Court Attendance	4,103	4,262	3,993	4,153	4,353

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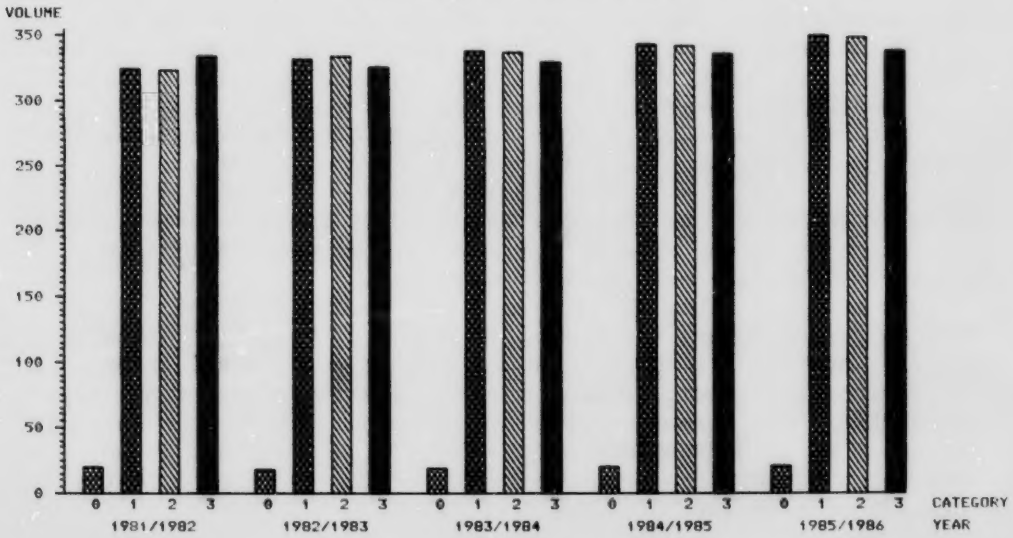
Figure 19 illustrates total demand, outputs and backlogs in terms of person-years. The difference between demand and output is unfulfilled demand, which is composed of work returned to clients without examination due to staff shortages plus the increase in backlog from year to year. Backlog is composed of work in progress, high priority work awaiting commencement and queued lower priority cases. A massive increase in backlog has been avoided and held constant through rigourous screening of casework and establishment of a case priority system. Fulfillment of demand has been assisted by enhanced automation of equipment and introduction of efficiency measures to increase productivity and restrain cost increases. The gap between demand for service and the person-years utilized represents the need for additional resources. The capacity to meet demand has been assisted through overtime utilization and some sacrifice in improvement of techniques and staff training. Response time (time between case receival and advising submitter the results) has been increasing marginally over the past few years and is now at four weeks.

FIGURE 19 - TOTAL DEMAND AND CAPACITY FOR FORENSIC LABORATORIES

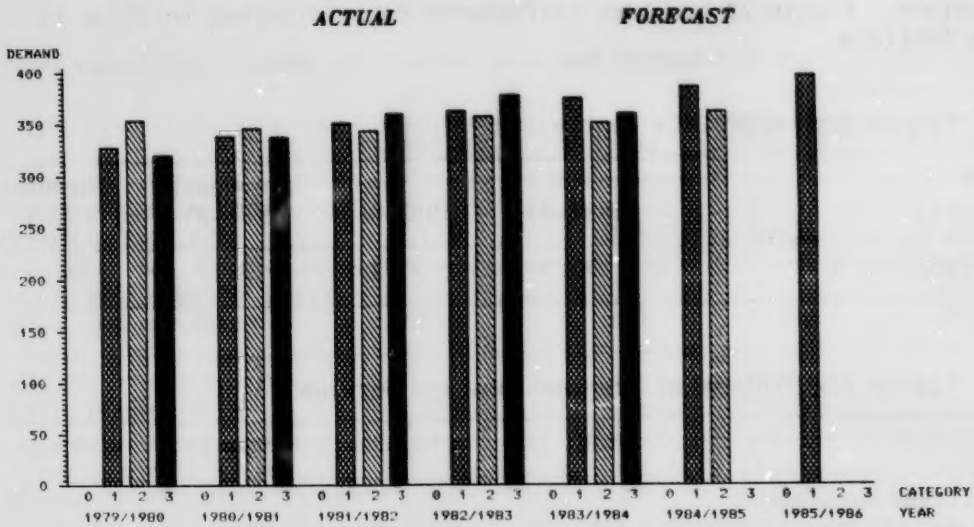


0 = BACKLOG 1 = DEMAND
2 = OUTPUT 3 = P/YS UTILIZED

SOURCE: DIRECTORATE WORK STATISTICS

Identification Services: Figure 20 illustrates forecast demand for Identification Services in terms of person-years as compared to available capacity. Over the last four years demand has increased nearly 9% compared to a capacity increase of approximately 7%. This additional workload has been accommodated through increased productivity and in part by use of overtime. It is intended that the current level of productivity will be maintained in 1985-86.

FIGURE 20 TOTAL DEMAND AND CAPACITY FOR IDENTIFICATION SERVICES



1 = DEMAND 2 = CAPACITY 3 = P-Y'S UTILIZED

SOURCE DIRECTORATE WORK STATISTICS

Informatics: Figures 21, 22 and 23 provide performance information relevant to this sub-activity.

Canadian Police Information Centre: Data collected by the CPIC system is shown in Figure 21.

Figure 21: Canadian Police Information Centre

Canadian Police Information Centre	1982-83	1983-84	Forecast 1984-85	Forecast 1985-86
Total transactions	79,951,070	83,647,745	89,164,998	93,000,000
Average response time (seconds)	3.4	3.0	3.0	3.5
Availability %*	97.8	99.2	99.0	99.0

* Availability refers to the percentage of time that the information system is available for user access within a twenty-four hour period. Immediate access to the information system is particularly important to the safety of operational police officers and apprehension of wanted persons.

RCMP Data Centre: The Data Centre is a centralized EDP facility accessible through remote terminals strategically located throughout divisions. Figure 22 provides performance data collected relative to this facility.

Figure 22: RCMP Data Centre

RCMP Data Centre	1982-83	1983-84	Forecast 1984-85	Forecast 1985-86
Availability %	95.3	95.3	97.5	97.5

Figure 23: Volume of Transactions and Service

	1982-83	1983-84	1984-85	1985-86
Directives Management (pages)	282.6	261.8	265	270
Forms Management (projects completed)	18.08	18.00	24.3	24.3
Micrographics (pages filmed)	191,162	212,273	218,641	225,000
Archives (transactions)	7,601	7,323	8,055	8,860

Telecommunications: Telecommunications services are provided through an ongoing program of development, maintenance and operations. Performance may best be evaluated by examining costs per operational police officer and time to access the systems in each of 75 geographic areas or communications districts. This data has been collected manually for some areas, but is not yet available on a Force-wide basis. A project is underway to examine the feasibility of capturing activity volumes and times electronically. This should lead to performance data on a Force-wide basis in future years.

Canadian Police College: The Canadian Police College (CPC) is developing a standards analysis and training evaluation matrix to be used in the evaluation of CPC courses by candidate. Over the next year, this process will be evaluated with a view to establishing its suitability for use as a performance measurement system.

Information Access: Figure 24 indicates the number of transactions and person-years.

Figure 24: Volume of Transactions and Person-Years

	1982-83	1983-84	1984-85	1985-86
Access requests under Human Rights Act*	1,136	2,083	2,624	2,492
Access requests to assist other departments*	231	300	390	370
Informal requests under Human Rights Act*	130	228	0	0
Access requests under Access to Information Act**	46	157	174	165
Total person-years	16	49	35	34

* Changed to Privacy Act July 1, 1983.

** Requests made prior to 1983 July 1 were done within the spirit of the Act as per cabinet directives.

C. Police Services Under Contract

Objective

To prevent and detect crime and maintain law and order in provinces, territories and municipalities under contract.

Plans for 1985-86 include:

- investigating a projected Criminal Code caseload of approximately 630,000 cases;
- maintaining Criminal Code success rates of:
  - 78 to 83% for persons offences (murder, sexual assault, robbery and assault);
  - 28 to 33% for property offences (theft, break-ins, frauds); and
  - 42 to 47% for all other Criminal Code, non-traffic offences (wilful damage, disturbing the peace, weapons and morals offences, etc.);
- place emphasis on policing methods which involve crime prevention initiatives and increased attention to the victims of crime,particularly in family violence and spousal assault situations.
- conduct investigations into approximately 350,000 reported cases involving Provincial, Federal Statutes and Municipal By-Laws;
- managing a traffic law enforcement program directed at reduction of impaired driving, apprehending hit and run drivers, drivers operating vehicles while under suspension, moving violations prone to causing accidents and other offences involving federal, provincial and municipal laws which result in a workload of 1,250,000 cases (approximately);
- provide assistance to the general public in non-crime related cases in the form of missing persons enquiries, lost/found items, checking of insecure premises, suspected persons, etc. in approximately 580,000 instances;
- serving approximately 250,000 legal documents for various federal, provincial and municipal agencies;
- issuing approximately 170,000 permits for firearms registration, liquor act and others;

- conducting approximately 50,000 inspections under various provincial and federal statutes for licencing and adherence to regulation purposes;

- escorting approximately 53,000 prisoners to and from provincial and federal institutions;

- providing safety and crime prevention type lectures to schools, minority groups and others in approximately 25,000 instances; and

- investigating and/or processing reports involving approximately 210,000 motor vehicle accidents.

Resource Summary

Total expenditures for Police Services Under Contract Activity will account for approximately 50.6% of the RCMP's total operating expenditures for 1985-86 and 51.1% of the P-Y utilization.

Figure 25: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Provincial/Territorial Policing	456,569	6,896	439,396	6,786	421,245	6,902
Municipal Policing	166,790	3,018	160,517	2,985	142,375	2,933
	623,359	9,914	599,913	9,771	563,620	9,835
Less revenue	370,116		354,283		312,938	
Net expenditures	253,243	9,914	245,630	9,771	250,682	9,835

Revenue projections of $370.1 million for Police Services Under Contract are derived from policing contracts with eight provinces, two territories and approximately 190 municipalities. For revenue details, see pages 61 and 62.

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Description

The Royal Canadian Mounted Police provides provincial and municipal police services to the territories and all provinces, except Ontario and Quebec. During 1981, new agreements were negotiated with the Provincial and Territorial governments which also included the renewal of policing agreements for approximately 190 municipalities. The new agreements are for ten years covering the period April 1, 1981 to March 31, 1991 and are based on cost-sharing which recognizes the benefits to Canada and the economies of scale of having Canada's national police force provide the above police services. The details of the agreement are such that provinces/territories and municipalities under 15,000 population cost-shared the total provincial/territorial police services costs and municipal police services costs respectively in 1981-82 at 56% and at 81% for those municipalities over 15,000 population. The percentage share of 56% for provincial/territorial police services and municipalities under 15,000 population is increased by 1% each fiscal year commencing in 1982-83 until the percentage share reaches 60% in 1985-86 and thereafter increases by 2% per year commencing with fiscal year 1986/87 until the maximum share of 70% is reached in 1990-91. The percentage of 81% for municipal policing in those municipalities over 15,000 population is increased by 1% for each fiscal year commencing in 1982-83 until the maximum share of 90% is reached in 1990-91. In 1985-86, provinces/territories and municipalities under 15,000 population will cost-share at 60% of the policing costs. Municipalities in excess of 15,000 population will cost-share at 85%. Full details concerning federal revenue resulting from policing agreements is detailed on page 61. Contracting governments receive similar services to those provided by a local police organization; general duties, traffic policing, identification services and other specialized services. Contract policing provides the means of delivery for Enforcement of Federal Statutes and Executive Orders over much of the vast geographic expanse of Canada. Specialized federal units are situated in larger population centres and made available to address more complex federal cases/responsibilities in rural Canada.

Performance Information/Resource Justification

Police services provided under contract are highly labour intensive and involve enforcement of criminal laws, federal statutes, provincial laws and municipal by-laws. Much of the work is reactive and often requires an immediate response to a call for help from the public. The public turns to the police for assistance and guidance under several circumstances. A police officer's time can be categorized into discretionary (or proactive) work, non-discretionary (or reactive) work and administrative overhead.

Discretionary work involves the enforcement of federal, provincial and municipal laws when no specific complaint exists. This type of enforcement activity tends to impact on the general peace and order in a community. An increase in the crime rate or an increase in demand for

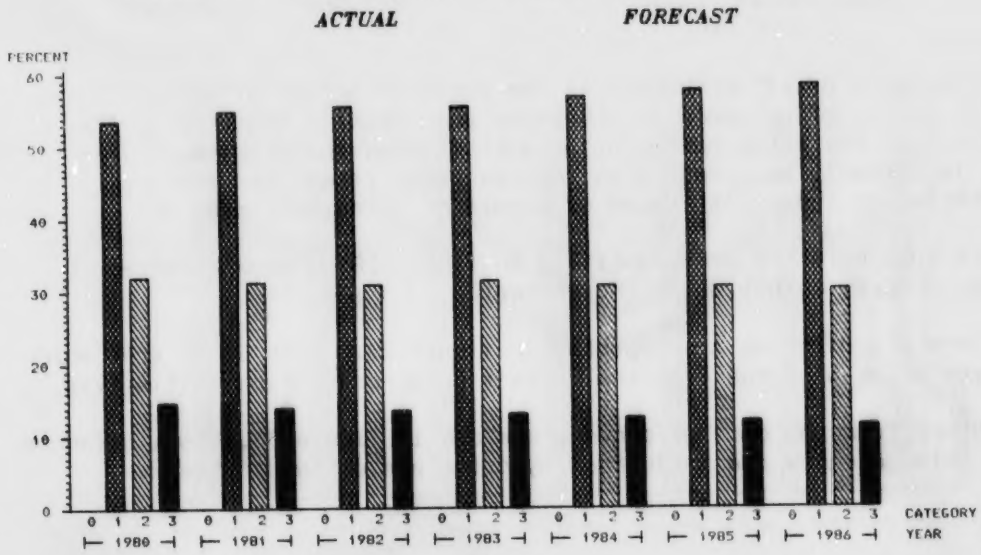
other services results in decreased time available for discretionary enforcement, which in turn tends to result in greater opportunity to commit crimes. Time available for discretionary enforcement has been shrinking over the years (see Figure 26).

Non-discretionary work involves crimes against property and persons, response to complaints from the public or government, searches for missing or lost persons, escorting prisoners, investigating sudden deaths, issuing permits, attending accident scenes, restoring public order, etc. Many of the services provided are not offence related, but involve situations which require police response and attention. (See Figure 27 for further information regarding the volume and type of non-crime services provided by Police Services Under Contract during 1982 and 1983.) Current information systems do not facilitate identification of any time factor associated with these specific occurrences.

Administrative overhead involves the routine day to day resource management functions which maintain the organization such as supervision of personnel and investigations, buildings and equipment, records keeping and associated clerical duties.

Figure 26 provides information on the utilization of time associated with delivery of contract police services over recent years. The data shows that non-discretionary time has been increasing while discretionary time decreased.

FIGURE 26 WORK CATEGORIES - PERCENTAGE OF TIME CONSUMED



1 = NON-DISCRETIONARY 2 = DISCRETIONARY 3 = ADMINISTRATION

SOURCE: RCMP PERSON HOUR REPORTING SYSTEM C-75D

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It must be appreciated that current time collection methods do not facilitate extraction of pure reactive time from our data system. Consequently, in some work categories where a definite distinction cannot be made, such time has been arbitrarily included in the reactive grouping. Future time collection methods will hopefully overcome this deficiency.

As noted earlier in the section on "Performance Information/ Resource Justification", the demand upon a police officer's time has shown a consistent shift towards reactive or non-discretionary work. This trend reduces the amount of time available for proactive police activity. This change is believed to be caused by a disproportionate growth of reactive crime offences relative to the growth in human resources. The trend is forecast to continue through to 1985.

Figure 27: Non-Crime Outputs Volume of Some Non-Crime Services Provided by Police Services Under Contract

	1982	1983
Assistance to general public	570,000	556,000
Service of legal documents	210,000	232,000
Safety or preventive lectures	18,000	23,000
Permits issued	148,000	157,000
Inspections conducted	28,000	35,000
Prisoners escorted	51,000	44,000
Motor vehicle accidents investigated	218,000	201,000

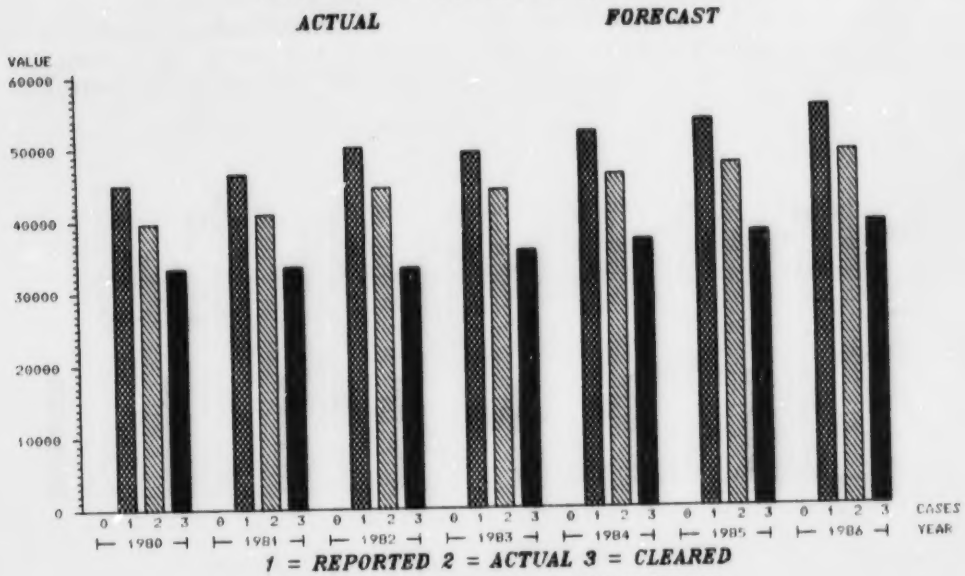
A measure of effectiveness is the ratio of actual offences cleared (by the laying of a charge or otherwise successfully identifying the offender) to the total number of actual offences investigated. This ratio is commonly referred to as the clearance rate. For further information on the significance of clearance rates, see page 20.

Persons offences are identified in figure 28. These offences include murder, sexual assaults, robberies, and assaults.

Property offences are reported in figure 29. This is an area which receives a lot of focus from the Force's crime prevention initiatives.

Other Criminal Code offences are shown in figure 30. Some offences under this category are influenced by crime prevention initiative.

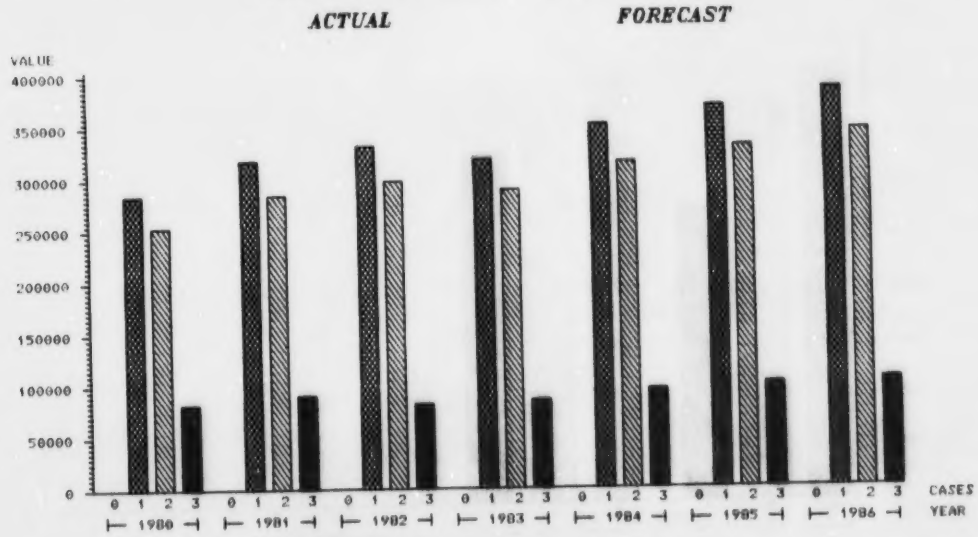
FIGURE 28 CRIMINAL CODE - "PERSONS"
REPORTED ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: UNIFORM CRIME REPORTING STATISTICS EXTRACTED FROM OPERATIONAL STATISTICS REPORTING SYSTEM

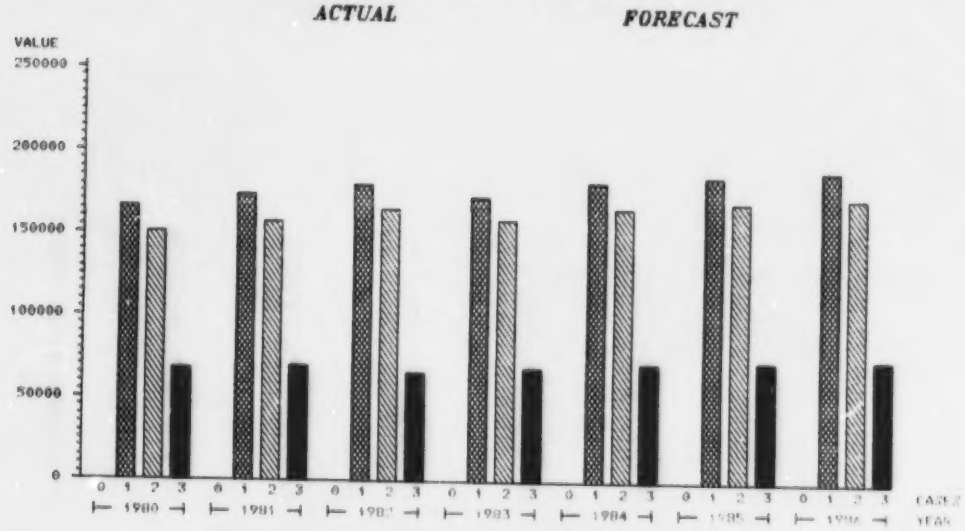
FIGURE 29 CRIMINAL CODE - "PROPERTY"
REPORTED ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: UNIFORM CRIME REPORTING STATISTICS EXTRACTED FROM OPERATIONAL STATISTICS REPORTING SYSTEM

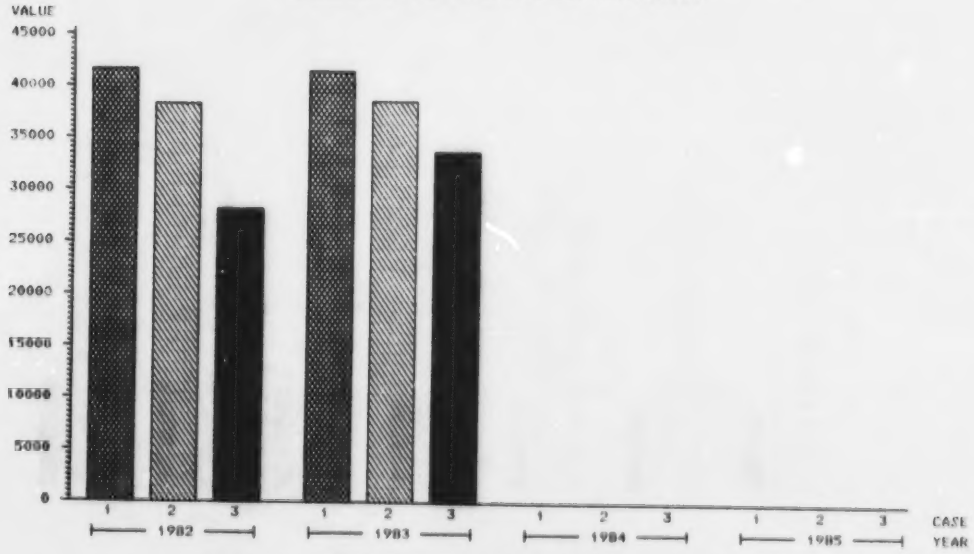
FIGURE 30 CRIMINAL CODE - "OTHER" REPORTED ACTUAL AND CLEARED CASES



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: UNIFORM CRIME REPORTING STATISTICS EXTRACTED FROM OPERATIONAL STATISTICS REPORTING SYSTEM

FIGURE 31 - FEDERAL OFFENCES INVESTIGATED BY POLICE SERVICES UNDER CONTRACT



1 = REPORTED 2 = ACTUAL 3 = CLEARED

SOURCE: RCMP OPERATIONAL STATISTICS REPORTING SYSTEM

Figure 31 identifies the number of federal offences investigated by Police Services Under Contracts. Investigations under this category include offences against a number of federal statutes. Further details on the various Acts which are enforced and the major categories of offences are provided on pages 27, 28, and 63.

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D. Administration

Objective

To direct and manage organizational and administrative resources on behalf of the Law Enforcement Program.

Resource Summary

Total expenditures for the Administration Activity will account for approximately 15.6% of the total operating expenditures during 1985-86. Administration represents 16.1% of the overall Force's person-years.

Figure 32: Activity Expenditures and Person-Years ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Dept'l Administration	57,277	793	49,870	971	41,892	885
Division Administration*	121,063	1,797	105,407	1,746	103,407	1,730
Training	14,239	522	12,398	242	10,520	227
Total	192,579	3,112	167,675	2,959	155,819	2,842

* Data under 1984-85 and 1983-84 has been adjusted to include portions of Record Services sub-activity which were transferred to Administration from Canadian Police Services. See page 34.

Description

The Administration Activity may best be described in terms of its three sub-activities.

Departmental Administration: Encompasses centralized administrative functions such as audit, review and policy development. Functions include: Air Services; Official Languages; Public Relations; Organization and Personnel; Services and Supply; Finance; Planning and Evaluation; Health Services; and the Commissioner's Secretariat.

Divisional Administration: Parallels Departmental Administration by carrying out staffing and support functions within Divisions. Additional decentralized categories include Divisional Audit Services, Office of the Commanding Officer and Record Services.

Training: The training function is on three levels.

Headquarters Training: This is concerned with development, implementation and administration of training policy and the delivery of

centralized training services in areas where there is insufficient demand for such training to be economically delivered at division level, or where highly specialized training is needed.

Division In-Service Training: This is concerned with development, implementation and administration of training programs within each division with emphasis on unique operational/administrative/managerial needs of that division.

Recruit Training: This is concerned with the development and delivery of basic recruit training for newly engaged Constables and Special Constables at the recruit training academy, "Depot" Division, Regina.

Performance Information/Resource Justification

Figure 33 represents person-year growth in the Administrative Activity as a percentage of total person-year growth for the program. The increase shown for 1984-85 and 1985-86 is due to an organizational change which transferred some functions from Canadian Police Services to Administration.

FIGURE 33 - ADMINISTRATION PERSON YEARS AS A PERCENTAGE OF TOTAL PROGRAM

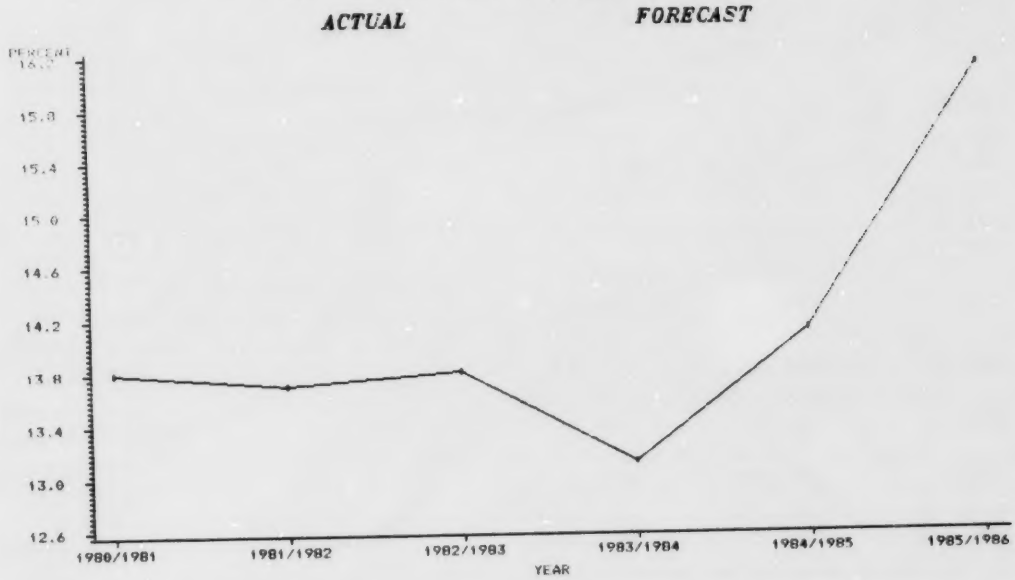

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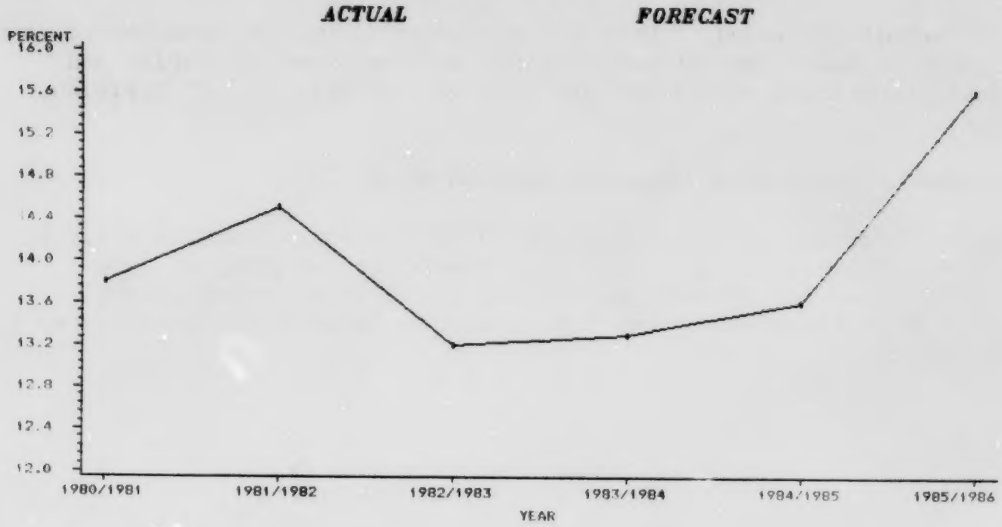
Figure 34 represents expenditures for Administration Activity as a percentage of total program cost. Comments under figure 33 also apply here.

FIGURE 34 - ADMINISTRATION EXPENDITURES AS A PERCENTAGE OF TOTAL PROGRAM



Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 35: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Civil salaries and wages	98,178	100,835	94,919
Pay and allowances of the Force	647,628	659,808	621,100
Contributions to Employee Benefit Plan	13,745	13,588	13,762
RCMP superannuation	68,098	71,323	64,650
Other personnel costs	29,850	29,130	27,338
Travel and relocation	44,623	44,655	39,240
Other transportation and communications	26,551	19,790	17,390
Information	743	471	414
Professional & special services	49,570	48,720	42,812
Computers, terminals and lines	8,432	15,382	13,517
Other rentals	18,420	16,454	14,459
Purchased repair and upkeep	26,098	27,396	24,074
Transportation fuel	23,433	25,692	22,577
Other utilities, materials and supplies	41,591	33,447	29,391
All other expenditures	14,070	21,447	18,846
Total operating	1,111,030	1,128,138	1,044,489
Capital			
Construction and acquisition of land, buildings and works	35,505	34,917	33,507
Construction and acquisition of machinery and equipment	54,536	44,360	40,309
Total capital	90,041	79,277	73,816
Transfer payments	30,739	28,479	24,540
Total Expenditures	1,231,810	1,235,894	1,142,845
Less: receipts and revenues credited to the Vote	403,520	385,970	341,107
Net Program Expenditures	828,290	849,924	801,738

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2. Personnel Expenditures

Figure 36: Authorized Person-Years and Salary Provision

	Authorized Person-Years 85-86	Average Salary Provision
Senior Management	514	57,751
Operational	13,117	37,744
Operational Support	1,298	31,104
Special Services Group	710	36,123
Scientific and Professional	44	46,001
Administrative & Foreign Services	306	34,602
Technical	76	29,342
Administrative Support	2,604	21,553
Operational Trades	378	22,359
Casuals	330	

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational category. The average salary column reflects the estimated base salary costs including allowance for collective agreement, annual increments, promotions and merit pay divided by the person-years for the occupational category.

3. Capital Expenditures

Figure 37: Major Capital Projects ($000)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Enforcement of Federal Statutes and Executive Orders					
Chicoutimi, P.Q.	1,112	1,011	90	80	841
Valleyfield, P.Q.		1,104			1,014
Equipment					
Communications		3,994		3,994	
Vehicles		5,200		5,200	
Miscellaneous		6,483		6,483	
Canadian Police Services					
Winnipeg, Man. Forensic Lab	6,634	6,356	1,004	5,352	
Rockcliffe, Ont. CPC Phase II	23,834	23,832	57	627	23,148
Equipment					
Communications		874		874	
Vehicles		538		538	
Miscellaneous		4,959		4,959	
Police Services Under Contract General Detachment Bldgs. Unless Otherwise Stated					
Newfoundland					
Gander (Sub-Division)	3,200	3,466	732	2,300	434
Grand Falls	2,536	1,748	634	1,114	
Marystown	1,104	1,132	825	307	
Stephenville	1,437	1,261	1,211	50	
Goose Bay, Lab (Air Hangar)		835	20	815	
Lewisporte		450	20	430	
Fogo	724	545	25	520	

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Police Services Under Contract - continued					
General Detachment Bldgs. - continued					
Harbour Grace		250	8	7	235
Hopedale	525	703	13	10	680
Bonavista	812	962	7	32	923
Wesleyville	697	572	17	15	540
Bay D'Espoir		589		2	587
Burgeo		787		2	785
Grand Bank (MQ4)		258	7	251	
Burgeo (MQ2)		268	2	35	231
Marystown (MQ4)		495		92	403
Twillingate (MQ2)		276	8	32	236
Baie Verte (MQ2)		311	2	43	266
Nova Scotia					
Glace Bay		1,271		2	1,269
Sackville	1,138	1,138		78	1,060
Stewiacke	323	323	35	288	
Barrington Passage	613	612	27	585	
Meteghan	646	614	20	15	579
Port Hawksbury		918		2	916
Kingston		642		2	640
New Brunswick					
Bathurst (S/D HQ)	1,696	1,697	44	200	1,453
Campbellton		1,035	1	35	999
St. John	1,184	1,189	63	50	1,076
Tracadie	1,108	1,120	25	1	1,094
Lemeque	1,077	1,077	40	700	337
Manitoba					
Dauphin (S/D HQ)		7,897		2	7,895
The Pas	1,343	1,343	177	42	1,124
Steinbach		1,020	122	598	300
Grand Rapids	1,551	1,551	2	78	1,471
Russel	1,495	1,540	2	81	1,457
Emerson		1,033	2	2	1,029

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Police Services Under Contract - continued					
General Detachment Bldgs. - continued					
Fisher Branch	1,387	715	55	660	
Cranberry Portage		776	58	718	
Manitou	1,185	464	59	405	
Saskatchewan					
Ft. Qu'Appelle	1,378	1,125	771	354	
Carlyle	2,510	1,430	95	73	1,262
Swift Current (S/D HQ)		365	40	2	323
North Battleford (S/D HQ)		287		2	285
Wollaston Lake		600	15	585	
Wollaston Lake (MQ2)		343	193	150	
Sandy Bay (MQ2)		250		250	
Alberta					
Edson (S/D HQ)	2,334	2,812	64	2,073	675
Calgary (S/D HQ)		1,259		2	1,257
Red Deer (S/D HQ)		3,750		230	3,520
Lethbridge (S/D HQ)		3,400		2	3,398
Banff	547	1,979	45	351	1,583
Drayton Valley	1,558	1,439	799	640	
Canmore	967	1,406	203	500	703
Three Hills	939	1,081	75	25	981
Slave Lake	1,313	1,255	100	50	1,105
Rocky Mountain House	1,689	1,965	180	50	1,735
Taber	1,015	1,036	83	5	948
Gleichen		1,561	56	5	1,500
Lac La Biche	1,359	1,014	684	330	
Innisfail		1,643		2	1,641
Athabasca		1,371		2	1,369
Westlock		1,403		2	1,401
Wetaskiwin		1,201		2	1,199
Medicine Hat		1,425		141	1,284
Fort McLeod		1,416		2	1,414
Camrose		1,244		2	1,242

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Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Police Services Under Contract - continued					
General Detachment Bldgs. - continued					
Alberta					
St. Paul (S/D HQ)		860		2	858
Swan Hills	1,119	741	692	49	
McLennan	907	679	627	52	
Beaverlodge	1,014	787	734	53	
Mayerthorpe	1,030	678	624	54	
Smokey Lake	818	820	2	28	790
Hanna		687		2	685
Bassano		942		2	940
Picture Butte		874		2	872
British Columbia					
Nelson (S/D HQ)	1,178	3,138	275	200	2,663
Prince George (Air Det.)	1,014	1,014	5	2	1,007
Williams Lake	2,605	2,605	142	246	2,217
Chetwynd		1,361		2	1,359
Agassiz		1,183		2	1,181
Sooke		1,305		2	1,303
Nakusp		1,042		2	1,040
Enderby		1,353		2	1,351
North Sydney		1,188		2	1,186
Elkford	652	734	328	406	
Logan Lake	458	403	295	108	
New Aiyansh	705	703	36	50	617
Ucluelet	680	686	102	584	
Grand Forks	862	862	1	68	793
Houston	830	613	516	96	1
Tahsis	491	491	19	15	457
Port Hardy	985	807	254	553	
Stewart	908	906		88	818
Lumby	860	858		40	818
Clinton		480	5	475	
Burns Lake		860		2	858
Fraser Lake		860		2	858

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
British Columbia					
Queen Charlotte		623		2	621
New Hazelton (MQ3)		420	75	95	250
Valemont (MQ4)		374	174	200	
Pemberton (MQ2)		726	526	200	
Yukon					
Mayo		469	468	1	
N.W.T.					
Pond Inlet	571	452	2	450	
Igloolik	571	452	2	450	
Norman Wells		683		2	681
Yellowknife		1,113		2	1,111
Sachs Harbour (MQ)		260		260	
Communications		6,292		6,292	
Vehicles		22,439		22,439	
Miscellaneous		4,389		4,389	
Administration					
St. John's, Nfld - Division HQ	24,012	19,013	13	301	18,699
Fredericton, N.B. - Division HQ	22,800	23,216	1,133	3,220	18,863
Montreal, P.Q. - Division HQ Parking		1,340	800	540	
Toronto, Ont. - Div. H.Q. Annexe-	7,123	21,759	88	484	21,187
Ottawa (Air Det.)		4,725		2	4,723
Regina, Sask. - Central Monitoring & Control System	492	466	46	420	
Edmonton, Alta. - Division HQ Renovations	3,200	3,200	10	540	2,650
Vancouver, B.C. - Dormitory	2,166	2,166	214	998	954
Vancouver - Complex Fire Exit		250	13	237	

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Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
Administration					
Vancouver - Landscape		500	125	175	200
Vancouver - Services Bldg.		4,800		250	4,550
Equipment					
Communications		10		10	
Vehicles		918		918	
Miscellaneous		893		893	

4. Transfer Payments

Figure 38: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Administration			
Royal Canadian Mounted Police Veterans Association	**2,500**	2,500	2,500
International Association of Chiefs of Police	**1,500**	1,500	1,500
Survivors of members slain on duty	**600,000**	150,000	152,985
(S) - Pensions and Other Employee Benefits			
Pensions under the Royal Canadian Mounted Police Pension Continuation Act (R.S.c.R-10)	**27,326,000**	26,113,000	22,607,276
To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty (R.S.c.R-10)	**2,213,000**	2,134,000	1,703,191
Pensions to families of members of the Royal Canadian Mounted Police who have lost their lives while on duty (R.S.c.R-10)	**88,000**	78,000	73,035
Total Grants	**30,231,000**	28,479,000	24,540,487
Contributions			
Contribution to Non-RCMP candidates attending Canadian Police College courses	**508,000**		
Total	**30,739,000**	28,479,000	24,540,487

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B. Cost Analysis

The RCMP 1985-86 Estimates include only authorities to be voted and statutory authorities. Consideration on a full cost basis must include services provided without charge. Details of such costs are outlined in Figure 39.

Figure 39: Net Program Costs for the Year 1985-86 ($000)

1985-86 Operating Expenditures	Add* Other Costs	Less** Revenue	Net Cost	Forecast 1984-85
1,231,810	108,774	408,372	**932,212**	946,701

* Other costs of $108.8 million consist of:

	($000)
• Accommodation provided without charge by DPW	13,919
• DSS services provided without charge	1,327
• Pension and insurance paid by Treasury Board	16,414
• Accommodation provided without charge by Transport Canada	284
• Labour Canada services provided without charge	159
• Accommodation provided without charge by RCMP	76,671
	108,774

** Total revenues of $408.4 million consist of:

• Receipts and revenues credited to the Vote	
- Provincial policing contracts	235,295
- Municipal policing contracts	114,046
- Northwest Territory policing	15,050
- Yukon Territory policing	5,725
- Police services to other departments	32,283
- Police Information Retrieval System	1,121
	403,520
• Receipts credited to consolidated revenue	
- Total Vote 14 credits	4,852

C. Revenue Analysis

Revenues are received from other federal departments for the provision of "Other Police Services". The Enforcement of Federal Statutes and Executive Orders Activity recovers the cost of Policing Airports and the 3-B Native Policing Program on certain larger reserves within contracting provinces and territories. Substantial revenues are also received for providing police services to provinces, territories and municipalities under policing agreements between Canada and eight provinces, two territories and some 190 municipalities expiring in 1991. Details on the Federal-Provincial cost-sharing agreement are shown below in Figure 40.

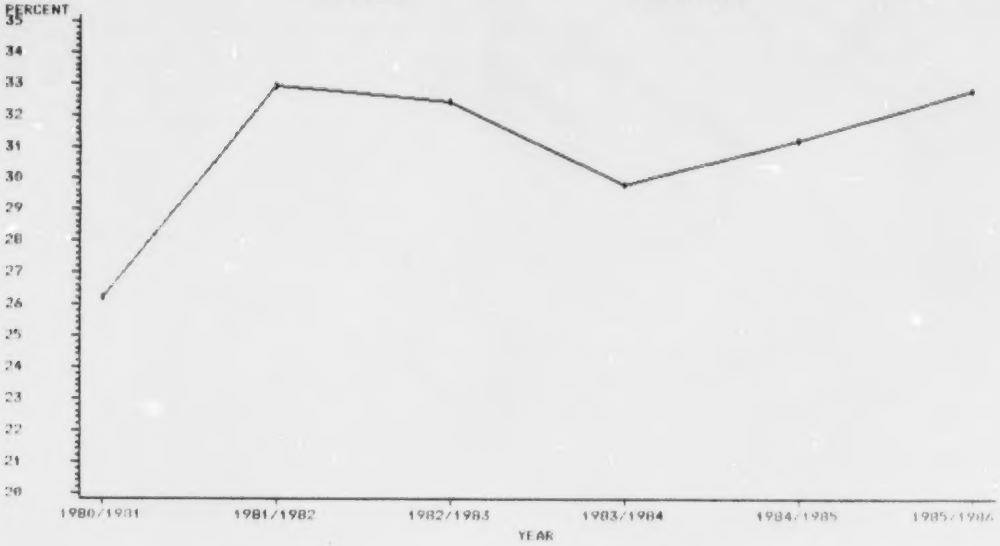
Figure 40: Cost-Sharing Percentages Between Federal Government and the Provinces, Territories and Municipalities

Fiscal Year	Provinces, Territories and Municipalities (Under 15,000 pop.) Share %	Federal Share %	Municipalities (Over 15,000 pop.) Share %	Federal Share %
1981-82	56	44	81	19
1982-83	57	43	82	18
1983-84	58	42	83	17
1984-85	59	41	84	16
1985-86	60	40	85	15
1986-87	62	38	86	14
1987-88	64	36	87	13
1988-89	66	34	88	12
1989-90	68	32	89	11
1990-91	70	30	90	10

Figure 41 shows the percentage of program costs that are recovered through revenue. Several 1981 amendments to the Federal-Provincial cost-sharing Agreement on Contract Policing increased revenues. In particular, 1981-82 revenues were increased substantially due to a change from semi-annual billing to quarterly. This resulted in collection of fifteen months revenue within the twelve month period. A second factor which influenced revenue was a change in the cost base used to calculate invoices. Contracting parties are now billed on current cost base rather than previous year costs. Finally, the cost-sharing percentages were increased as noted above in Figure 40.

FIGURE 41 – REVENUE AS PERCENTAGE OF PROGRAM COST

ACTUAL *FORECAST*



D. Listing of Major Federal Statutes

In relation to the following federal statutes, the RCMP has a wide variety of enforcement responsibilities.

Aeronautics Act
Animal Disease and Protection Act
Bank Act
Bankruptcy Act
Canada Grain Act
Canada Pension Plan
Canada Shipping Act
Canada Wheat Board Act
Canadian Citizenship Act
Canadian Elections Act
Combines Investigation Act
Criminal Code
Cultural Property Export & Import Act
Customs Act
Excise Act
Explosives Act
Export & Import Permits Act
Family Allowance Act
Fisheries Act
Food & Drug Act
Immigration Act
Income Tax Act
Migratory Birds Convention Act
Narcotic Control Act
National Energy Board Act
Official Secrets Act
Petroleum Administration Act
Weights and Measures Act

Science Council of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Science Council
of Canada

3899

Preface

This Expenditure Plan is designed as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as the performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $4,583,000 in 1985-86 for Science Council of Canada. The remaining expenditures, estimated at $374,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Science Council of Canada		
35	Program expenditures	4,583	4,509
(S)	Contributions to employee benefit plans	374	338
	Total Program	4,957	4,847

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Science Council of Canada	
35	Science Council of Canada - Program expenditures	4,583,000

Extracts from Part II of the Estimates

Program by Activity

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-Years	Budgetary Operating	Budgetary Capital	Total	
Operations	68	4,920	37	4,957	4,847

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 35 - Program expenditures	4,233,000	4,237,862	4,233,289
Statutory - Contribution to employee benefit plans	314,000	349,000	349,000
Total program	4,547,000	4,586,862	4,582,289

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Science Council of Canada undertakes a wide range of activities and programs in line with its mandate to carry out a program of science and technology policy research, to publish its findings, and, through communications activities, to increase awareness and discussion of science and technology policy issues in Canada.

Council's research work is administered under five key policy areas:

- Technological and innovative capacity in industry (see p. 14).
- Education and employment in a technologically changing world (see p. 15).
- Biotechnology, information technologies and other new technologies (see p. 16).
- Science and technology infrastructure (see p. 17).
- The impact of science and technology on society and the environment (see p. 19).

Its major activities for 1985-86 include:

- a national consultative program identifying emerging science and technologies that promise to be critically important to Canada over the next decade; (see page 13)
- increased discussions leading to policy advice which will assist to determine the balance of Canada's scientific effort; (see page 19)
- increased activity to promote greater awareness among a broader public of the development and effects of science and technology. (see page 18)

2. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Science Council of Canada	4,957	4,847	110
Authorized person-years	68	67	1

*The level of expenditures forecast for 1984-85 is the same as originally provided for in the 1984-85 Main Estimates (Extracts from Part II of the Estimates, page 5).

Explanation of Change: The need for the additional $110,000 and one person-year in 1985-86 was primarily due to the following:

- an increase of $35,000 and one person-year to cover workload increase in the Communication Area;
- an increase of $75,000 in salaries and employee benefits to cover inflation, promotions and salary increments.

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are as follows:

The Science Council is committed to maintaining its research capability and presence in what it regards as the five key science and technology policy areas. The planning framework, adopted at the Council's December 1983 meeting, encompasses all of the duties set forth in the Science Council of Canada Act. Because of limited resources it was not possible to have a major research program in all these areas simultaneously. The Council's response has been to devote the greater part of its resources to two or three major areas at a time, while actively monitoring the other areas with the remainder of its resources.

Two major studies that have been the focus of much of the Council's research effort for the past three years are now complete. These deal with industrial policy and science and education. A third major study, biotechnology was begun in 1983.

Since 1981 Council has been engaged in a major research project designed to increase understanding of the problems facing Canadian industry and the issues involved in developing an appropriate industrial strategy. A final report was prepared during 1983 and was reviewed by the Council in draft form at its December meeting. A revised draft was approved in March 1984 and was released in September 1984.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Science Council of Canada	4,582	4,547	35

Explanation of Change: The additional expenditure of $35,000 was primarily due to higher contributions to employee benefit plans.

C. Background

1. Introduction

The Science Council of Canada, created by an Act of Parliament in 1966, exists to provide a source of independent advice to government and to society in general on science and technology policy. The Science Council performs a unique role in the federal government's decision-making process. Unlike departments and agencies which include a science component, and which also advise the government on specific aspects of science and technology policy, the Science Council operates at arms length from government, determining its own research program and publishing findings at its own discretion. One of its primary objectives is to generate a greater degree of public awareness of science and technology policy issues.

2. Legal Mandate

The Science Council of Canada was created in 1966 through an Act of Parliament to provide independent advice on science and technology policy for Canada. Its duties, set out in the Science Council of Canada Act, 1966-67, were enlarged through amendments made in 1978. The amendments stress the national role of Council and its mandate to generate increased public awareness of the nature of science policy issues. The Act empowers Council to conduct studies, inquiries and other undertakings on its own initiative, and to publish the results. The Science Council of Canada reports to the Minister of State for Science and Technology, and the Act also requires Council to investigate and report to the Minister on all matters referred to Council by the Minister.

3. Program Objective

The objectives of the Science Council of Canada are to assess Canada's scientific and technological requirements, to increase public awareness of these requirements and of the interdependence of various groups in society in the development and use of science and technology, and to advise the Government on the best use of science and technology.

4. Program Organization for Delivery

Activity Structure: The Science Council of Canada has one activity: policy research and development. An outline of its activities over the course of 1985-86 appears under the heading: Program Description.

Organization Structure: A departmental corporation, the Science Council consists of a chairman, vice-chairman and as many as 28 members appointed by the Governor in Council. Apart from the chairman and vice-chairman, the members serve without remuneration and represent a broad range of expertise and specialization in science or technology. The chairman is also the Chief Executive Officer of Council. The work of the Science Council is carried out by a staff of 67 who undertake policy research and analysis, provide communications about Council's activities and findings, and provide administrative services.

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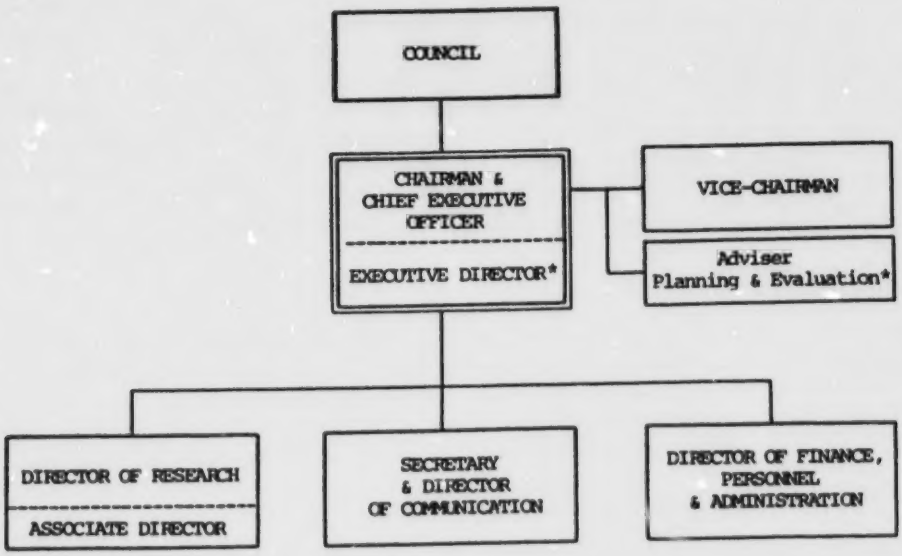
Figure 3: Organization Structure



	Budget ($000)	P-Y
Council and Chairman's Office	483	4
Research	2,297	28
Secretary's Office and Communication	1,062	16
Finance, Personnel and Administration**	1,115	20
Total	4,957	68

*Vacant
**Includes all support functions such as word processing and duplication.

5. Program Description

The Science Council of Canada has identified five key science and technology policy areas under which its activities are conducted:

- o Technological and innovative capacity in industry;

- Education and employment in a technologically changing world;
- Biotechnology, information technologies and other new technologies;
- Science and technology infrastructure; and
- The impact of technology on society and the environment.

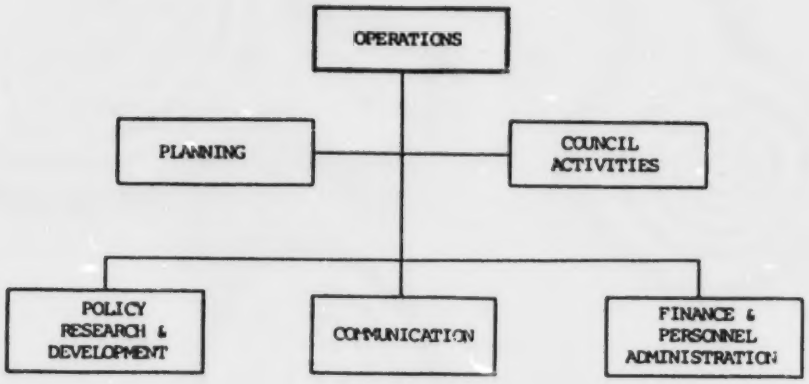
The five key policy areas encompass all of the duties as set forth in the Science Council of Canada Act. Under the umbrella of these broad areas of policy concern, Council has developed a planning framework for determining and undertaking its individual research programs. Because of limited resources, a major task of Council is to identify priority areas for specific research undertakings. It is not feasible, for example, to carry out major research programs in all five areas simultaneously. And while Council selects among two or three of the five areas for major research in a given timeframe, it devotes the remainder of its resources to monitoring developments in the other areas.

Another principal mandate of Council is to generate awareness among Canadians of science and technology policy issues. Council places a great deal of emphasis on communicating its findings and recommendations to the broadest possible public. Major policy documents, which have the sanction of Council, are published as red-covered Council policy reports. More technical material prepared as part of the research effort which supports the major policy documents is often released as green-covered background studies. In addition, Council publishes statements and speeches by the Chairman on current policy issues, occasional papers, and the annual report as required by the Act. It also publishes the newsletter, "In Touch" regularly and contributes material for science articles in magazines and newspapers, or radio and TV programming.

Council's major research efforts are augmented through the sponsorship of or attendance at various workshops, seminars, conferences or other sessions at which topics related to Council's activities are addressed. Often, the Council will publish proceedings or abstracts of these events.

As part of its communication activities, Council plans to continue to maintain a network of contacts with decision-makers in all 10 provinces. The network provides a continual source of information and feedback on important science and technology policy issues facing the country. An aim of Council is to bring together experts in various fields such as government, business, the professions, the scientific community, and labour to focus attention on policy issues. As a result of organizing meetings and other activities, Council is seen as a catalyst for otherwise disparate groups to share information, outline problems, and work toward solutions thus stimulating national discussion of science and technology policy issues.

Figure 4: Functional Structure



D. Planning Perspective

1. Environment

Most science and technology issues are far reaching and complex. In general, they are the result of two major influences at work simultaneously. First, the field is characterized by an extremely rapid pace of change and development. Second, the issues are closely inter-related with and affect virtually every facet of society. The effect of these influences underscores the work of the Science Council, both in its major decisions and in its various research programs. Many, but not all science and technology developments are the result of events taking place beyond Canada's borders, and much of Council's efforts are aimed at advising Canadians in government, industry, universities and other sectors how best to plan and shape policies in a world increasingly affected by the imperatives of science and technology. By virtue of its expertise and mandate, Council serves as a valuable, impartial institution through which to address issues and tender advice and recommendations. In 1985-86 Council intends to continue to generate awareness among Canadians of science and technology policy issues.

Technological Development: It has become increasingly evident that scientific and technological development is an essential component of economic health. In Canada, the application of technology to the development and productivity of our national resource base, and the incubation of new high-growth technologies are critical to the modern economy. Closely related to these factors are the requirements for research and development — the seeds of our technological, and economic future — and the need for appropriately trained people to meet the

challenges of a technological world. These themes permeate the thinking behind the Council's major decisions and advice, and underlie the day-to-day work within its various research programs.

Fiscal Climate: The climate of fiscal restraint within the Federal Government generates pressure on all departments and agencies to control expenditures and to make the best use of available funding.

Public Opinion: In recent years, the Canadian public has demonstrated increased awareness of science and technology issues and the effect of technological developments on every aspect of life. Greater knowledge and awareness translates into keener debate, more rational discussion and, ultimately, better decisions. The Council is committed to encouraging greater awareness. Because of its unique position as an arms-length institution, it can provide impartial advice to all sectors of society, including federal and provincial governments, industries, and universities.

2. New and Continuing Initiatives

As previously described, the research program conducted by Council is carried out in five major areas. This research program is supplemented by a communication program designed to increase public awareness of the developments and effects of science and technology generally, and of the Council's findings and recommendations on specific issues.

No major changes are expected in the nature or direction of Council's program in 1985-86. The emphasis will be on continuing to expand upon past initiatives. Council's research and communication programs are described below.

Emerging Science & Technologies: A program on Emerging Science and Technologies (EST) is one of the most ambitious S&T consultations ever attempted by Council. Over 10,000 Canadians in science, engineering and business, will be consulted in the Council's effort to identify the science and technologies that promise to be critically important to Canada over the next decade. The program constitutes the most significant undertaking of the next few years. Council believes that such consultations can combine the expertise of those at the forefront of industry with that of laboratory scientists at the leading edge of new science and technologies.

The consultation will take place in two stages. First, 250 experts from business, government, universities and research organizations, who are among the most informed persons in their fields, will be questioned at length over the telephone about future technologies of crucial importance to Canada. The initial consultation will be extended to a large sample over 10,000 Canadians from all sectors of society, who will

be asked to express their views and concerns about emerging technologies. They will be asked to identify which new technologies will influence Canada's development, the socio-economic sectors that might be affected, the probabilities for commercializing the technologies, and the areas of concern posed by these technologies.

The EST group is currently compiling the results of this major consultation. Results will be discussed in upcoming issues of Council's newsletter "In Touch". As its next step, Council, aided by a consultative committee, will choose specific areas for further study and will call face-to-face meetings, bringing together science and business people in those specific sectors.

Technological and Innovative Capacity in Industry: Industrial nations the world over are scrambling, not only to share in technological development, but as well, to apply technology to business, industry, health care, resource management and virtually every conceivable aspect of production, distribution and service. To remain competitive and to improve productivity, Canada must also harness the benefits of technology.

Canadian Industrial Development: This year, the Council completed a major study of industrial policy, culminating in the release of a report (Report 37) entitled "Canadian Industrial Development". The study focusses on ways to strengthen Canada's industrial technological performance, which the report finds is vulnerable in a number of important areas. Canada slipped from sixth to eleventh place in terms of international competitiveness between 1981 and 1982.

The report identifies weaknesses in key areas which contribute to international competitiveness -- low productivity growth, a weakness in research and development, less than optimum performance in foreign trade and investments, and the lack of a stable socio-political consensus which is more often than not characterized by conflict rather than cooperation in setting industrial priorities. Its recommendations are designed to strengthen Canada's competitiveness and overall industrial technological capability. In particular, emphasis is given to measures which would enhance entrepreneurship, improve Canada's technological capacity for future development, encourage industry to look outward to international markets, and promote cooperation among the various interest groups in the Canadian industrial infrastructure.

Since the report is a recent one, it is premature to judge the ultimate effects of its findings and recommendations in terms of encouraging directional changes. Many of Council's concerns, however, are shared by others and there are indications that Canadian business and governments have begun to move in the directions recommended by Council in this and other studies.

Associated with Report 37, Council has published a number of background studies, including "Governments and Microelectronics", and "The Challenge of Diversity: Industrial Policy in the Canadian Federation".

Aquaculture: Aquaculture represents a relatively new technology which holds significant industrial promise. Designed to introduce innovative means to cultivate and harvest fresh water and marine animals and plants, it could help meet the world demand for fish while, at the same time, alleviate some of the problems associated with Canada's traditional commercial fishing operations.

Following a conference on aquaculture, co-sponsored with the federal department of Fisheries and Oceans, Council established a task force to assess the immediate needs of the industry. A preliminary report of the task force, issued in March, 1984, found that, although the subject is being researched, commercial viability of aquaculture awaits market demand.

The conference and the task force report have helped increase awareness of the potential of aquaculture technology as it relates to commercial operations, and work is continuing in a number of sectors to help enhance commerical possibilities.

Education and Employment in a Technologically Changing World: Canada, like other industrial nations, is faced with a need for educational and employment planning in a world dominated by scientific and technological change. In education, science and technology offer new opportunities but at the same time, the educational systems must be able to respond to the need for qualified and skilled people to meet the challenges of the future. In the factory and office, technology is directly affecting employment patterns, job requirements and many other facets of the world of work.

Because of their importance, education and employment policy and planning will continue to be a major focus of attention of the Science Council. An outline of its current activities in this area follows:

Science and Education: An examination of the state of science education in elementary and secondary schools across Canada has been the subject of a major study by the Council. Initiated in 1980, the study was designed to stimulate discussion on the future of science education in schools. It includes a historical analysis and a review of the current characteristics, success and limitations of science education across Canada.

As part of the study, six discussion papers have been published by Council over the past four years. In May, 1984, Council released a three-volume background study, entitled "Science Education in Canadian Schools". It represents the most comprehensive compilation

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of data on science education ever produced in Canada, focussing on past and current practices. As part of Council's science and education program, a series of conferences on the subject has also been held in every province of Canada and the Yukon. These two-day conferences brought together parents, students, teachers, trustees, scientists, provincial education officials and others and served to stimulate discussion and increase awareness of the issues involved.

The final report of the science and education study, "Science for Every Student: Educating Canadians for Tomorrow's World" provides comprehensive recommendations on all major aspects of science education in Canadian schools. The Council is undertaking a follow-on program with meetings in each province, to ensure a full and wide-ranging discussion of the policy issues raised by the report.

Engineering Education: In cooperation with the Canadian Council of Professional Engineers, the Science Council organized a national conference on engineering education in April 1983. The conference was brought about as a result of Council's continuing concern about science and technology education in Canada and served to focus attention on problem areas and to lay the groundwork for identifying solutions. Following the conference, a background paper on the issue was commissioned to provide a detailed analysis of the issues and concerns raised.

Biotechnology, Information Technology and Other New Technologies: Often considered the leading edges of technological development biotechnology and information technology represent two of the fastest growing fields of technical innovation and application. Biotechnology is a newer endeavour, but some of the implications of its rapid development are beginning to emerge. Much of Council's energies and attention are currently addressing the momentous implications of these two world-wide phenomena.

Biotechnology: Although a relatively new development, the growth of biotechnology in the past few years has been startling. Many experts predict its impact will be at least as profound as that of the information revolution, perhaps even more so. Already, many Canadian industries, particularly in pharmaceutics, agriculture, forestry, mineral extraction, and waste management, are applying biotechnology.

During 1984, Council continued its work on a major study of biotechnology, initiated in 1983. The study is designed to recommend policies which would stimulate the adoption of advanced biotechnology, especially in resource industries, to promote effective communications among these working in or affected by biotechnology, and to increase awareness among governments, industry and universities as to the potential economic benefits of biotechnology.

Council is also focussing on two particular areas of biotechnology application -- the pulp and paper industry and agriculture. As background for a workshop held in February 1984, Council prepared a paper summarizing research, applications and pilot projects in the pulp and paper industries. In the field of agriculture, Council is examining the sector's ability to apply the results of biotechnology research. As part of this examination, Council published a manuscript report on biotechnology in the seed industry.

Information Technology and Personal Privacy: The Science Council, together with the Canadian Institute for Advanced Research, sponsored a conference on robotics and artificial intelligence in Ottawa, in March 1984. The conference, on "Machines that Think, Sense and Act and Their Applications", brought together people from a variety of disciplines, including electrical and mechanical engineers, psychologists, physiologists, and computer scientists, who have an interest in various aspects of information technology. A conclusion of this and previous conferences is that, while Canadian researchers have proven themselves capable of demonstrating world-class ability in research in artificial intelligence, Canada may fall behind if this endeavour is not more fully financed and supported.

Council organized a workshop on information technologies and personal privacy in Canada in the fall of 1984. The information privacy protection aspects discussed included a review of the increased use of computer-based systems to store and process personal information and resulting privacy issues. The electronic funds transfer was discussed, and in particular the new set of privacy implications and transactions by electronic means.

Science and Technology Infrastructure: A nation's science and technology infrastructure is composed of all the elements which contribute to the research, development and application of science and technology. Council has undertaken a number of studies related to science and technology infrastructure, but is now placing increased emphasis on this area, because of the recognition of the importance of research and development work to economic competitiveness. The following is a summary of Council programs in this area.

The University Sector: Academic institutions have always been a major contributor to science and technological development in industrial countries, both in terms of the research carried out within them, and their role in preparing the skilled graduates required by industries and governments in a technological world. Council is currently defining the terms of reference of a program of study which would focus on universities.

The study will focus on the role of universities in achieving national goals, and how links between governments and universities can be improved to make R&D efforts more mutually supportive. Specific terms of reference and priorities for the study, expected to take about two years, are to be decided by the Council in 1984.

Science Counsellor Network: Council recommended expanding and strengthening the present science counsellor network which is used to raise domestic awareness of international science and technology (S&T) activities and to promote technology transfer. Council suggests increasing the present science counsellor staff at all locations, especially in London, Washington, Tokyo, and Bonn, as an initial step in expanding the system to five new locations — San Francisco, New York, Northern Europe, Southern Europe, and East Asia. Council further emphasizes the need for the science counsellors to have more interaction with industry. Small and medium-sized enterprises (SME) are looking more and more to science counsellors not so much for detailed technical information, as for the counsellors' knowledge of the host country and policies that could have an impact on them.

The Science Council examination of the science counsellor system was carried out as follow-up to a November 1983 seminar sponsored jointly by Council and the Department of External Affairs.

The Impact of Technology on Society and the Environment: The dramatic pace of science and technology developments presages equally momentous changes for human society and the environment. The introduction of new technology generally has an impact not only on an immediate region, industry or group, but, through ripple effects, its impact can be very broad. Such issues as labour, health, privacy, ethics and others are often influenced by new technology. And the impact of technology on the quality of air and water, animal and plant populations, new biological forms, and other issues are among the environmental factors which must be addressed.

Increasingly, social conscience demands that major applications of new science and technology be planned in such a way as to maximize their benefits and minimize potential disruptive effects. As the influence of technology becomes more pervasive, its impact on society and the environment must be constantly monitored and addressed in terms of policy. This requires a broad and continuing program of research, analysis and study.

The Science Council has a number of current programs related to the impact of science and technology on society and the environment, and a description of these follows.

Toxicology and Epidemiology: Council is initiating a study to assess the status of toxicology and epidemiology in Canada. The initial phase of the study, currently underway, is to determine the terms of reference of the research project and identify and engage experts in the field to carry out the work. One of the aims of the project is to assess the success with which Canada incorporates risk analysis in the policy making process.

Environmental and Occupational Standards: A project of Council is to review several existing regulatory standards dealing with human health and the environment with the goal of establishing the solidity of the basic sciences supporting them and the effectiveness of the processes whereby they were established. Since Council considers it very important that there be public confidence around any standard, the overall focus of the study will be the evaluation of this regulatory process with particular emphasis on standard setting and the quality of science underlying such standards.

Communication: One of the fundamental roles of the Science Council of Canada is its requirement, under the Act, to increase public awareness of the developments and effects of science and technology generally, and of its findings and recommendations on specific issues. Indeed, in view of the fact that Council is an advisory body, the effectiveness of its work is directly dependent on its effectiveness in communication. The dissemination of information, and wide ranging discussion and analysis of science and technology issues are prerequisites to changes in policy direction. A particular concern is that of providing information to and stimulating discussion among the key science and technology sectors in society — governments, industry, and universities. But many other sectors also have an interest in or are affected by science and technology developments, and it is incumbent on the Science Council to provide as broad a distribution as possible of its information and policy studies and recommendations.

The Communication Division within the Science Council is developing and implementing a communication program to fulfill the above requirements.

One of the principal tasks of the division is to publish and disseminate major research reports, summaries and background papers generated as a result of Council's ongoing work. In the past few years, the distribution of Council publications has increased dramatically, as Council had endeavoured to reach a wider audience. Whereas Council reports were very often previously distributed to only several hundred individuals, now the distribution for any given publication is many thousand carefully selected individuals. Most importantly the material that is distributed is tailored to meet the needs and interests of each target audience. Apart from the value of disseminating information to more key people in the science and technology community, the increased circulation of material in different forms has enabled Council to carry out its catalytic role effectively.

In addition, Council plans to continue to engage in a number of other communication activities designed to increase awareness among a broader public as well. Among these are:

- a highly-successful newsletter "In Touch", a regular publication describing Council's research program and its other activities, written and presented in a way which is both informative and appealing to a non-specialist audience;

- a variety of corporate literature such as pamphlets and booklets, many of which provide an easily-accessible summary of major Council reports, studies and programs;

- exhibitions and displays which draw attention to relevant themes and which are seen by thousands of Canadians across the country;

- articles, stories and inserts in Canadian newspapers and magazines; and

- the Annual Report, required by the Act, which provides a yearly review of all major Council programs and activities.

Any successful communication program cannot consist merely of a one-way information flow. Council intends to continue to encourage and actively seek feedback from the public through its regular meetings, workshops and seminars, which it undertakes on its own or in cooperation with other organizations, and through written communication from members of the specialist and general publics.

3. Program Effectiveness

To date, Council has monitored its program effectiveness on a continual informal basis.

For example, Council actively promotes the exchange of ideas and criticism of its proposals. It has organized meetings, workshops and conferences that bring together representatives of government, industry, labour and the universities. Such meetings help to diffuse the results of Council's research and provide an avenue for reaction to Council's work and recommendations. Council is also using its bi-monthly newsletter to encourage reaction from readers by enclosing a mailback card inviting readers to express their opinions.

Assessment of reaction to Council's ideas is an integral part of evaluation. The comments of participants in follow-up meetings are reviewed as a means of refining Council's recommendations. The Chairman travels frequently to talk to people in industry and universities, to learn about their work and to hear their views on science and technology issues. In addition, the Chairman, Council members, and staff are frequently invited to make speeches and discuss policy issues. In this way Council has enhanced its usefulness as a catalytic agent and helped raise the profile of science and technology in Canada.

4. Resource Justification

During the fiscal year, Council's program may be described in terms of its operational tasks in the areas of research and communication, which account for the majority of resources requested in 1985-86.

Figure 5: Research Project Commitment, ($000)

Program	Resources		Outputs
	$	P-Y	
Policy Research and Development			
1. Council	108	0	- selection of Policy Research Studies. - evaluation and approval or modification of analysis and recommendations. - feeding in regional and sectoral concerns. - communication of Council findings at regional and sectoral levels.
2. Research	2,297	28	- development of science policy and stimulation of national discussion about it (see p. 14). - intensification of a two-way linkage between decision makers and the science and technology community (see p. 18). - identification of emerging science and technologies which are potentially strategic to future economic and social development in Canada (see p. 13).
3. Communication	1,062	16	- improved public awareness of what are considered to be major issues in science and technology (see p. 19). - follow-up on Council's policy reports with people of diverse interests and different views in a non-political forum (see p. 19). - dialogue between various sectors of Canadian society, particularly between industry, government and universities, and between the traditionally isolated cultures of natural science, and the humanities and social sciences (see p. 20). - editing, translation and production of all Council publications.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	2,674	2,602	2,418
Other personnel	374	338	349
	3,048	2,940	2,767
Goods and Services			
Transportation and communications	495	500	451
Information	250	250	251
Professional and special services	876	876	854
Rentals	55	49	36
Purchased, repair and upkeep	45	51	42
Utilities, materials and supplies	149	149	148
All other expenditures	2	2	2
	1,872	1,877	1,784
Total operating	4,920	4,817	4,551
Capital	37	30	31
Total expenditures	4,957	4,847	4,582

2. Personnel Expenditures

Figure 7: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provisions
	85-86	84-85	83-84		
Executive	6	6	6	50,350-96,300	71,228
Scientific and Professional	18	18	17	19,782-67,720	50,965
Administrative and Foreign Service	24	21	22	12,766-57,987	33,985
Technical	4	5	5	12,635-57,764	30,710
Administrative Support	16	17	17	12,636-31,946	22,360

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 8: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost	Total 1984-85
Science Council of Canada	4,957	335	5,292	5,195

Other costs are services provided without charge by other departments.

Secretary of State

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are five chapters in this document. The first provides an introduction to the Department. The other four present the Program Expenditure Plans for each of the Department's Programs.

Chapters 2 to 5 begin with extracts from Part II of the Estimates for the particular Program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from volume II of the Public Accounts (Official Languages Program only). These are provided as an aid in assessing the Program's financial performance over the past year.

With the exception of the Education Support Program, each of the Program Expenditure Plans is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

The Plan for the Education Support Program is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides the same information provided in Section III of the other Program Plans.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each Program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

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Roles and Responsibilities

The mandate of the Department of the Secretary of State is to contribute to the development, among present and future Canadians, of a sense of belonging to the nation by permitting them to grow freely in a multicultural society within a bilingual framework.

Departmental Organization and Programs

The Department, as part of the Social Development Envelope, fulfills its mandate through four Programs:

- Administration and Regional Operations;
- Official Languages;
- Education Support; and
- Citizenship and Culture.

These Programs converge on the mandate by addressing the principal elements of Canadian society. Their aim is to stimulate the dialogue between the federal administration and the various components of society while providing them with financial and technical support.

Administration and Regional Operations Program: This Program provides overall management direction, policy coordination and a full range of management support systems and services as well as the management of a network of regional and local offices across the country.

Official Languages Program: This Program contributes to increasing the appreciation and use of both official languages in Canada. Each province and territory receives assistance for the development and provision of education in the language of their official language minority communities and for providing Canadians with the opportunity of learning their second official language; official language minority communities receive assistance for their institutions and organizations; private and non-federal public institutions and organizations are assisted in providing services to the public in both official languages; and the federal government and its institutions are provided with translation and interpretation services.

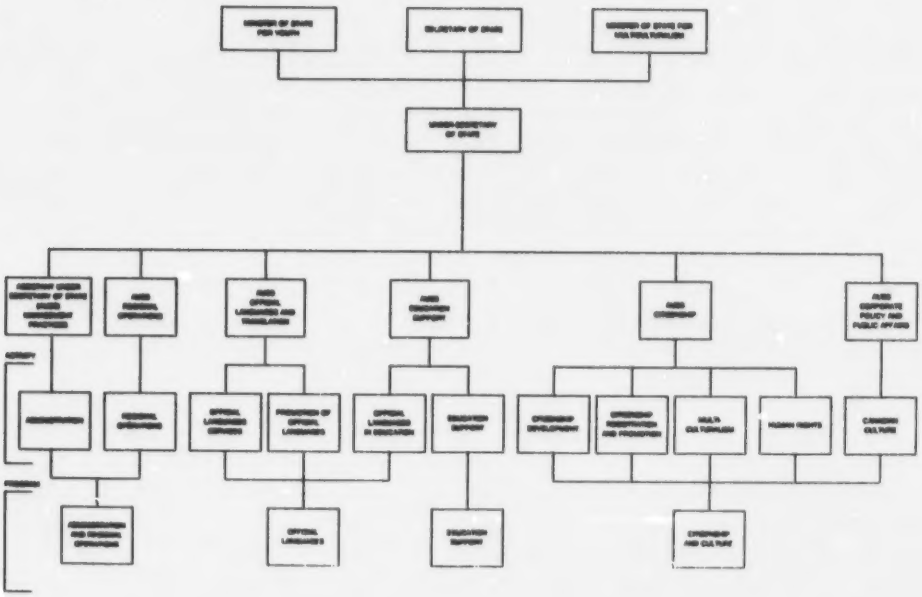
Education Support Program: This program provides support and financial assistance to the post-secondary educational system in various ways so that Canadians who wish to do so can further their education. Fiscal payments to the provinces are intended to strengthen the capacity of the post-secondary institutions; loans under the Canada Student Loans Program assist students in financial need; Canadian educational interests are represented internationally in collaboration with the Department of External Affairs; and a continuing effort is made through policy coordination and development to provide the best methods of federal support that will give students access to post-secondary education wherever in Canada they wish to study.

Citizenship and Culture Program: This Program contributes to providing equal opportunities for participation across Canada and making available the benefits of Canadian citizenship to all residents of Canada. Youth, natives, women and other disadvantaged groups receive assistance to further their growth and development; federal activities to improve the status of disabled persons are co-ordinated; cultural groups receive assistance to enable them to participate more fully in society; multicultural activities which reflect Canada's cultural and racial diversity are supported; human rights organizations receive assistance to participate more fully in society; and Canadians receive assistance to increase their knowledge and awareness of Canada.

Organization

The Secretary of State Department is headed by the Secretary of State, the Minister of State for Multiculturalism and the Minister of State for Youth who are responsible to Parliament for their respective activities of the Department. Figure 1 represents the relationship between the Department's organizational and Program structures.

Figure 1: Secretary of State Organization



Departmental Spending Plan

A summary of the Departmental Spending Plan is shown below.

Figure 2: Financial Summary by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Administration and Regional Operations	35,139	35,151	(12)	-	2-6
Official Languages	334,255	323,273	10,982	3	3-7
Education Support	2,555,930	2,442,722	113,208	5	4-7
Citizenship and Culture	168,280	204,425	(36,145)	(18)	5-8
	3,093,604	3,005,571	88,033	3	

Statutory items account for approximately 83% of the department's expenditures.

Departmental Priorities

The objectives and priorities of the federal government focus primarily on national reconciliation, economic renewal and social justice. In order to achieve this result, the federal government continues to place particular importance on economic growth and development.

The achievement of the objectives and priorities of the Department of the Secretary of State are closely related to, and dependent upon, the continuation of the present rate of economic recovery during the current planning period.

The Department will continue to pursue its mandate of "enhancing Canadians' sense of belonging to Canada". The Department will therefore:

- with the support of both provincial governments and voluntary organizations, continue to implement, assist and support official language minority rights;
- undertake constructive, meaningful dialogues with both the provinces, and the education and business sectors, in order to effectively review post-secondary education agreements;

- extend human rights through application of the Canadian Charter of Rights and Freedoms;

- provide support and assistance to youth, women, natives, the disabled, and ethnocultural groups to enable them to participate on a fair and equal basis in Canadian Society; and

- maintain support for and consultations with the voluntary sector in order to allow it to reach its optimal potential and development.

Administration and Regional
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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $32,025,000 in support of the 1985-86 Administration and Regional Operations Program. The remaining expenditures, estimated at $3,114,000 for contributions to employee benefit plans and the Minister's salary and motor car allowance will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Administration and Regional Operations Program		
1	Program expenditures	32,025	29,412
(S)	Secretary of State- Salary and motor car allowance	42	40
(S)	Contributions to employee benefit plans	3,072	2,632
	Total Program	35,139	32,084

Vote - Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Administration and Regional Operations Program	
1	Administration and Regional Operations - Program expenditures	32,025,000

Extracts from Part II
of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates				1984–85 Main Estimates
	Authorized person-years	Budgetary		Total	
		Operating	Capital		
Regional Operations	192	9,953	24	9,977	8,654
Administration	451	25,104	58	25,162	23,430
	643	35,057	82	35,139	32,084

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Section I
Program Overview

A. Highlights

The key results expected from the Program in 1985-86 will be the continuing provision of a full range of management support systems and services to Departmental programs, as well as the continuing management of the direct service activities in the regions.

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Regional Operations	9,977	9,625	352	2-11
Administration	25,162	25,526	(364)	2-13
	35,139	35,151	(12)	
Authorized person-years	643	637	6	

Explanation of change: The financial requirements for 1985-86 are essentially the same as the 1984-85 forecast expenditures.

Explanation of 1984-85 Forecast: The 1984-85 forecast is $3.1 million or 9% higher than the 1984-85 Main Estimates of $32 million (Extracts from Part II of the Estimates, page 2-4). The difference reflects the following major Supplementary Estimate items:

	$ millions
• human (20 P-Y) and financial resources provided for the new office of the Minister of State for Youth, and the Communication Directorate	1.2
• human (13 P-Y) and financial resources provided for the decentralization of the Quebec Regional office	0.7

- human (3 P-Y) and financial resources provided for the Canada Student Loans Program systems computerization project 0.9

C. Background

1. Introduction

The Department's Administration and Regional Operations Program provides overall management direction, policy coordination, advice and a full range of management support systems and services to the operating programs of the Department of the Secretary of State, both in Headquarters and in the regions. These support services provide management policies, systems and services to permit efficient and effective program delivery.

2. Legal Mandate

The mandate for the Administration and Regional Operations Program is based upon the statutory authority granted to the Secretary of State of Canada for the management and direction of the Department pursuant to subsection 2(2) of the Department of the Secretary of State Act, R.S., C77, S.1.

3. Program Objective

The objective of the Administration and Regional Operations Program is to ensure, jointly and individually, with equity, the economical, efficient, effective and accountable realization of the Department's objectives and priorities, in a spirit of service to the public; and to contribute to enhancing Canadians' sense of belonging to the country in each region.

4. Program Organization for Delivery

Activity Structure: The Administration and Regional Operations Program comprises two activities: Administration and Regional Operations.

Organizational Structure: Five senior managers of the Department are responsible for delivery of the Administration and Regional Operations Program. The organizational structure and the resources associated with each area are depicted in Figure 2. The five senior managers and their responsibilities include:

Assistant Under Secretary of State, Management Practices: is responsible for ensuring the development and maintenance of an integrated management process that responds to departmental and governmental needs; coordinating planning and management information systems; ensuring the review of management practices and procedures

and advising managers on related issues; controlling departmental assets; ensuring the provision of financial services to permit efficient and effective management of resources, and administrative and legal services in support of departmental programs. The incumbent of this position is also responsible for the Administration Activity in terms of the setting of priorities, approval of operational and work plans, allocation of budgets and the monitoring of progress against plans for all responsibility centres in the Activity, including Personnel, Corporate Policy and Public Affairs, and Evaluation and Audit which are within the Activity but which report independently to the Under Secretary.

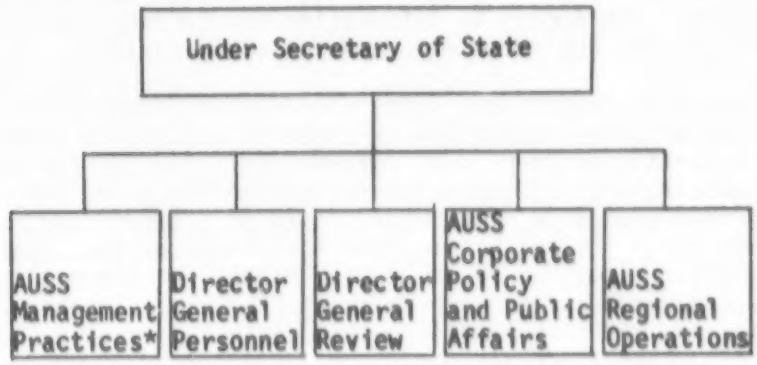
Assistant Under Secretary of State, Corporate Policy and Public Affairs: is responsible for central coordination of research, the co-ordination of the department's involvement in international affairs, policy development, policy analysis and strategic planning. Additional responsibilities within the Activity include the Corporate Secretariat and the Communications Branch.

Assistant Under Secretary of State, Regional Operations: is responsible for the management and coordination of the Department's regional activities. Responsibilities also include ensuring regional concerns are taken into consideration when policy decisions are made.

Director General, Personnel: is responsible for all personnel related services.

Director General, Review: is responsible for program evaluation and internal audit.

Figure 2: 1985-86 Resources by Organization and Activity ($000)



	AUSS Management Practices*	Director General Personnel	Director General Review	AUSS Corporate Policy and Public Affairs	AUSS Regional Operations	Activity Total
Administration	16,206	2,917	1,981	4,058	-	25,162
Regional Operations	-	-	-	-	9,977	9,977
	16,206	2,917	1,981	4,058	9,977	35,139
Person-Years	289	77	21	64	192	643

* This includes the Offices of the Secretary of State, the Minister of State for Multiculturalism, the Minister of State for Youth, the Under Secretary of State and the Assistant Under Secretary of State Management Practices.

D. Planning Perspective

1. Environment

The Administration and Regional Operations Program is administered in an environment of restraint which requires more effective use of resources. The need to do more with less will place increased emphasis on the evaluation of programs and services as well as human resource management, both at headquarters and in the regions. Nevertheless, in such a climate, the Regional Operations Activity must ensure an adequate representation of the Department's interests in the regions.

The initiation or expansion of programs, as well as the emergence of complex economic and social issues, directly result in increased demands on the central services the Administration Activity provides to the Department. Further, the increased decentralization of departmental programs requires that the regional offices must continue to ensure effective delivery of services.

In the Administration Activity, central agency and other requirements also play an important role in determining the workload of its major components, chiefly Finance, Personnel and Administration. The Access to Information and Privacy legislation has for example placed considerable demands on the department.

More and more demands are being placed upon managers for sound and effective decision-making and in order to do this they require complete, accurate and up-to-date information. For the Administration Activity, this results in an increasing demand for good, comprehensive systems which are capable of providing data in a timely and cost effective manner. The systems and services areas of the Department are even further taxed due to the rapid changes in information technology and communications which are taking place. Computer applications and office automation will continue to have a significant impact on departmental operations.

2. Initiatives

Resource restraint allows little room for the initiation of new services or the expansion of current activities in the Administration Activity. Emphasis is being placed or improving existing services and making management systems more effective.

Regional Operations will be decentralizing the Quebec regional office in 1985-86 in order to provide better service to the region. The estimated cost of this expansion will be 25 person-years and $900,000 on an ongoing basis.

Section II
Analysis by Activity

A. Regional Operations

Objective

To ensure that ministerial objectives and priorities are achieved in a harmonious and integrated fashion across the country and the diversity of Canada's regions and the specificity of their needs and aspirations are well understood and integrated into Departmental orientation and activity.

Resource Summary

The Regional Operations Activity represents approximately 28% of the Administration and Regional Operations Program resources for 1985-86.

Figure 3: Activity Expenditures ($000) and Person-years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Regional Operations	9,977	192	9,625	186	8,904	194

Salary and other personnel expenditures make up 76% of the Regional Operations Activity resources. Transportation and communication expenditures account for a further 15%.

Description

The Regional Operations Activity is responsible for representing and implementing all regional aspects of the department's mandate and objectives within each region of the country and ensuring that delivery of departmental Activities is based on and appropriate to local needs and aspirations of each region. Regional Operations is the Department's focal point in each region of the country, ensures the assessment and representation of regional interests and works towards their integration in all aspects of the Department's policy and program services. Regional functions include the management of

the promotion and the granting of citizenship, including the operation of the courts of Canadian Citizenship, the management of grants and contributions awarded to local, regional and provincial groups for all departmental programs which are regionalized, the management of translation services in certain regions and the liaison function with local and provincial governments.

Performance Information/Resource Justification

Regional Operations was established as an activity to ensure an active departmental presence in each region of the country, to deliver departmental programs and provide input with the development of policies and programs that best meet the needs of each region. The resources assigned to Regional Operations are determined by the number and size of regional and local offices and citizenship courts, the number and diversity of departmental programs and the amount of program delivery activity being carried out on behalf of other Activities. It must be noted that the financial and person-year resources for the programs delivered in the regions are covered under the specific Activities to which they relate. Thus, the staff who deliver programs in the regions, who are located in the regions and who are managed on a day-to-day basis by regional managers are not accounted for in the Regional Operations Activity resource levels nor are the grant and contribution monies they award. Over the long term, the number of person-years within Regional Operations will only vary marginally with significant changes in the level or scope of Activities managed in the regions. A comparison of Regional Operations person-years to the total person-years managed by the Activity demonstrates a tendency towards a relative reduction of Regional Operations costs. Overall, efficiency of Regional Operations will thus increase as more Activities are managed regionally. Figure 4 depicts this point.

Figure 4: Ratio of Regional Operations Personnel to Total Personnel Managed in the Regions

	Projected 1985-86	Forecast 1984-85	Actual* 1983-84
Regional Operations Person-years	192	186	185
Person-years Managed in Regions	537	525	462
Percentage	35.8	35.4	40.0

* The actual utilization figures for 1983-84 have been adjusted to reflect transfers which were made in the 1984-85 Estimates in order to make the figures for 1983-84 comparable with those of subsequent fiscal years.

B. Administration

Objective

To ensure achievement of the Department's objectives and efficient and effective management of human, financial, technical and physical resources through the provision of overall orientation and executive direction and appropriate management processes, services and controls.

Resource Summary

The Administration Activity represents approximately 72% of the Administration and Regional Operations Program resources for 1985-86.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive	3,537	64	4,120	75	3,701	65
Corporate Policy	1,629	27	1,634	27	1,423	33
Management Policies, Systems and Services	18,015	339	17,894	329	14,969	312
Management Improvement	1,981	21	1,878	20	1,591	21
	25,162	451	25,526	451	21,684	431

Salary and other personnel expenditures make up 70% of the Administration Activity resources. Professional and special services expenditures for such services as audit, program evaluation and data processing account for a further 14%.

Description

This Activity includes four major areas: Executive, Corporate Policy, Management Policies, Systems and Services and Management Improvement.

Executive: This includes the offices of the Secretary of State, the Minister of State for Multiculturalism, the Minister of State for Youth, the Under Secretary of State and the Assistant Under Secretary of State for Management Practices.

Corporate Policy: This includes the functions of corporate policy development, strategic planning, co-ordination of departmental research and liaison and policy functions associated with federal-provincial relations and international affairs.

Management Policies, Systems and Services: This includes the development and implementation of management policies and systems and the provision of planning, management information, financial, administrative, records, library, security, computer, access to information, information-communications, corporate support, correspondence, personnel and legal services to the entire department.

Management Improvement: This includes internal audit, program evaluation and management review.

Performance Information/Resource Justification

At the Activity level, performance is shown by the ratio between the Administration Activity's person-years and operating dollars to those of the Department. Over a three year period the ratios have remained relatively constant.

Figure 6: Administration Operating Expenditures as a Percentage of Departmental Operating Expenditures - Excluding Salaries ($000)

	Projected 1985-86	Forecast 1984-85	Actual 1983-84
Administration	7,660	8,539	6,172
Department	53,820	54,271	44,419
Percentage	14.2	15.7	13.9

Figure 7: Administration Person-Years as a Percentage of Departmental Person-Years

	Projected 1985-86	Forecast 1984-85	Actual 1983-84
Administration	451	451	431
Department	3,212	3,245	3,126
Percentage	14.0	13.9	13.8

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	21,988	21,275	19,626
Contributions to employee benefit plans	3,072	2,632	2,962
Other personnel	2	2	2
	25,062	23,909	22,590
Goods and services			
Transportation and communications	2,824	2,717	2,448
Information	599	245	48
Professional and special services	3,930	5,046	3,362
Rentals	661	808	316
Purchased repair and upkeep	449	450	380
Material and supplies	1,526	1,502	937
All other expenditures	6	6	1
	9,995	10,774	7,492
Capital	82	468	506
Total expenditures	35,139	35,151	30,588

2. Personnel Expenditures

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	28	31	23	50,350-96,300	65,341
Scientific and professional					
Economics, sociology and statistics	5	4	6	14,570-65,080	50,300
Library sciences	4	4	4	19,782-50,712	34,996
Administrative and foreign services					
Administrative services	93	85	72	13,912-57,987	35,029
Computer systems administration	26	25	22	18,766-61,433	36,198
Financial administration	35	36	36	13,853-57,980	39,744
Information services	24	20	19	13,579-57,980	44,641
Organization and methods	7	8	15	13,520-57,980	37,560
Personnel administration	25	27	27	13,330-63,870	39,547
Program administration	77	81	125	13,912-57,987	39,823
Purchasing and supply	10	9	8	12,766-57,980	30,550
Translation	2	2	-	15,700-64,000	39,688
Technical	6	7	5	10,719-63,173	33,950
Administrative support					
Data processing	7	6	5	13,352-37,130	23,373
Clerical and regulatory	209	189	153	12,932-31,743	21,892
Secretarial, stenographic and typing	64	78	52	12,636-31,946	22,562
Other	21	25	28		40,916

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

The net cost of the Administration and Regional Operations Program includes the operating costs and statutory expenditures along with the value of services provided free by other departments. These additional services include the value of accommodation provided by the department of Public Works ($2,695,000), the value of financial services provided by the Department of Supply and Services ($76,000), the value of insurance premiums provided by the Treasury Board ($432,000), and the value of services provided by the Department of Labour ($22,000).

Figure 10: Net Cost of the Program for the Year 1985-86 ($000)

	Estimates 1985-86	Add Other Costs	Net Cost 1985-86	Total 1984-85
Regional Operations	9,977	967	10,944	10,511
Administration	25,162	2,258	27,420	27,663
	35,139	3,225	38,364	38,174

C. Additional Information

Addresses of Regional and District Offices

Regional Offices

Newfoundland/Labrador

Regional Office
Box 75, Atlantic Place
215 Water Street
St. John's, Newfoundland
A1C 6C9

New Brunswick

Regional Office
860 Main Street, Suite 504
Moncton, New Brunswick
E1C 1G2

Quebec

Regional Office
200 Dorchester Blvd., West
West Tower, 10th floor
Montreal, Quebec
H2Z 1X4

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Regional Office
303 Main Street
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Winnipeg, Manitoba
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Alberta/Northwest Territories

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Main Floor, Harley Court
10045 - 111 Street
Edmonton, Alberta
T5K 1K4

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5281 Duke Street
Halifax, Nova Scotia
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1525 West, 8th Avenue
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Ottawa, Ontario
K1A 0M5

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Hamilton, Ontario
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326-19 Lisgar Street
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Saskatchewan

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British Columbia/Yukon

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British Columbia/Yukon

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Prince Edward Island

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Charlottetown, P.E.I.
C1A 4A9

Official Languages Program
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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $325,118,000 in support of the 1985-86 Official Languages Program. The remaining expenditures, estimated at $9,137,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Official Languages Program		
5	Operating expenditures	86,535	82,053
10	Grants and contributions	238,583	227,602
(S)	Contributions to employee benefit plans	9,137	7,973
	Total Program	334,255	317,628

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Official Languages Program	
5	Official Languages - Operating expenditures	86,535,000
10	Official Languages - The grants listed in the Estimates and contributions	238,583,000

Extracts from Part II
of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates					1984–85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Official Languages in Education	23	1,361	2	212,126	213,489	206,649
Promotion of Official Languages	53	3,374	12	26,457	29,843	24,239
Official Languages Services	1,776	88,733	2,190	.....	90,923	86,740
	1,852	93,468	2,204	238,583	334,255	317,628

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary Expenditures			
Vote 5 - Official Languages Program Expenditures	76,123,000	77,386,896	75,435,996
Vote 10 - Official Languages Grants listed in the Estimates and contributions	184,060,000	199,938,000	197,417,404
Statutory Budgetary Expenditures			
Contributions to employee benefit plans	7,555,000	8,409,000	8,409,000
	267,738,000	285,733,896	281,262,400

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

Two major points regarding the program in the upcoming year are:

- 1985-86 is the third year of application of the three-year agreements on Official Languages in Education concluded with the provinces and territories. The forecast expenditures for the year are approximately $212 million (see page 3-22);

- to meet the Government of Canada's needs in the area of official languages, the Services Activity will translate approximately 290 million words in 1985-86. This volume has risen slightly over the forecast for 1984-85 (284 million words). The interpretation sector will provide approximately 13,300 interpreter-days, a slight increase from the figure for 1984-85 (see pages 3-30 and 3-31).

2. Financial Requirements

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Education	213,489	208,614	4,875	3-20
Promotion	29,843	27,901	1,942	3-25
Services	90,923	86,758	4,165	3-28
	334,255	323,273	10,982	
Authorized person-years	1,852	1,841	11	

Explanation of change: The financial requirements for 1985-86 are $11.0 million (3.4%) higher than 1984-85 forecasts. This difference is attributable to the following items:

	$ millions
• a net increase due to federal-provincial agreements for minority language education and second language instruction	5.0
• an increase due to general price increases	4.2
• an increase for the acquisition of word processing equipment	1.2
• an increase for Promotion of Official Languages	1.0
• a net increase due to transfer between Programs within the Department (17 P-Y)	0.7
• a net increase due to the return to the base of funds tranferred to other programs	0.5
• a net decrease for translation and interpretation contracts	(1.6)
• a decrease of 6 person-years approved for 1984-85 only for the Summer Career Access component of the 1984 Summer Canada Program	

Explanation of the 1984-85 forecast: The 1984-85 forecast is $5.6 million (1.8%) higher than 1984-85 Main Estimates levels, which are $317.6 million. The difference is attributable to the following items:

	$ millions
• Supplementary Estimates for an increase in contributions for the completion of the St. John, N.B. "centre scolaire communautaire"	1.9
• Supplementary Estimates for an increase in funds and human resources (5 P-Y) for the renewed mandate of the Promotion of Official Languages Activity	3.7
• Transfer of six person-years from Treasury Board for the Summer Career Access component of the 1984 Summer Canada Program	

B. Recent Performance

1. Highlights

The 1983-84 Expenditure Plan dealt with the Education, Promotion and Services Activities.

Education: following an agreement reached in 1983-84 between the Department and the CMEC (Council of Ministers of Education, Canada), three-year bilateral agreements were negotiated with the provinces and territories regarding assistance for:

- minority official language education and second official language instruction; and
- two national programs: the summer language bursary program and the second-language monitor program.

Promotion: the Promotion Activity finished combining its two components (Official Language Communities and Promotion of Official Languages) into one activity, which resulted in:

- a reorganization of objectives and areas of activity; and
- an administrative reorganization, including regionalization.

Services: The results of the Services Activity were as follows:

- the total number of words translated was 290 million, compared with a forecast of 288 million. Translation from one official language to the other accounted for 93.2% of this volume;
- the interpretation sector provided 13,455 interpreter-days of oral interpretation and 726 interpreter-days of sign language interpretation; and
- contract work accounted for 21.7% of total translation volume and 43.2% of interpretation volume.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Difference
Education	194,791	183,903	10,888
Promotion*	4,088	1,966	2,122
Services	82,384	81,869	515
	281,263	267,738	13,525

* These amounts do not include the Official Language Communities component which was in the Citizenship and Culture Program in 1983-84.

Following the tabling of the 1983-84 Expenditure Plan, Supplementary Estimates were approved for the Education Activity which included $425,000 for linguistic development, $650,000 for the Miramichi School-Community Centre in Newcastle, New Brunswick and $12,427,000 for the new federal-provincial agreements.

Supplementary Estimates of $2,396,000 were also approved for the Promotion Activity, subsequent to the renewal of its mandate which required budgetary increases.

Supplementary Estimates of $542,000 for translation and interpretation contracts and $690,000 for salary expenditures were approved for the Services Activity.

C. Background

1. Introduction

The federal government's official languages policy is designed to promote the equal status of the two official languages both within and outside the federal Public Service. The policy is implemented by means of various programs.

In the Secretary of State Department, the Official Languages Program provides the federal government with translation, interpretation, terminology and language advisory services to

facilitate its communications with Canadians in the official language of their choice. These services also increase federal employees' opportunities to work in their own official language.

For the private and non-federal public sectors in Canada, the Official Languages Program is designed to help Canadians appreciate the uniqueness of Canada's language status and to ensure that the equality of Canada's official languages is realized. Assistance in this regard is provided mainly in the form of transfer payments for the development of minority official language communities made to organizations active in areas such as post-secondary education, communication and culture; in the form of grants and contributions for the promotion of the official languages and the provision of varied linguistic services; and, in particular, in the form of contributions by the Official Languages in Education Program to the provinces and territories for minority official language education and second official language instruction.

Also in the Secretary of State Department, the Citizenship and Culture Program helps adult immigrants acquire Canadian citizenship and learn one of the two official languages. In addition, this Program finances some of the court challenges on sections of the Constitution relating to the official languages.

Finally, in the federal public sector, Treasury Board establishes policies and programs applicable to the entire Public Service. The Public Service Commission offers language training to government employees. The Office of the Commissioner of Official Languages monitors compliance with the policy as well as its effectiveness.

2. Legal Mandate

The mandate of the Program is based on the mandates of its three activities.

The mandate of the Education Activity derives from Cabinet decisions, Orders in Council and agreements with the Council of Ministers of Education, Canada (CMEC) and with each province and territory.

The mandate of the Promotion Activity derives from the recent Cabinet decision (July, 1983) which made the Activity responsible for providing financial and technical assistance to official language communities to promote their full participation, in their language, in the social, educational, cultural and economic life of Canadian society and to the private and non-federal public sectors to facilitate the use of both official languages and the provision of services in both languages.

The mandate of the Services Activity derives from the Translation Bureau Act (1934), the Translation Bureau Regulations (1968) and

indirectly from the Official Languages Act (1969) and the Canada Act (1982). In addition, a 1974 Cabinet decision made the Translation Bureau responsible for verifying and standardizing the terminology used in the federal Public Service.

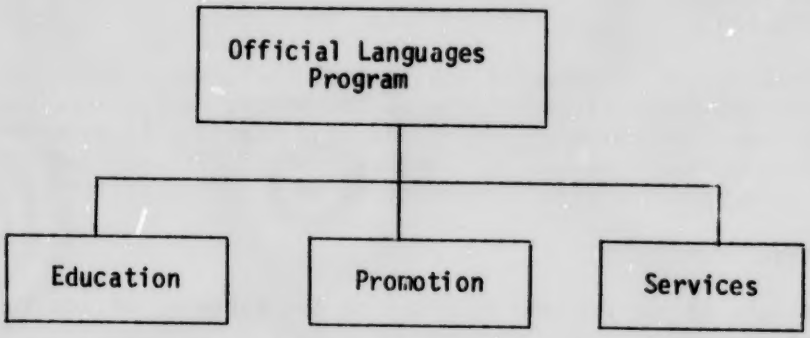
3. Program Objective

The objective of the Official Languages Program is to foster a better appreciation among Canadians of the equal status of the two official languages and to provide Canadians with increased opportunities to participate fully, in either official language, in all aspects of their lives; thus contributing to enhancing Canadians' sense of belonging to the country.

4. Program Organization for Delivery

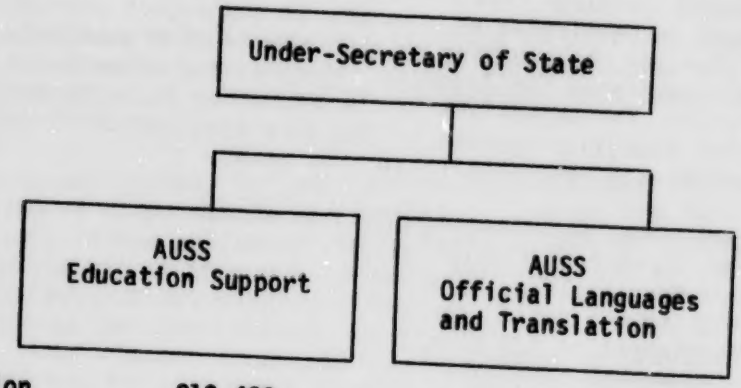
Activity Structure: The Official Languages Program comprises three activities, as shown in Figure 3.

Figure 3: Activity Structure



Organization Structure: The Official Languages Program has its headquarters in Hull. The Promotion and Services Activities are directed by the Assistant Under Secretary of State, Official Languages and Translation, and the Education Activity by the Assistant Under Secretary of State, Education Support. Responsibility for co-ordinating activities and the administration of some grants under the Promotion Activity is assigned to officers located in the regions. The Services Activity is decentralized and is spread out in some 90 translation sections working for Parliament and in client departments and agencies across the country. Seventy-five percent of staff of the Services Activity work in the Ottawa-Hull area. Montreal and Quebec City are the two other major centres where staff from this Activity are represented. Other sections are located in Halifax, Moncton, Toronto, Winnipeg and a number of military bases, including Lahr in the Federal Republic of Germany.

Figure 4: 1985-86 Resources by Organization and Activity ($000)



	AUSS Education Support	AUSS Official Languages and Translation	Activity Total
Education	213,489		213,489
Promotion		29,843	29,843
Services		90,923	90,923
	213,489	120,766	334,255
Person-Years	23	1,829	1,852

D. Planning Perspective

1. Environment

There are a number of key factors which may significantly influence the nature and scope of the Official Languages Program.

The success of endeavours relating to official languages in Canada depends in large part on the voluntary participation of non-federal sectors.

The Promotion Activity undertakes efforts designed to encourage rather than coerce the private and non-federal public sectors to accept and introduce institutional bilingualism and make Canadians more aware of Canada's linguistic duality and the use of both official languages. This is an enormous task which is affected by a number of socio-political factors, the most important being the willingness of provincial governments to provide the official language minority with services equivalent to those enjoyed by the majority; the commitment of the majority group to serve the official language minority group; the presence, the degree of concern and the claims of the minority official language group; and court rulings regarding the Charter of Rights and Freedoms and Bill 101.

These same factors affect the assistance provided to the provinces under the Education Activity to promote minority language education and second language instruction. This latter issue is one of national interest, in particular as a result of the recent patriation of the Constitution and the creation of the Charter of Rights and Freedoms, which establishes the language rights of the minority in matters of education. The objectives of the Education Activity must be achieved using the education systems of the provinces, which limits the federal government's contribution in this area.

The Services Activity is responsible for responding to requests for linguistic services from federal clients by making use of the Activity's own professionals or by awarding contracts to the private sector. Variations in the demand for services depend on two factors. Firstly, when Parliament or its committees are sitting, the demand for interpretation increases. Similarly, parliamentary activity also affects translation, especially when special committees of the House are set up. Secondly, demand is linked to the coming into effect of any new legislation, regulations or amendment to government policy either directly or indirectly related to the use of translation, interpretation or terminology services.

2. Initiatives

While the Official Languages Program does not present any initiatives for the 1985-86, it will continue implementation of previous initiatives.

3. Update on Previously Reported Initiatives

Promotion: The Promotion Activity reported one initiative in the 1984-85 Expenditure Plan: an expanded mandate. This mandate enables the two components, Official Language Communities and Private and Non-Federal Public Sectors, to offer new services.

The Official Language Communities: This component now provides a technical assistance service by which it assigns resource-persons to any non-profit organization for carrying out large-scale projects, or to set up permanent services for official language minorities. The component also provides technical and financial support to official language minority organizations for the creation of institutions these communities can support.

The Private and Non-Federal Public Sectors: This component implemented an information and awareness campaign promoting equal status for the two official languages in Canada. National and regional information plans promote understanding of and respect for the country's linguistic duality and highlight the benefits of bilingualism and opportunities to learn the second official language. Financial assistance is also provided to voluntary organizations contributing to this objective. Furthermore, the component increased

financial support for the development and implementation of institutional bilingualism.

Services: Three initiatives were reported in previous Expenditure Plans: rationalization, automation and implementation of the recommendations of an Administrative Review. All three pertain to the Services Activity.

Rationalization: Rationalization involves more rigorous screening of documents to be translated. Clients are thus encouraged to increase their ability to draft texts in the appropriate language through the use of language advisory services, and are familiarized with the cost of translation through disclosure of pertinent information. It also involves establishing priorities and setting up channels for the routing of texts by clients, as provided in the Treasury Board policies on the use of translation services. This is done in co-operation with the designated official in charge of official languages policy in each department.

A decrease in the rate of growth of total demand was one result anticipated from the rationalization measures. In the past, the rate of growth was as follows: 11.1% from 1979-80 to 1980-81, 4.8% from 1980-81 to 1981-82, and 4.6% from 1981-82 to 1982-83. Total demand for 1983-84 was 286 million words, compared with 285 million words in 1982-83, an increase of 0.35%. It is not possible to estimate what demand would have been without rationalization measures. However, the program considers the rationalisation measures as being partially responsible for the easing of demand.

Automation: Automation of operations began in 1974 and has been a major initiative of the Program since 1976-77. The Services Activity has just completed a study of the cost-effectiveness of the automated equipment in use. The study demonstrates that positive results were achieved.

Slightly over one third of the word processing stations are assigned to translators and the remainder are used by support staff. Clients benefit since they receive a finished product, which can be delivered on a magnetic-recording medium, thus reducing their costs of producing documents. In 1983-84, the activity avoided hiring an additionnal 0.4 typist person-year for each workstation used by translators.

Word processing systems used by support staff generate savings, in the form of avoided increases in staff, in the amount of 0.5 typist person-year for each workstation. Such workstations are cost-effective in less than the prescribed five-year period.

Efforts in the development of machine translation have already proven cost-effective in the translation of weather bulletins. A feasibility study, which included a field trial, concluded that it was

valid to transfer the weather bulletin translation system to a micro-computer, given the fact that Environment Canada's mainframe computer will shortly be unavailable. The micro-computer will be able to provide the service for several years until such time that volume increases may require another solution, such as transfer to a minicomputer. With regard to the Terminology Bank, the Activity has set up a development team to design and install the new TERMIUM III system which will facilitate access to terminological files and make expansion to other languages possible.

Implementation of the recommendations of an Administrative Review: This initiative was presented in the Expenditure Plan for 1984-85. All the recommendations of the review have been accepted in principle. A task force has been set up to evaluate the impact of these recommendations on the organization and operations of the activity and to develop an implementation plan. A new policy on official language freelance translation contracts was implemented and certain contracting responsibilities and person-years (22) were transferred to the Administration and Regional Operations Program in the 1984-85 Estimates.

4. Program Effectiveness

In recent years, the Program has devised performance indicators for areas where they did not already exist.

Following the recent renewal of the mandate of the Education Activity, the Program developed performance indicators pertaining to the results sought by the Activity. These results are expressed in terms of opportunities that funding provided by the Activity creates for official language minorities to be educated in their own language and for all Canadians to learn their second official language.

The indicators include the rate of participation of official language minorities in minority official language education, the rate of participation of Canadians in second official language instruction and the rate of participation of Canadians in second official language education (overall rate and percentage of school week). The Activity is currently setting up mechanisms for gathering and analysing the data needed to establish and monitor these indicators.

The Promotion Activity also developed indicators following the recent broadening of its mandate, which concerns minority official language communities and the private and non-federal public sectors. Achievement of the Activity's main result - public acceptance of the concept of linguistic duality - is measured by enrollment in second language education and instruction programs, the rate of bilingualism and official statements. Formal recognition of linguistic duality by Canadian institutions is reflected in the implementation of official languages policies. The availability of services to minority official language communities is measured by the services offered by Canadian

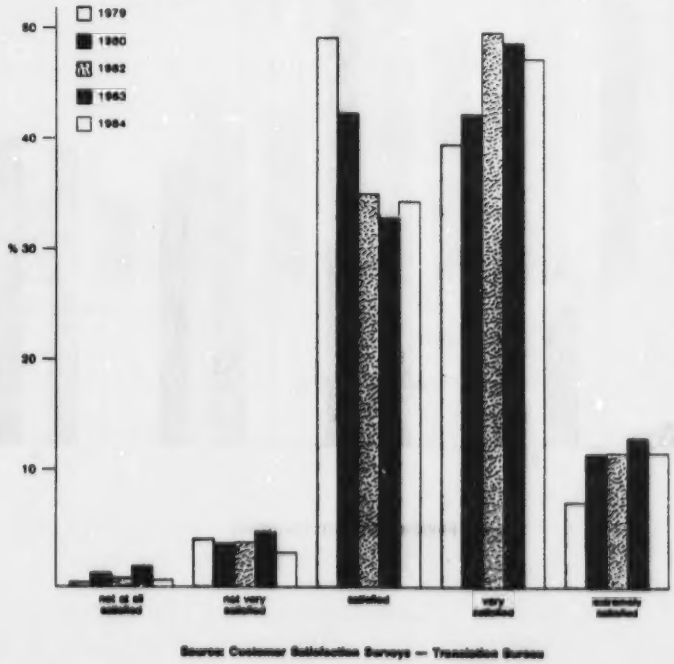
institutions and by the organizations particular to these communities. Future Expenditure Plans will report on these indicators.

To facilitate communications in the two official languages, the Services Activity strives for results in terms of the availability of communications tools. The effectiveness of the Activity in ensuring that such tools are available depends on the demand of its clientele, which comprises all federal government departments, and is measured by client satisfaction with the product and the turnaround time and by a methodical assessment of the quality of translated texts.

The following measures cover the Services Activity only. Translation and interpretation services account for more than 80% of the Activity's resources. Translated words are one of the main outputs contributing to the objective, which is to facilitate communication. The client's requirement is to receive a quality translation within the agreed-to delivery time. This section therefore includes measures of client satisfaction, translation quality and turnaround time.

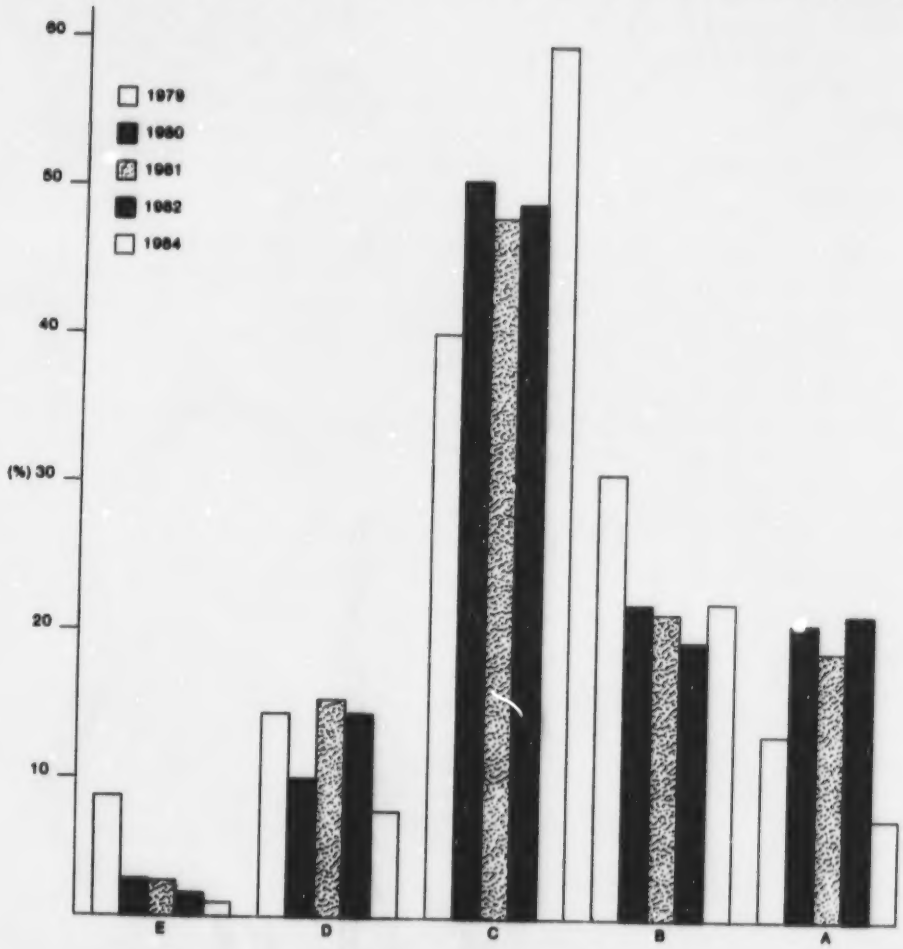
Client Satisfaction: The Activity periodically conducts statistical surveys on client satisfaction, dealing with the accuracy with which the message was rendered, language quality, turnaround time, contact with the Bureau and layout. The vast majority of clients are satisfied, as shown by the survey findings.

Figure 5: Client Satisfaction with Translation in Official Languages (excluding the Parliamentary Sector)



Quality of Translated Texts: The Activity periodically conducts an evaluation of the quality of translations according to professional standards of accuracy in rendering the meaning and correct language usage. A representative sample of 400 translations in the official languages taken from the Bureau's overall production is assessed by a method which classifies texts in five categories ranging from A down to E. The results of evaluations conducted in recent years are presented in Figure 6. No evaluation was conducted in 1983. The 1984 results show a strong tendancy to the centre.

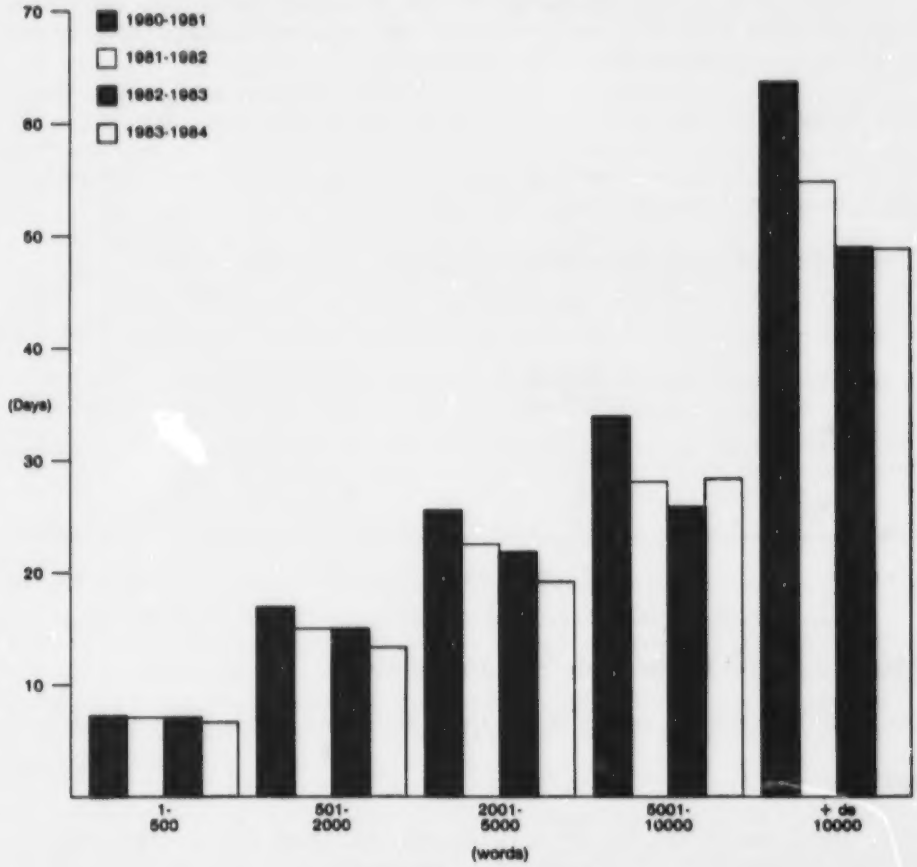
Figure 6: Survey on Quality of Translation in Official Languages



Source: Finished Product Operations

Translation Turnaround Time: Figure 7 shows, according to length of text, the time elapsed between the day the text is received for translation by the translation section and the day the translation is sent to the client. Data for 1984-85 will not be available before the end of the fiscal year. These figures include texts contracted out to freelance translators. Turnaround time has decreased, particularly for more lengthy texts.

Figure 7: Translation Turnaround Time



Source: Translation Data System

Section II
Analysis by Activity

A. Education

Objective

To promote, encourage and assist the development and provision of education services in the language of the minority official language community of each province or territory and education services in the second official language for all Canadians.

Resource Summary

The Education Activity represents approximately 64% of the Official Languages Program resources for 1985-86.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Education	213,489	23	208,614	23	194,791	18

* Figure 7 provides more detail for 1983-84.

Contributions make up 99 % of the Education Activity expenditures.

Description

In March, 1983, approval in principle was obtained for a protocol between the Government of Canada and the provincial governments for minority-language education and second-language instruction. At that time, the Secretary of State announced that during the three years of the new agreements (1983-84 to 1985-86) approximately $600 million would be provided to the provinces and territories. During 1983-84, the protocol was signed and three-year bilateral agreements were concluded with each province and territory. Under the new agreements, support will be provided for four broad program expenditure categories: Infrastructure Support, Program Expansion and Development, Teacher Training and Development, and Student Support.

The new agreements also include two national programs: the Summer Language Bursary Program and the Official Languages Monitor Program.

The Government of Canada's contributions are intended to assist with the additional costs incurred in providing minority official language education and second official language instruction and may take the form of providing specific project initiatives and implementing innovative and experimental projects, establishing and supporting language training centres and teacher training institutions, as well as providing bursaries and awards to individual teachers and students. Provinces may choose between two types of financial arrangements. Under the first, provinces receive per student amounts for infrastructure support, for which they are to provide to the federal government each year information demonstrating their additional costs, and a contribution for specific projects and activities agreed to by both levels of government. Under the second type of financial arrangement, the Government of Canada and the provincial government will negotiate and agree on the manner in which all financial assistance will be provided. As in the past, separate agreements will be concluded with each of the territories. These territorial agreements will be in conformity with the provisions of the protocol.

Through Language Acquisition Development, financial assistance is provided to institutions, associations and organizations for the compilation and dissemination of information on, or the development of teaching techniques related to minority official language education and second official language instruction. This supplements the agreements on official languages in education.

The Queen Elizabeth Silver Jubilee Endowment Fund makes it possible to award scholarships each year to students at the post-secondary level so that they may continue their studies in their second official language. These scholarships (five in 1984-85) are financed from the investment income of a $300,000 fund created in 1978, and are administered by the Association of Universities and Colleges of Canada.

The staff of the Education Activity handles negotiations and follow-up with the governments of the provinces and territories and with organizations involved in official languages in education. It administers the allocation of contributions and analyses the situation in each region of the country. Finally, it collates and analyses data and prepares reports.

Performance Information/Resource Justification

Under the terms of the new bilateral agreements, the provinces and territories will provide the federal government with data to justify the allocation of resources to this Activity for expenditures made by the provinces and territories to provide education in the minority language and teach the second official language. The level of resources allocated to the Education Activity is determined by Cabinet and therefore does not directly reflect the demand in the provinces and territories.

Most of the funds go toward infrastructure support in the form of per capita payments determined by student enrollment in the minority official language and in the second language. In 1983-84, approximately $160 million was spent in this form. In addition, under special bilateral agreements, the Activity provides program expansion and development, teacher training and development and student support funding for special projects such as implementation of new programs and for assistance to teachers and students.

Figure 9 provides the breakdown for developmental programs by category for the years 1984-85 and 1985-86.

Figure 9: Contributions related to Official Languages in Education ($000) - 1985-86 and 1984-85

	Estimates 1985-86	Forecast 1984-85
Provinces and Territories	173,973	173,501
Summer Language Bursaries	9,508	8,734
Language Monitors	5,424	5,323
Language Acquisition Development	892	893
Unallocated	20,979	11,015
Saint John	-	3,769
Miramichi	1,350	4,000
Total	212,126	207,235

Each province and territory is free to determine its allocation to the various programs of the overall amount it receives, subject to the terms of the agreements. Furthermore, some programs are administered by national organizations and results are only known at the close of the fiscal year. It is therefore not possible to forecast the number of contributions or individuals receiving support for 1984-85 and 1985-86 or to include this information in Figure 9.

The amounts paid in the form of contributions by the Education Activity for recent years appear in Figure 10. The breakdown is by province and by category of support for the developmental programs.

Figure 10: Contributions Related to Official Languages in Education ($000) - recent years

Province or Territory	1983-84*	1982-83	1981-82	1980-81
Newfoundland	2,187	1,663	1,534	1,432
Prince Edward Island	1,011	804	728	663
Nova Scotia	4,122	3,175	2,717	2,453
New Brunswick	21,528	15,336	14,837	12,717
Quebec	81,623	77,477	86,915	93,259
Ontario	47,468	46,919	40,088	37,634
Manitoba	5,947	5,553	4,475	4,012
Saskatchewan	2,333	1,936	1,758	1,348
Alberta	5,256	5,324	4,251	3,724
British Columbia	5,999	5,476	5,187	4,882
Northwest Territories	180	120	109	100
Yukon	190	175	160	98
Sub-total	177,844	163,958	162,759	162,322
Summer Language Bursaries	8,083	7,623	6,552	6,517
Language Monitors	4,636**	4,408	4,216	3,729
Language Acquisition Development	743	421	419	448
Saint John	2,035	296	-	-
Miramichi	362	-	-	-
Total	193,703	176,706	173,946	173,016

* The amounts shown are authorized ceilings. Actual expenditures were $77,000 less due to year-end accounting procedures.

** Includes transfers from Quebec, Ontario, Saskatchewan and Alberta.

Figure 11 shows the number of scholarships and bursaries granted to teachers and students in 1983-84 and 1982-83.

Figure 11: Number of Persons Receiving Financial Support from the Education Activity 1983-84 and 1982-83

	Scholarships for Teachers	Official Language Study Scholar-ships	Travel Allowances	Summer Language Bursary Program	Official Language Monitor Program	Total
1983-84	5,831	2,856	262	6,589	1,060	16,598
1982-83	6,063	1,943	243	6,491	1,005	15,745

B. Promotion

Objective

To encourage and assist minority official language communities at the national, provincial and community levels, in establishing and maintaining their institutions, in developing effective organizations, and in participating in their language in the social, educational, cultural and economic life of Canadian society; and to promote the equal status of the two official languages and assist Canadians and their institutions in its achievement.

Resource Summary

The Promotion Activity represents approximately 9% of the Official Languages Program resources for 1985-86.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Promotion	29,843	53	27,901	42	26,633	31

* These totals include expenditures for the Official Language Communities component which were not accounted for in this Activity in 1983-84 as it was then part of the Citizenship and Culture Program.

Contributions make up 89% of the Promotion Activity's expenditures.

Description

The aim of the Promotion Activity is to promote the equal status of the two official languages among Canadians; to provide financial and technical assistance to organizations seeking equal status for the two official languages and the adoption of bilingualism policies; and to provide financial and technical assistance to institutions, companies and organizations in the private and non-federal public sectors so that they can set up institutions and offer services in the language of minority official language communities.

The Promotion Activity works to achieve this aim through the official language communities and the private and non-federal public sectors. Promotion initiatives come under four components: awareness, bilingualization, institutionalization and access to services.

Awareness: The aim of the first component is to make Canadians aware of the equal status of the two official languages. This is achieved by means of a regionalized information campaign promoting understanding of and respect for the country's linguistic duality and highlighting the social, cultural and economic benefits of bilingualism and opportunities for Canadians to learn their second official language; and by means of financial and technical assistance to groups that encourage acquisition of the second official language and associations working to promote the equal status of the two official languages and to promote Canada's official languages policy abroad.

Bilingualization: The second component seeks to win acceptance by Canadian institutions of the concept of two official languages. To that end, the Activity provides financial and technical assistance to voluntary organizations that promote and call for recognition of the language rights of minority official language communities and to non-profit private-sector organizations that wish to adopt an official languages policy and officially recognize the concept of linguistic duality.

Institutionalization: The aim of the third component is to facilitate the development of institutions that are accessible to minority official language communities. This is done through financial and technical assistance to non-federal public institutions and non-profit private-sector organizations to enable them to expedite delivery of services in the language of minority official language communities by means of new initiatives and existing programs, and to minority official language communities to enable them to set up institutions that they can maintain themselves.

Access to Services: The fourth component seeks to facilitate access by minority official language communities to services in their language where such services are unavailable. Financial and technical assistance is provided to voluntary organizations in minority official language communities so that they can offer services in their language that are not available from a Canadian institution.

Performance Information/Resource Justification

Financial assistance available under this Activity takes the form of grants/contributions to non-profit organizations and contributions to non-federal public administrations.

Technical assistance takes the form of loans of resource-persons (from the Department or other government agencies) to non-profit organizations and non-federal public administrations wishing to provide permanent services in both of Canada's official languages and/or carry out major projects requiring specialized skills to meet the objectives of the Promotion Activity. Technical assistance is also provided in the form of a consultation service for any Canadian citizen or organization wishing to obtain information or professional and technical resources pertaining to official languages.

Figure 13: Grants and Contributions Made by the Promotion of Official Languages Activity ($000)

Nature	1985-86		1984-85		1983-84	
	Number of organizations	Estimates	Number of organizations	Forecast Expenditures	Number of organizations	Actual * Expenditures
Awareness	..	728	..	500	..	249
Bilingualization	..	10,281	..	9,918	..	9,722
Institutionalization	..	6,851	..	3,924	..	912
Access to Services	..	8,597	..	10,861	..	14,393
Total	714**	26,457	688**	25,203	676**	25,276

* Includes expenditures of $21,561,150 by the Citizenship Development Activity in 1983-84 which are not accounted for in the 1983-84 Public Accounts for the Official Languages Program.

** The breakdown by category is not shown because some organizations receive assistance in more than one category.

The resources allocated to financial and technical assistance under the Promotion Activity are determined by Cabinet. The following factors will affect the success of the Activity: the difficulty of developing a concerted federal approach to official languages outside the Public Service; the amount of detail in the plans and approaches devised in response to the needs and opportunities in each province or region; and the number of priority areas and projects in which the Promotion Activity is involved.

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C. Services

Objective

To facilitate communication in both official languages within the federal public service and between the public service and the general public; to contribute to linguistic development at the national and international levels and to help Canadians benefit from this development.

Resource Summary

The Services Activity represents approximately 27% of Official Languages Program resources for 1985-86.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84*	
	$	P-Y	$	P-Y	$	P-Y
Services	90,923	1,776	86,758	1,776	82,384	1,806

* Figure 2 provides more detail for 1983-84.

Salaries and other personnel expenditures make up 78 % of the Services Activity resources.

Description

This Activity comprises four components: Translation; Interpretation; Linguistic Services; and Program Services.

Translation: This component undertakes the translation of texts which cover all fields of government endeavour. The workload, which fluctuates constantly throughout the year, is distributed among the Bureau's own teams of translators and among freelancers or translation firms when there is a sudden influx of requests, large or specialized texts, or as required to ensure cost-effectiveness.

The component is divided into three services: parliamentary services; services to departments; and multilingual services.

Parliamentary services maintains specialized teams of more than 100 translators to meet the special needs of this client. The

turnaround time for House of Commons and Senate debates is not more than three hours and parliamentary committees can count on a turnaround time of 12 to 72 hours, depending on the level of priority of the text.

Services to departments serves more than 150 federal departments and agencies, most of which are located in the National Capital Region. In addition to teams of translators working in some 50 client departments, there are also central services for general translation to handle the overflow, as well as specialized teams.

Multilingual services provides translation in some 60 foreign languages. About half of the words produced annually are translated by in-house translators working mainly from German, Russian or Spanish toward French or English. Texts are contracted out to freelancers mainly when the volume of work, the language or the specialized nature of the text makes this necessary.

About 22.8% of the workload will be contracted out in 1985-86. Assignments are distributed equitably among the various regions of the country, based on the competence, specialization and availability of freelancers.

Interpretation: This component has provided oral interpretation since 1959 to the Canadian Parliament (the Senate, the House of Commons and their committees) to permit debates in both official languages. Interpretation is also available to the Judiciary and for government conferences, including those at which official and foreign languages are spoken.

In the fall of 1979, a new sign language interpretation service was set up to help federal public servants communicate more effectively with the 200,000 Canadians who suffer from impaired hearing.

The interpretation component is divided into three major services: parliamentary interpretation; bilingual conferences; and multilingual interpretation. Interpretation is provided by about 60 interpreters and 20 translator-interpreters, most of whom are trained internally. Approximately 44% of the total interpreter-days will be provided by freelancers.

Linguistic Services: Linguistic Services are divided into terminology, documentation, and training and language quality. The following results are expected in 1985-86: the addition of 50,000 records to the Terminology Bank and the release of 10 new terminology publications; publication of the Style Manual; the loan of 26,000 documents and books and the addition of 9,000 publications and volumes to the collection; and the provision of 1,700 person-days of training and development to translators.

Program Services: This component comprises planning, policy development, research, monitoring of the Official Languages Program, the development of management information systems, the collection and dissemination of professional and management information designed for Program staff and a specialized public, and certain internal administrative services, including responsibility for the automation budget and the headquarters telecommunications budget and equipment maintenance.

Performance Information/Resource Justification

The allocation of resources to the Services Activity is done annually on the basis of forecasts from client departments and agencies concerning the demand for services. Such forecasts are generally indicated in their official languages plans. These forecasts are reviewed by translation unit chiefs and by the Services Activity's senior managers who then determine the workload to be contracted out or assigned to in-house translators. This workload is used to establish person-year requirements in view of productivity objectives. A performance data system makes it possible to measure productivity, calculate the unit cost of outputs, monitor the implementation of plans and check the accuracy of forecasts.

Translation: Production volume and costs appear in Figure 15.

Figure 15: Volume (millions of words) and costs ($000 and cents) Translation

	Words translated	$ current	Unit cost ¢ current	Unit cost ¢ constant
1985-86[1]	290.0	70,611	24.4	16.9
1984-85[2]	284.0	69,201	24.4	17.6
1983-84	289.8	67,012[3]	23.6[3]	17.7[3]
1982-83	290.0	64,458	22.2	17.7
1981-82	276.2	57,781	20.9	18.4
1980-81	250.4	51,082	20.4	20.4

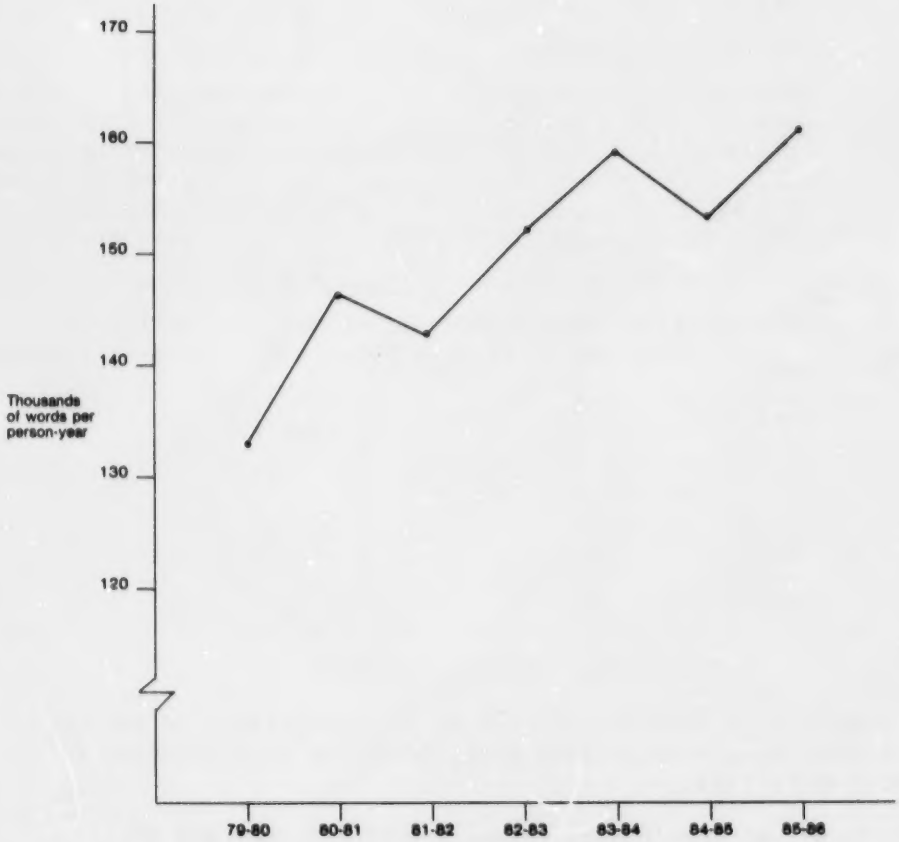
1 Estimated
2 Forecast
3 Preliminary Data

Source: 1985-86 Multiyear Operational Plan (revised)

The implicit price index for government expenditures, as published by the Bank of Canada, was used to calculate constant dollar costs. The value of the index for 1984-85 and 1985-86 was estimated by assuming an inflation rate of 4% for each of these years.

Figure 16 provides information on productivity by person-year and shows the impact of Parliament's activities on the component. Thus, the reduced productivity in 1979-80 corresponds to the period in which two federal elections were held within a relatively short time. Similarly, the recent federal election has had an effect on the data.

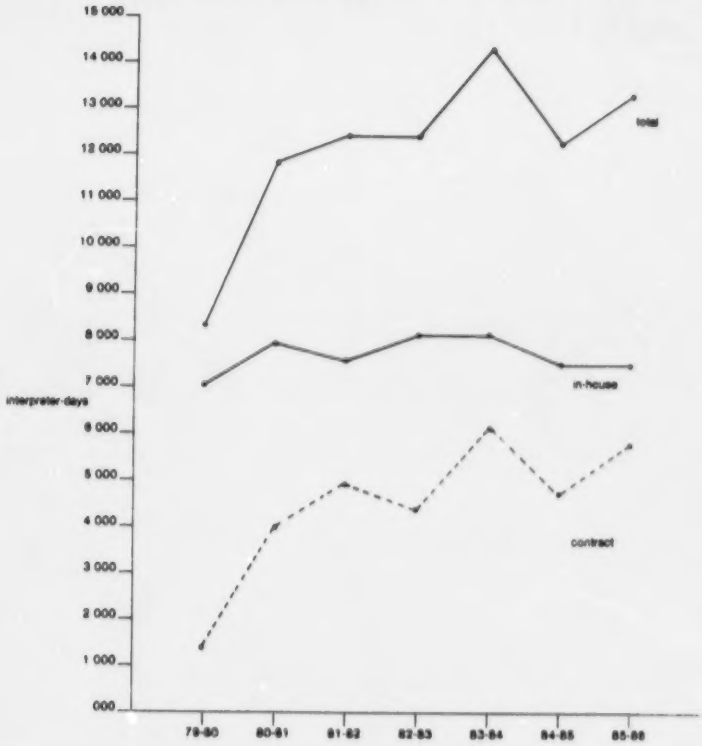
Figure 16: Translation Productivity by Person-Year (000 words/P-Y)



Source: Multi-Year Operational Plan, March 1984

Interpretation: Figure 17 shows the number of interpreter-days provided by in-house services as well as freelance interpreters. The Activity's in-house interpreters also provide translation services.

Figure 17: Production (in Interpreter-Days) of In-house and Contract Interpretation Services



Source: Multi-Year Operational Plan, March 1984

The reduction in services in 1979-80 is attributable to the fact that there were two elections that year, resulting in a slowdown in Parliament's activities.

Linguistic Services: Terminology research will continue and the number of records in the Terminology Bank will be increased to 850,000. The fundamental unit of the Terminology Bank is the record, which can include several terms. Previous Expenditure Plans reported on the number of terms, but referred to them as records. This plan follows correct usage and therefore presents a lower number.

Growth is also expected in the use of the Bank, resulting in an increase in the number of records retrieved from the network as a whole. More non-official language records will be loaded into the data base as required by the multilingual services. The terminological information services will continue to answer telephone enquiries from

the private sector and Canadian and international agencies. With access to some 400 bibliographical data bases, Information and Reference Services provides on-line reference facilities and a documentary information service by telephone. The documentation service's collections are available through counter loans, inter-network loans and for consultation in the library.

Figure 18: Requests for Linguistic Services

	1985-86	1984-85	1983-84
Number of records queried	1,000,000	750,000	962,082
Number of telephone calls	45,000	45,000	39,150
Number of reference questions	40,000	40,000	37,153
Number of loans			
-counter and inter-network	24,000	24,000	23,852
-inter-library	2,000	2,000	2,341

The estimate of number of records queried is lower than in previous forecasts because of a delay in the start-up of Termium III.

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Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 19: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Personnel			
Salaries and wages	65,260	61,589	59,563
Contributions to employee benefit plans	9,137	7,973	8,527
Other personnel costs	74	74	29
	74,471	69,636	68,119
Goods and services			
Transportation and communications	2,874	2,552	1,842
Information	147	219	171
Translation and interpretation contracts	10,532	12,332	9,935
Other professional and special services	3,358	2,274	2,457
Rentals	304	370	432
Purchased repair and upkeep	585	647	353
Utilities, materials and supplies	1,197	1,546	750
All other expenditures	-	20	10
	18,997	19,960	15,950
Capital	2,204	1,239	760
Transfer Payments	238,583	232,438	218,979
Total expenditures	334,255	323,273	303,808

* These figures include the Official Language Communities component which was part of the Citizenship and Culture Program for the 1983-84 fiscal year.

2. Personnel Expenditures

Figure 20: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84*		
Management	13	14	12	50,350-96,300	60,208
Scientific and professional					
Library science	11	9	10	19,782-50,712	34,423
Administrative and foreign services					
Administrative services	58	51	52	13,912-57,987	34,365
Program administration	48	37	34	13,912-57,987	43,580
Translation	1,237	1,225	1,234	15,700-64,000	39,688
Other	1	-	5		
Technical	27	29	33	10,719-63,173	27,565
Administrative support					
Clerical	228	224	250	12,932-31,743	21,405
Secretarial	228	245	256	12,636-31,946	18,168
Other	1	7	4	- -	-

* These figures include the Official Language Communities component which was part of the Citizenship and Culture Program for the 1983-84 fiscal year.

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 21: Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Grants			
Promotion			
Grants to non-profit voluntary associations for the promotion of the use of official languages	3,993	2,270	2,566
Grants to support national federations, provincial associations as well as other groups, associations or institutions promoting the development of official language minority communities	17,779	18,481	6,734
	21,772	20,751	9,300
Contributions			
Education			
Contributions, under terms and conditions approved by the Governor in Council, in respect of programs relating to the use of official languages in areas of provincial competence, including programs of summer language bursaries and assistance to independent schools and associations of independent schools	210,832	205,956	192,590
Contributions under terms and conditions approved by the Governor in Council, in respect of programs relating to the use of official languages in areas of territorial responsibility	402	386	370

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Contributions to Canadian institutions, associations, and organizations for the compilation and dissemination of information and the development of teaching techniques related to official languages in education	892	893	743
	212,126	207,235	193,703
Promotion			
Contributions to non-profit voluntary associations and non-federal public administrations for the promotion of the use of Official Languages	2,925	2,375	1,149
Contributions to national federations and provincial associations as well as groups, associations or institutions promoting the development of official language minority communities	1,760	2,077	14,827
	4,685	4,452	15,976
Total	238,583	232,438	218,979

* These figures include the Official Language Communities component which was in the Citizenship and Culture Program in 1983-84.

B. Cost Analysis

The net cost of the Official Languages Program includes the operating costs and statutory expenditures along with the value of services provided free by other departments. These additional services include the value of accomodation provided by the Department of Public Works ($7,816,000), the value of financial services provided by the Department of Supply and Services ($221,000), and the value of insurance premiums provided by the Treasury Board ($1,244,000).

Figure 22: Net Cost of the Program for the Year 1985-86 ($000)

	Operating and Capital Expenditures 1985-86	Transfer Payments	Add Other Costs	Net Cost 1985-86	Total 1984-85
Education	1,363	212,126	115	213,604	208,728
Promotion	3,386	26,457	266	30,109	28,057
Services	90,923	-	8,900	99,923	94,737
	95,672	238,583	9,281	343,536	331,522

Education Support Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $8,569,000 in support of the 1985-86 Education Support Program. The remaining expenditures, estimated at $2,547,361,000 for post-secondary education payments to the provinces, payments in respect of Canada Student Loans and contributions to employee benefits plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Education Support Program		
15 Program expenditures	8,569	8,650
(S) Post-Secondary Education payments to provinces	2,277,000	1,917,000
(S) Interest Payments, Liabilities under the Canada Student Loans Act	269,946	229,000
(S) Contributions to employee benefit plans	415	420
- Appropriation not required Contributions	....	23,745
Total Program	2,555,930	2,178,815

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Education Support Program	
15	Education Support - Program expenditures	8,569,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates					1984–85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Education Support	91	8,968	16	2,546,946	2,555,930	2,178,815
	91	8,968	16	2,546,946	2,555,930	2,178,815

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Section I
Program Overview

A. Highlights

In 1985-86 the Education Support Program will administer payments for post-secondary education to provincial and territorial governments under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. Amendments made to this legislation in 1984 renamed the Act (formerly the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977) and established a new escalator for federal per capita contributions to post-secondary education for 1983-84 and 1984-85, based on federal "six and five" fiscal restraint policy. The new legislation also requires the Secretary of State to report to Parliament, commencing in 1986, on federal involvement in post-secondary education.

The changes in legislation only affect the escalator for 1983-84 and 1984-85. The current legislation provides that on April 1, 1985 the escalator for post-secondary education contributions will again be based on the Gross National Product. An estimated $2.3 billion in cash payments will be contributed in 1985-86 under the Education Support Program, in addition to the $2.2 billion worth of tax transfers administered by the Department of Finance, for a total federal post-secondary education contribution of $4.5 billion.

In 1985-86, the Education Support Program will continue to administer and implement the new provisions of the Canada Student Loans Act adopted in June 1983, to extend provisions to part-time students and to provide special repayment features for unemployed former students; the cost of all programs is expected to total $270 million (see page 4-18), increasing from $229 million in 1984-85 and $179 million in 1983-84.

Two other components of the Education Support Program, the Centres of Specialization and the Statistical Development programs, were established in 1983-84 and will end in 1984-85. Proposals for future activities of this kind will be reviewed by the government during 1984-85.

B. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Post Secondary Education	2,277,000	2,179,000	98,000	4-17
Canada Student Loans Program	269,946	229,000	40,946	4-18
Centres of Specialization	-	24,545	(24,545)	4-12
Program Management and Delivery	8,984	10,177	(1,193)	
	2,555,930	2,442,722	113,208	
Authorized person-years	91	106	(15)	

Explanation of Change: The increase of $113,208,000 or 5% in the 1985-86 requirements over the 1984-85 forecast is made up of the following major items:

	$ millions
• net increase in statutory payments to the provinces under the Federal PSE and Health Contributions Act	98.0
• increase in interest payments to the lending institutions, liabilities under guaranteed loans and alternative payments to the province of Quebec pursuant to the Canada Student Loans Act	40.9
• the termination of the Centres of Specialization Program (4 P-Y)	(24.5)
• net decrease in operating budgets due to the termination of a mandate to provide for a statistical and policy analysis capacity and a reduction of 11 person-years for delivery of the interest relief component of the Canada Student Loan Program	(1.2)

Explanation of 1984-85 Forecast: The 1984-85 forecast is $263,907,000 or 12% higher than the 1984-85 Main Estimates of $2,178,815,000. (Extracts from Part II of the Estimates, page 4-4). The difference reflects the following major items:

	$ millions
• an increase in statutory contributions for post-secondary payments to the provinces	262.0
• an increase in administrative fees paid to the provinces for processing Canada Student Loan Program applications	0.9
• an increase in contributions for the Centres of Specialization Program	0.8

C. Background

1. Introduction

On behalf of the federal government, the Education Support Program makes payments to provincial and territorial governments under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. Federal contributions under the Post-Secondary Education Financing Program take the form of cash payments made by Secretary of State, and a tax transfer - a reduction of federal taxes and the fiscal equalization payments associated with that reduction, as determined by the Department of Finance. The cash payments are calculated to ensure that the total transfer to each province is equal per capita. For 1983-84 and 1984-85, federal PSE transfers were limited to increases of 6% and 5% per capita, respectively.

Working in conjunction with the provinces and territories, as well as banks and other lending institutions, the Education Support Program is responsible for the administration and provision of funds for interest payments and liabilities arising from loans made under the Canada Student Loans Act. It is also responsible for alternative payments to Quebec under this Act.

The Education Support Program is responsible for the coordination and development of federal government policies and programs in the field of education. It also provides a federal focal point for communications with provincial governments, post-secondary institutions and non-governmental organizations, individually or collectively, on matters of education.

The Education Support Program also advises the Department of External Affairs on Canadian participation in international education matters and in cooperation with the provinces, through the Council of Ministers of Education (Canada), plays an active role at the international level to promote Canada's interests in this area.

The Education Support Program, as the focus of the Department's role in the education field, also provides executive direction for the Official Languages in Education Activity and the Canadian Studies component of the Canadian Culture Activity. The Official Languages in Education Activity provides financial assistance to provincial and territorial governments to encourage opportunities for education in the minority official language in each province or territory and for Canadians to acquire a knowledge of their second official language. The Canadian Studies component offers support to activities aimed at promoting opportunities for Canadians to learn more about their country.

2. Legal Mandate

The acts and other authorities which are the basis for the Education Support Program are:

- Part VI of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act 1977 (as amended on April 7, 1982 and on June 7, 1984); and
- Canada Student Loans Act (as amended September 1, 1983).

3. Program Objective

The objective of the Education Support Program is to support Canada's cultural, social and economic development through federal education policies and programs which contribute to strengthening Canada's post-secondary education system capacity, and which respond to individual aspirations of Canadians and to the needs and opportunities of Canadian society, thus contributing to enhancing Canadians' sense of belonging to the country.

4. Program Description

The two major components of the Program are:

- Post-Secondary Education Financing Program; and
- Canada Student Loans Program (CSLP).

Post-Secondary Education Financing Program: The Post-Secondary Education Financing Program is one of the three established programs financed under Part VI of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. Under this Act, the federal government makes contributions to provincial and territorial governments for the financing of Medicare, Hospital Insurance and Post-Secondary Education. These contributions take the form of cash payments and tax transfers.

The cash payments are administered by the Secretary of State in conjunction with the Minister of Finance. The value of the cash and tax transfers is calculated by the Department of Finance.

Canada Student Loans Program: The Canada Student Loans Act came into force on July 28, 1964. Its purpose is to make financial help available to students who require assistance to carry on both full-time and part-time studies at the post-secondary level of education. The Act also permits a province to operate its own program of loans and to receive an alternative payment related to Canada Student Loans Program costs (Quebec has chosen this option since the inception of the Canada Student Loans Program).

Under the program, the federal government guarantees loans made to students by chartered banks and other designated lenders on the basis of Certificates of Eligibility (loan authorization documents) issued by provinces participating in the program. The government pays the interest on these loans while the students continue full-time studies and for six months afterwards.

The Canada Student Loans Act establishes the total amount which may be loaned in the base year and provides an escalating formula. This total amount is allocated among the provinces in the same relationship which the 18-24 age group in a province bears to the same age group in Canada as a whole.

Provincial governments are responsible for much of the important administrative work involved, including the determination of the eligibility of individual students, the assessment of students' needs, determination of provincial residency status of students and the designation of eligible educational institutions. The federal government pays a fee to the provincial governments for this service.

The Student Assistance Directorate of the Education Support Program monitors the activities of lenders in the provision of loans and processes accounts for transfer to collection agencies or the Department of Justice when necessary for the collection of delinquent accounts. It answers lenders' queries on documents and interest statements and calculates and processes for payment interest owing to lenders. It keeps records of student loans, coordinates publication activities of the program and maintains the system for designation of lenders and of educational institutions.

Although the province of Quebec operates its own student assistance program and does not issue Canada Student Loans, representatives of all provinces, including Quebec, participate in the consultative procedures, thereby assuring maximum co-ordination in the development and application of student loan facilities throughout Canada.

Changes to the Canada Student Loans Act took effect on August 1 and September 1, 1983. These amendments provide an interest relief plan for borrowers encountering difficulty in repaying their Canada Student Loans for reasons of unemployment, and where family income is below a prescribed limit, as well as for those who are temporarily or permanently disabled. On August 1, 1983, the weekly loan limit for full-time students was raised from $56.25 to $100. The weekly loan limit for full-time students was further increased from $100 to $105, effective August 1, 1984. The lifetime loan limit for full-time students was eliminated, and guaranteed Canada Student Loans were extended to part-time students. Interest on part-time loans is assumed by the borrower and not by the Government of Canada as in the case of loans to full-time students.

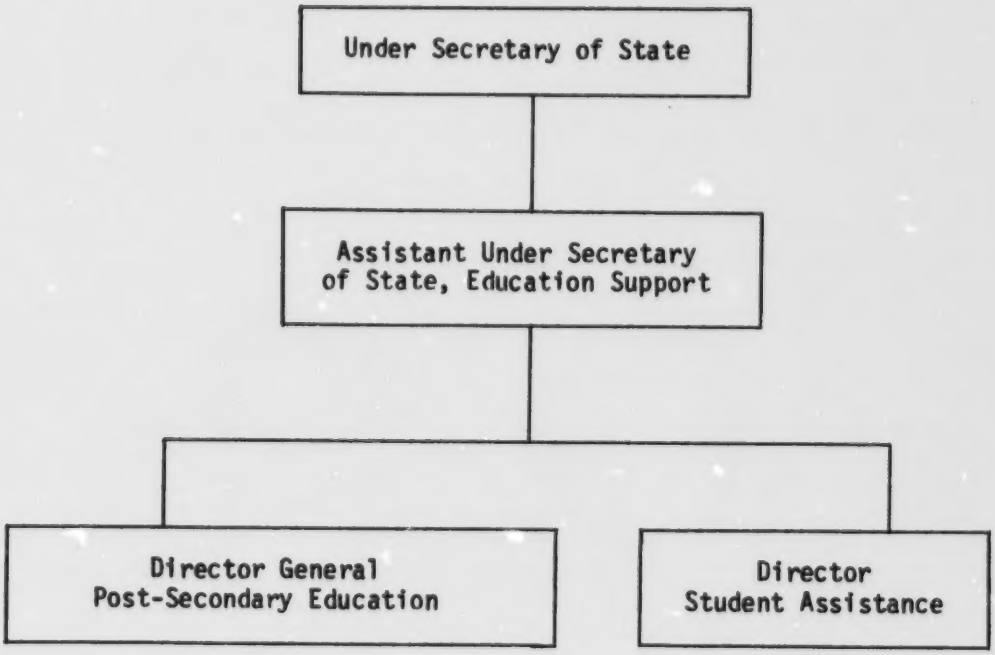
Other components: The funding authority for two other components, the **Centres of Specialization** and the **Statistical Development programs** ends in 1984-85.

The Centres of Specialization program was established in 1983-84 to assist universities to create a new capacity or improve existing strengths in research and human resource development. The total budget for this program for 1983-84 and 1984-85 was $25 million. The Statistical Development program was also created in 1983-84, to improve the data base for policy analysis related to post-secondary education. A sum of $3.5 million was allocated to the Education Support Program for this activity over the two year period.

5. Program Organization for Delivery

The Education Support Program consists of one activity, Education Support which is managed by the Assistant Under Secretary of State - Education Support.

Figure 2: Education Support



D. Planning Perspective

1. Environment

Public policy in support of post-secondary education is strongly affected by demand. The past two decades have been marked by large increases in post-secondary enrolments. These increases can be seen in Figure 3, below.

Figure 3: Full-time Enrolment Rates Since 1960

	Full-time Enrolment in Post-Secondary Education	Full-time Enrolment as a Percentage of the 18-24 year old population
1960-61	163,143	9.7
1965-66	273,612	13.4
1970-71	475,548	18.1
1971-72	496,800*	18.5
1972-73	513,358	18.8
1973-74	533,575	19.1
1974-75	558,191	19.3
1975-76	592,000*	20.0
1976-77	602,700*	19.9
1977-78	615,900*	19.7
1978-79	617,800*	19.4
1979-80	623,500*	19.3
1980-81	643,400*	19.8
1981-82	675,400*	20.5
1982-83	722,000*	21.7
1983-84	763,200	22.9

Source: Statistics Canada
* These figures were revised by Statistics Canada

During the period of increased growth in enrolments transfers to the provinces related to support for the post-secondary capacity and expenditures on student aid increased as well.

In the future, demand for post-secondary education will be shaped by changing economic and demographic factors. Demographic factors indicate declines during the 1980s in the size of the 18 to 24 year old population, the traditional source of post-secondary students. Taken in isolation, this suggests the possibility of falling enrolments in the remainder of the 1980s. However, there are powerful offsetting factors:

- full-time post-secondary enrolment as a percentage of the 18-24 year old population has grown sharply in the last two years. Some of the growth in this participation rate is doubtless due to high youth unemployment rates; and

- there is a longer term trend towards an increasing participation of persons outside the traditional 18 to 24 year old population group.

- As well, with respect to student assistance, high youth unemployment rates also reduce chances of students finding summer employment, thereby increasing demand for student loans. High unemployment will also create difficulty in repaying student loans and greater use of interest relief provisions.

It is difficult to assess the combined impact of these factors. Most recent projections of post-secondary enrolment have proved to be too low. The safest assumption is that demand for post-secondary education will remain high for some years and that student financial needs will also remain high.

The Education Support Program is also affected by policies and spending in post-secondary education, although the post-secondary education transfers to provinces under the present financing arrangements are not linked to provincial spending or policy. Major provincial trends or shifts must be taken into account in the review and development of federal education support policy. In the case of student aid, provincial decisions may have an important impact on the Canada Student Loans Program. Currently a number of provinces are exercising restraint in post-secondary spending. As well, some provinces are reviewing the role and structure of their post-secondary education systems.

2. Initiatives

The Program will focus its resources and efforts in 1985-86 on managing its ongoing program. Proposals to meet the new legislative requirement to report to Parliament (see page 4-16) and for a continuing Statistical Development program will be examined for possible inclusion in Supplementary Estimates 1985-86.

3. Program Effectiveness

The extent to which the Program supports Canada's cultural, economic and social development through federal education policies or is contributing to the maintenance and development of a strong and accessible post-secondary capacity throughout Canada can only be assessed indirectly and in general terms. More specifically the effect of federal transfers for post-secondary education cannot be dissociated from that of provincial programs of support to colleges

and universities.

The post-secondary capacity in Canada underwent a dramatic expansion in the 1960s and 1970s. While there are some current difficulties, more pronounced in some provinces than in others, the overall post-secondary capacity throughout the country remains strong and accessible. Recent experience in Canada compares favourably to the experience in most other countries. For example, in 1970-71, the participation rate of full-time post-secondary students relative to the 18-24 year old population in Canada (see Figure 3) was approximately three quarters of what it was in the United States. However, by 1983-84, the participation rate in Canada had increased to the point where the rates in both countries were virtually the same.

Figure 3 on full-time post-secondary enrolment and participation rates gives a good measure of overall success in building the post-secondary capacity. In 1960-61 some 163,000 students or 9.7% of the 18 to 24 year old population were enrolled in post-secondary education. In 1970-71, the enrolment had jumped to 476,000, a 190% increase. In 1983-84 it stood at 763,000, 370% higher than 1960-61 full-time enrolments and representing 22.9% of the 18 to 24 year old population.

During the later 1960s and the first half of the 1970s, federal shared-cost transfers to the provinces ensured that about half of the cost of the rapidly expanding post-secondary system was covered by federal transfer programs. In 1977 the federal post-secondary education contribution became an unconditional transfer under the Established Programs Financing arrangements. EPF and its predecessor provided a major portion of the financing of a system that underwent a large and successful expansion.

Similar conclusions hold with respect to the Canada Student Loans Program which is administered in conjunction with provincial and territorial programs of loans and grants to needy students in all provinces and territories except Quebec. (In Quebec, the provincial government administers its own student aid program and receives an alternative payment.) The combined student aid programs have been found to be generally effective in meeting basic objectives. The main indications of this, based on program experience and feedback from borrowers, are that the programs are widely used, the bulk of funds reaches students with financial needs as intended and there are relatively few cases on record of individuals being unable to pursue a post-secondary education on financial grounds alone. A number of surveys taken between 1960-61 and 1983-84 found that those who did not undertake post-secondary education, did not do so for reasons of lack of funds or any arbitrary impediment to participation. Figure 4 provides a record of the expansion of the CSLP in meeting the needs of increasing numbers of post-secondary students in Canada.

Steps have been taken towards a better identification of the

impact of the Education Support Program. In 1982, the Government of Canada announced the objectives that guide its support of education. The Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, as amended in 1984, provides some increase in accountability by clearly separating out the health and post-secondary portions of federal fiscal transfers. It also requires the Secretary of State to report to Parliament, beginning in 1986, on federal programs in support of post-secondary education and on the contribution of these programs to Canada's educational and economic goals. These changes, together with a recent strengthening of the statistical data base related to post-secondary education, will better enable the government to monitor the achievement of its education support objectives.

Figure 4: CSLP Loans Negotiated Since 1964

Loan Year*	CSLP Loans Negotiated	Average Loan for Students
1964-65	39,248	$ 655
1965-66	48,029	721
1966-67	59,309	682
1967-68	84,419	678
1968-69	100,110	638
1969-70	113,574	688
1970-71	127,024	678
1971-72	120,147	728
1972-73	113,760	899
1973-74	117,452	926
1974-75	130,996	924
1975-76	142,735	1,040
1976-77	140,748	1,143
1977-78	114,675	1,174
1978-79	122,305	1,209
1979-80	141,827	1,205
1980-81	152,082	1,263
1981-82	161,563	1,443
1982-83	200,737	1,625
1983-84	249,715	2,319

* For the period 1964-65 to 1979-80 the loan year ran from July 1 to June 30. Since 1980-81, the loan year has run from August to July 31.

This tables illustrates the expansion of the CSL Program during a period of significant growth in post-secondary education. It is of interest to note that survey work undertaken by the Federal-Provincial Task Force on Student Assistance (Addendum to the Labour Force Survey in June, 1980) found very wide support among students, parents, and

all sectors of the public for the basic means-tested approach to student aid and the incorporation of a loan element in the overall package of student aid.

Further details on the delivery of the Canada Student Program are available in a report on the Program which is published annually.

4. Performance Information/Resource Justification

The two major components of this Program are:

- Federal PSE payments; and
- Canada Student Loans Program (CSLP).

Federal PSE Payments: The Federal PSE and Health Contributions Act specifies the method of financing federal contributions to Hospital Insurance, Medicare and Post-Secondary Education. In essence, the pre-1977 cost-sharing formula for these three programs was replaced by a formula under which federal contributions are determined independently of program costs in the provinces.

Since 1977, the formula has provided to each province or territory an entitlement equal to the national average per capita contribution in the base year (1975-76), escalated for each subsequent year and then multiplied by the population of that province or territory. Until 1983-84, the escalator was based on the rate of growth of the Canadian economy; the legislation, as amended in 1984, imposed an escalator of 6% for 1983-84 and 5% for 1984-85. The amended legislation provides that the escalator used for PSE entitlements after 1984-85 will revert to the GNP-based escalator that was in use prior to the 6 and 5 period.

The entitlement is made up of two components. The tax transfer component consists of 13.5 personal and one corporate income tax points. It is equalized to a representative average standard, under the general equalization formula, and grows with the yield of basic federal tax and corporate taxable income. In addition, Quebec receives a special abatement of 8.5 unequalized personal income tax points under the contracting-out arrangements.

The cash payment to any province or territory is the difference between the total entitlement and the value of the tax transfer. It ensures that all provinces and territories receive an equal amount per person to finance these programs.

Figure 5 below provides a breakdown of payments by province for 1983-84 and 1984-85. Payments and tax transfers in 1985-86 are expected to increase further to an estimated $4.5 billion. The final determination of the total and the distribution by provinces will depend on the factors outlined above.

Figure 5: Federal Post-Secondary Education Contributions ($000)

	1985-86[1]			1984-85[2]			1983-84[3]		
	Cash	Tax	Total	Cash	Tax	Total	Cash	Tax	Total
Newfoundland	61,359	43,321	104,680	56,308	40,996	97,304	53,526	38,717	92,243
Prince Edward Island	13,229	9,339	22,568	12,175	8,864	21,039	11,485	8,308	19,793
Nova Scotia	91,761	64,786	156,547	84,524	61,541	146,065	79,590	57,570	137,160
New Brunswick	75,246	53,127	128,373	69,308	50,462	119,770	65,455	47,347	112,802
Québec	464,424	711,984	1,176,408	423,402	676,240	1,099,642	402,736	638,231	1,040,967
Ontario	871,190	742,918	1,614,108	796,382	704,297	1,500,679	758,623	648,557	1,407,180
Manitoba	111,572	78,774	190,346	102,655	74,742	177,397	96,994	70,158	167,152
Saskatchewan	115,435	66,733	182,168	105,840	63,111	168,951	96,893	61,560	158,453
Alberta	181,054	240,702	421,756	164,187	230,200	394,387	149,073	226,030	375,103
British Columbia	284,599	234,446	519,045	257,789	224,230	482,019	232,422	218,324	450,746
Yukon	1,937	2,045	3,982	1,735	1,925	3,660	1,635	1,924	3,559
North West Territories	4,769	4,265	9,034	4,280	4,015	8,295	3,959	3,767	7,726
Total	2,276,575	2,252,440	4,529,015	2,078,585	2,140,623	4,219,208	1,952,391	2,020,493	3,972,884

1 - Main Estimates calculation (09/01/85).
2 - Second Adjustment to Advance (08/01/85). As of January 9, 1985 cash forecasts totalled $2,179,000,000. The difference is due to prior years' adjustments.
3 - Second adjustment to advance (06/01/84). As of March 31, 1984 actual cash payments totalled $2,065,213,000. The difference is due to prior years' adjustments.

CSLP: The payments in any year made under the Canada Student Loans Act are dependent on a number of factors, including:

- the number of students participating;
- the number of certificates issued;
- interest rates; and
- general economic conditions.

Figure 6: Payments Under the Canada Student Loans Act ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Number of students assisted *	253,431	230,392	209,447
Interest payments	142,146	120,052	92,953
Claim payments	74,600	61,683	48,994
Alternative payment to Quebec	53,200	47,265	36,596
Total	269,946	229,000	178,543

* Represents the number of students who were issued certificates during a loan year commencing August 1, and terminating July 31.

Expenditures increased in 1983-84 over those of 1982-83 in large part because of amendments to the Act which took effect in September 1983, which resulted in an increase in the weekly loan limits for full-time loans and special repayment features for the unemployed and low level income participants. Estimated expenditures in 1984-85 ($229 million) are expected to grow by 30% over those of 1983-84 ($179 million) because the 1983 amendments will have been in effect for the full fiscal year. In 1985-86, however, expenditures are expected to grow by a more modest rate.

The Program has introduced a revised procedure for recoveries of defaulted accounts which should result in savings of approximatively $400,000 in 1985-86. Additionally, a revised procedure for processing claims made against the guarantee should result in further savings in 1985-86.

There are four major indicators of the workload and requirement for operating resources for the program organization. These are the volume of loan certificates processed, the volume of loan related documents processed through CSLP systems, the volume of claims for loss from lenders against the guarantee and the volume of recoveries on loans. Figure 7 below shows that the workload is increasing and that the number of loss claims and certificates has increased well beyond the growth rate in person-years.

Figure 7: Workload Indicators (CSLP)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82	Estimated Growth 1981-82 to 1985-86
Loan certificates * (Full Time)	330,000	300,000	272,105	220,280	177,112	86%
Loan Certificates * (Part Time)	1,000	500	246	-	-	-
Interest Relief * Applications	30,000	20,000	7,464	-	-	-
Loss claims	25,000	21,000	19,446	15,912	13,139	90%
Documents	900,000	875,000	866,156	750,962	645,144	40%
Recoveries ($000)	32,513	28,500	25,916	19,005	17,751	83%
Person-Years	77	81	77	69	63	22%

* This represents certificates issued during a loan year commencing August 1 and terminating July 31.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	2,965	3,424	2,693
Contributions to Employee benefit plans	415	420	351
	3,380	3,844	3,044
Goods and services			
Transportation and communications	364	363	398
Information	17	207	199
Professional and special services	895	1,851	1,773
Fees to provinces	4,032	3,500	2,682
Rentals	67	28	20
Purchased repair and upkeep	13	23	12
Utilities, materials and supplies	200	318	307
	5,588	6,290	5,391
Capital	16	43	49
Transfer payments	2,546,946	2,432,545	2,243,787
Total expenditures	2,555,930	2,442,722	2,252,271

2. Personnel Expenditures

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	6	6	5	50,350-96,300	61,858
Scientific and professional					
Economics, sociology and statistics	7	7	3	14,570-65,080	56,366
Administrative and foreign Services					
Administrative services	12	12	10	13,912-57,987	32,538
Program administration	16	19	23	13,912-57,987	38,152
Administrative support					
Clerical and regulatory	36	45	41	12,932-31,743	21,368
Secretarial, stenographic and typing	10	13	11	12,636-31,946	20,192
Technical					
Social Science Support	4	4	2	12,635-57,764	31,398

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the current salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. **Transfer Payments**

Figure 10: Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contributions			
Contributions to post-secondary institutions and voluntary organizations to create a new or expanded capacity for research and development	-	24,545	30
(S) - Post-secondary Education Payments to the Provinces pursuant to Part VI of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions as amended	2,277,000	2,179,000	2,065,213
(S) - The provision of funds for interest payments, liabilities and alternative payments to provinces under the Canada Student Loans Act	269,946	229,000	178,543
Total	2,546,946	2,432,545	2,243,786

B. Cost Analysis

The net cost of the Education Support Program includes the operating costs and statutory contributions along with the value of services provided free by other departments. These additional services include the value of accommodation provided by the Department of Public Works ($404,000), the value of financial services provided by the Department of Supply and Services ($12,000), and the value of insurance premiums provided by the Treasury Board ($61,000). Revenues credited to the Consolidated Revenue Fund that relate to recovery of outstanding student loans have been deducted.

Figure 11: Net Cost of the Program for the Year 1985-86 ($000)

Operating and Capital Expenditures 1985-86	Statutory and Other Contributions	Add Other Costs	Total Cost	Deduct Revenue	Net Cost 1985-86	Total 1984-85
8,984	2,546,946	477	2,556,407	31,372	2,525,035	2,414,687

Citizenship and Culture Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $164,917,000 in support of the 1985-86 Citizenship and Culture Program. The remaining expenditures, estimated at $3,363,000 for salaries and pensions of Lieutenant-Governors of the provinces and contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Citizenship and Culture Program		
20	Operating expenditures	37,122	32,024
25	Grants and contributions	127,795	145,492
(S)	Salaries of the Lieutenant-Governors	425	350
(S)	Payments under Lieutenant-Governors Superannuation Act	98	63
(S)	Supplementary Retirement Benefits-Former Lieutenant-Governors	27	14
(S)	Contributions to employee benefit plans	2,813	2,469
	Total Program	168,280	180,412

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Citizenship and Culture Program	
20	Citizenship and Culture - Operating expenditures	37,122,000
25	Citizenship and Culture - The grants listed in the Estimates and contributions	127,795,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates					1984–85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Citizenship Registration and Promotion	330	12,958	28	4,868	17,854	17,779
Citizenship Development	177	12,995	18	99,210	112,223	125,627
Multiculturalism	78	7,293	4	17,052	24,349	25,359
Canadian Culture	23	5,750	29	5,810	11,589	9,793
Human Rights	18	1,284	1	980	2,265	1,854
	626	40,280	80	127,920	168,280	180,412

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Section I
Program Overview

A. Highlights

Major points regarding the Program for 1985-86 are:

- Grants and contributions to groups and organizations to further Citizenship Development are planned at $99 million in 1985-86, a decrease of $30 million from 1984-85. The coordination of federal activities and assistance to youth projects associated with the International Youth Year will be continued. The issue of the disabled will be highlighted in 1985-86 through the Department's lead role in following up on the World Plan of Action which includes the holding of a Federal-Provincial-Territorial conference early in 1985 (see pages 5-27 and 5-28).

- The mandate of the Native Communications component ends March 31, 1985. In 1984-85 this component had a budget of $3.6 million. Proposals on the future of this program component will be presented to Cabinet in 1985-86 (see page 5-24).

- The Katimavik budget is reduced by $30 million, from $49.7 million in 1984-85 to $19.7 million in 1985-86. In 1983-84 and 1984-85 supplementary budgets for special youth projects had been allocated to Katimavik for those years only. The number of participants in this program will decrease from 4,800 in 1984-85 to 1,650 in 1985-86 (see page 5-28).

- In 1985-86, the Open House Canada Program budget will be reduced by $3.6 million, from $13.7 million to $10.1 million. Consequently it is estimated that the number of participants will decrease by 7,300, from 26,000 in 1984-85 to 18,700 in 1985-86 (see page 5-27).

- Citizenship will be granted to an estimated 125,000 individuals, permanent residents who meet the requirements of the Citizenship Act; proofs of citizenship status will be provided to 45,000 Canadians. A relatively large number of immigrants from the late 1970's and early 1980's as well as recent refugee movements, particularly from Southeast Asia, have resulted in an increase in citizenship applications in 1984-85. This momentum is expected to be maintained in 1985-86 (see page 5-18).

- In 1985-86 the fees for applications in respect to grants and proofs of Canadian citizenship will be raised from the current levels. It is estimated that this increase will raise additional revenues of $1.1 million (see page 5-51).

- In 1985-86, Multiculturalism Canada will continue to address the key issues of race relations, multiculturalism in education, immigrant women and cultural retention, while increasing the focus on institutional adaptation to Canada's multicultural and multiracial reality as recommended by the Special Parliamentary Committee on the Participation of Visible Minorities in Canadian Society (see page 5-15).

- In the area of Cultural and Academic Resources, an additional $1 million was approved through Supplementary Estimates in 1984-85 for the establishment of additional academic Chairs of Study which will focus on particular themes relating to cultural pluralism such as race relations, and for academic research. In 1985-86, two Chairs of Study, one of which will be thematic, will be established at Canadian universities (see page 5-35).

- Human Rights will continue to be a departmental priority in the post Charter period with emphasis in 1985-86 on the promotion of greater awareness of rights among children, youth, the private and labour sectors and disadvantaged groups whose rights are most threatened. Moreover, a Conference of Federal-Provincial-Territorial Human Rights Ministers is scheduled to be held in April 1985 (see page 5-44).

- The mandate of the Court Challenges component ends March 31, 1985. This program, to which $200,000 was allocated in 1984-85, is currently under review (see page 5-43).

- The enhanced Canadian Studies program which began in 1984-85 will provide $2.9 million in grants and contributions to support Canadian Studies projects under 12 separate categories of support (see pages 5-37 and 5-38).

B. **Financial Summary by Activity**

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Citizenship Registration and Promotion	17,854	17,758	96	5-17
Citizenship Development	112,223	143,527	(31,304)	5-21
Multiculturalism	24,349	26,604	(2,255)	5-30
Canadian Culture	11,589	14,088	(2,499)	5-36
Human Rights	2,265	2,448	(183)	5-40
	168,280	204,425	(36,145)	
Authorized person-years	626	659	(33)	

Explanation of change: The financial requirements for 1985-86 are 18% or $36.1 million less than the 1984-85 forecast expenditures. This decrease is primarily a result of the following:

	$ millions
• decreased funding in the Katimavik program	(30.0)
• a decrease due to the expenditure and program review announced in November, 1984	(9.7)
• decreased funding for activities related to International Youth Year	(2.5)
• a decrease due to the transfer of the Official Languages Communities Program to the Promotion of Official Languages Activity (15 P-Y)	(0.7)
• a decrease due to the completion of the celebration of the 450th anniversary of the arrival of Jacques Cartier, the Ontario and New Brunswick bicentennials and other State Ceremonial events (2 P-Y)	(4.5)
• a decrease of 16 person-years due to the end of the 1984-85 Summer Students program	(0.2)

- an increase due to the return to the 1985-86 reference level of the reductions that were introduced in 1982-83 to fund other government priorities 4.3

- an increase for the renewal and enrichment of the Women's Program 3.4

- an increase in transfer payments for increased assistance to Native Citizens 3.1

- an increase for the purchase and distribution costs of the Canadian Encyclopedia 1.4

- an increase for price increases in transfer payments 0.9

Explanation of 1984-85 Forecast: The 1984-85 forecast is $24.0 million or 13% higher than the 1984-85 Main Estimates of $180.4 million (Extracts from Part II of the Estimates, page 5-5). The difference reflects the following major Supplementary Estimates items:

	$ millions
• an increase for International Youth Year projects and for co-ordination functions for the Minister of State for Youth (30 P-Y)	8.2
• an increase for the renewal and enrichment of the Women's Program (18 P-Y)	6.9
• increased assistance to Native Citizens	1.9
• an increase for the extension and enrichment of the Canadian Studies mandate (9 P-Y)	3.7
• a transfer of 16 person-years from Treasury Board for the 1984-85 Summer Students program	0.2

C. Background

1. Introduction

The Citizenship and Culture Program was created in 1983-84 by consolidating activities already carried out within the Department. The Program contains five activities designed to assist individual Canadians, organizations and groups to participate in and enjoy the benefits of Canadian citizenship. These five activities are: Citizenship Registration and Promotion, Citizenship Development,

Multiculturalism, Canadian Culture and Human Rights. The intervention of the Program relies heavily on voluntary action and citizen involvement through activities undertaken by specific groups of Canadians. A large part of its resources is devoted to assisting these groups to help themselves in order to improve their own development and their participation and involvement in the development of the country.

The Program shares with the Official Languages Program and the Education Support Program the common goal of promoting a sense of belonging to Canada. It relates to the Official Languages Program in that it assists the beneficiaries of its five activities to acquire one official language (individuals and small voluntary groups), to offer services in both official languages (national voluntary organizations) and to promote and defend linguistic rights (Human Rights and Court Challenges). It relates to the Education Support Program by assisting in the development of learning materials which are used in educational institutions (Canadian Studies), by assisting disadvantaged citizens in identifying and expressing their needs and interests with respect to education (Citizenship Development, and Multiculturalism) and by promoting the rights of disadvantaged Canadians to have access to education (Human Rights and Citizenship Development).

The Program relates in different ways to a large number of federal departments and agencies. For example, a single component like the Women's program, which provides basic and direct assistance to women's groups and organizations in Canada, relates to the actions of Status of Women Canada (which is in charge of international and national relations and federal coordination), the Public Service Commission (which is responsible for the employment of women within the public service), the Treasury Board Secretariat (which is responsible for establishing policies and procedures with respect to affirmative action), Employment and Immigration (which is responsible for encouraging affirmative action outside the federal government) and various other federal departments and agencies which deal with women's groups and voluntary organizations receiving assistance from the Women's program. Similar relationships with various federal departments and agencies exist for other activities or components of the Program; for example, the Native Citizens component relates to the activities of Indian and Northern Affairs, National Health and Welfare, the Public Service Commission and Treasury Board; others, such as Human Rights, Youth and Disabled Persons have interdepartmental coordination mandates which specify their action as well as enlarge their relationships with other departments.

Constant attention is paid to avoid any undue overlapping of mandates and actions. The main mechanisms to ensure this are: continuous interdepartmental consultation; the scrutiny of central agencies particularly with regard to new initiatives, budgets or program renewals; program evaluations; and various audits by the

Department itself, and by the Auditor General.

2. Legal Mandate

In addition to the Department of the Secretary of State Act, the legal mandate of the Program is based upon mandates of its individual activities.

- The mandate for Citizenship Registration and Promotion derives from the Citizenship Act 1974-75-76 and Citizenship Regulations (PC. 1977-218). The Citizenship Development mandate is based upon several Cabinet Decisions and Orders in Council covering Native Citizens and Citizens Participation, including youth participation.

- The youth mandate was expanded in 1983 when Cabinet assigned the Secretary of State responsibility to coordinate the International Youth Year. In 1984, by Order in Council, a Minister of State for Youth was appointed under the Ministers and Ministries of State Act.

- In 1977 the Secretary of State was assigned responsibility to coordinate a federal-national voluntary organization consultation. Since that time the Secretary of State has been the minister responsible for voluntary action in Cabinet; this role derives in part also from the mandate on Citizenship Participation.

- In 1981, the Secretary of State was given responsibility for coordinating the interdepartmental responses arising from the International Year of Disabled Persons. In 1983, the Secretary of State was designated as the Minister responsible for the Status of Disabled Persons.

- The mandate for the Multiculturalism Activity derives from the Secretary of State Act, and more specifically, the government's announcement in October, 1971 of a Policy on Multiculturalism. In 1972, by Order in Council, a Minister of State for Multiculturalism was appointed under the Ministers and Ministries of State Act. Subsequent Cabinet and Treasury Board decisions have reaffirmed the mandate and determined the scope of the Multiculturalism activity.

- The mandate for Canadian Culture activity derives from the Department of the Secretary of State Act and the Citizenship Act.

- The mandate for Human Rights is based upon Cabinet decisions directing the Department, among other things, to serve as the central point of reference for the federal government's domestic interests in human rights and to develop further

federal-provincial-territorial consultation and coordination related to the implementation of certain international human rights instruments; and to operate a Court Challenges program to assist persons to seek court rulings clarifying language rights under the Constitution Act of 1867 and the Canadian Charter of Rights and Freedoms.

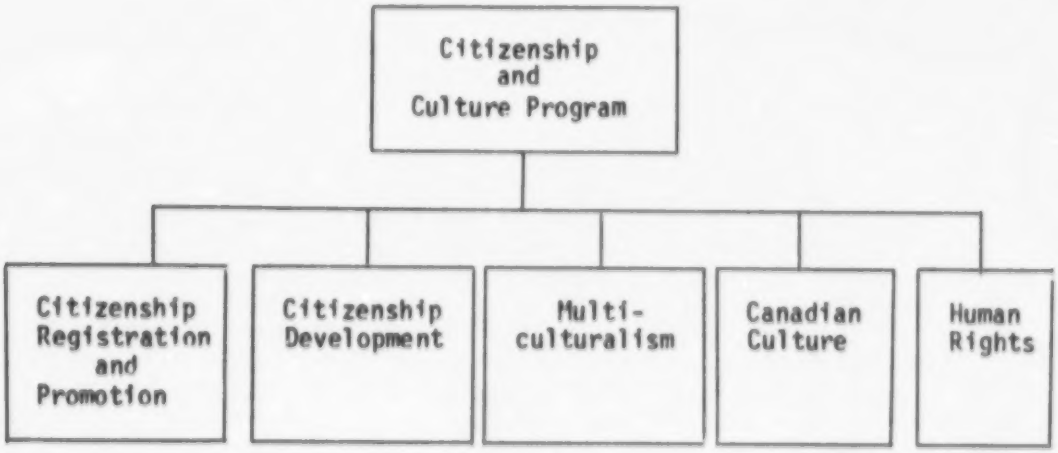
3. Program Objective

The objective of the Citizenship and Culture Program is to assist Canadians in achieving more equitable and equal opportunities for social growth, quality of life and fuller involvement in Canadian society; to achieve an improved knowledge, appreciation and enjoyment of Canada and its cultural diversity; to achieve greater awareness, knowledge and appreciation of human rights, fundamental freedoms and related responsibilities; to increase the enjoyment of human rights; and to increase compliance with Canada's domestic and international commitments, thus contributing to enhancing Canadians' sense of belonging to the country.

4. Program Organization for Delivery

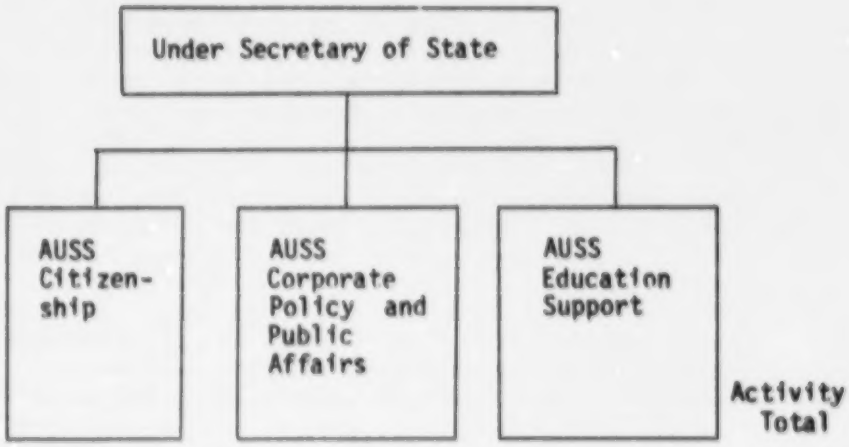
Activity Structure: The Citizenship and Culture Program comprises five activities as shown in Figure 2.

Figure 2: Activity Structure



Organizational Structure: Three senior managers of the department are responsible for delivery of the Citizenship and Culture Program. The organizational structure and the resources associated with each area are depicted in Figure 3.

Figure 3: 1985-86 Resources by Organization and Activity ($000)



Citizenship Registration and Promotion	12,935		4,919	17,854
Citizenship Development	112,223			112,223
Multiculturalism	24,349			24,349
Canadian Culture		6,641	4,948	11,589
Human Rights	2,265			2,265
	151,772	6,641	9,867	168,280
Person-Years	602	13	11	626

The administration of funds is largely decentralized to the regional offices which undertake initiatives on behalf of all Activities. Policy research, program development, federal policy advocacy and public promotion, as well as functional guidance to the regions are carried out centrally where the responsibility rests for the achievement of the objectives of the Program and its Activities. Headquarters program delivery is directed at national organizations' projects and the development of new initiatives. Major new initiatives are guided by the identified needs in Canadian society as

reflected in ministerial priorities and related Cabinet policy decisions.

D. Planning Perspective

1. Environment

In carrying out its objectives, the Citizenship and Culture Program is strongly influenced by the general socio-economic conditions of Canada, as these affect equitable opportunities, a sense of common purpose and a sense of acceptance as well as the need to learn about Canada and appreciate its diverse languages, cultures, regions and economics.

In the current environment of unemployment and rapid technological change, some regions, workers in certain industries, minority cultures, natives, women, youth, the disabled and the elderly are more vulnerable than others to shifts or restrictions in available resources. At the same time, immigration, language use and regional economics and geography are combining to put into greater relief the unique characteristics and needs of Canada's provinces and territories. There are increased opportunities for association, cooperation and self-help initiatives.

A crucial element in this regard is voluntary action because it creates a vital link among people, their communities and their governments for improving the social, economic, cultural and national environment and by enhancing the quality of life and well-being of all Canadians.

In particular, native, women, ethnic, and human rights groups will continue their efforts to organize themselves to meet the challenges and take advantage of the opportunities which arise. The elderly, youth and the disabled have formed organizations and will seek to consolidate these organizations or to form others. There has been particular growth of organizations interested in issues affecting disabled persons from the perspective of professional services, technologies and disabled persons speaking for themselves. International Youth Year 1985 will put into greater relief the challenges and opportunities for Youth. Particular attention has been given to youth by different levels of governments due to the extent of the problems affecting them.

Natives will seek even greater autonomy in political, economic, cultural and social fields through their representative organizations. They will continue to emphasize the need for existing institutions to deal with the effects of the many economic and social disadvantages Natives face. Issues such as peace and disarmament will continue to attract Canadians' interest and attention and ad hoc groups and associations will continue to form around these focal points. To ensure the ongoing participation of these groups in the

growth and development of communities, concerted efforts will be required, including increased financial and technical assistance.

In recent years, increased immigration from non-traditional sources and the influx of refugees have broadened the multicultural and multiracial character of Canada. As a result, concentrated efforts will be required to assist minority group participation and cultural integration, and the development of a tolerant and receptive society. One of the consequences is heightened provincial interest in multiculturalism and citizenship, including the federal/provincial Citizenship and Language Instruction and Textbook Agreements.

Surveys have shown that there is a need to increase the general level of tolerance and respect in Canadian Society. In addition to support of individual cases, there is a need for a strategy which stresses the importance of respecting individual rights and diversity within Canadian society.

For many years, the Department has assisted individuals and groups to extend their role in Canadian society and to understand, promote and protect human rights. The Charter of Rights and Freedoms and improvements in the Canadian Human Rights Act have increased available legal protections. The outlook for the mid-1980's is for an increasing use of the existing protective mechanisms, both domestic and international, and for a continuing increase in the basic level of understanding of human rights.

There is concern about Canadians' lack of knowledge of and interest in our history, culture, society and politics. This concern has prompted the federal Government to attach importance to stimulating and maintaining a sense of Canadian citizenship and to increasing, through formal learning, the knowledge and understanding that Canadians have of themselves and their environment, with particular concern for the cultural diversity of Canada.

Measures have been taken to increase Canadian content in the mass media and in the formal education system to support official languages development, and to enhance appreciation of our multicultural heritage. The Canadian Studies program, with its mandate to encourage Canadians to learn about Canada, represents an important initiative in dealing with this national education concern.

2. Initiatives

For 1985-86 the Program will undertake the following initiatives:

Response to the Special Parliamentary Committee Report, Equality Now!:

- the development of a consultative framework for interdepartmental and/or intergovernmental discussions of Equality Now!;

- the preparation of cross-cultural training programs for use in the public and private sectors;

- the elimination of cultural and racial bias in testing, home-school liaison pilot projects, and the development of multicultural/multiracial education resources focusing on changing the "hidden curriculum".

Multicultural Institute of Business Management: the completion of a feasibility study on the establishment of a Multicultural Institute of Business Management.

Federal-Provincial Conference on Multiculturalism: the convening of a federal-provincial conference to achieve a national understanding and agreement for the implementation of the federal multicultural policy.

New enhanced Canadian Studies Program: to replace the National Program of Support for Canadian Studies, approval was given, in 1984, for an ongoing program with funding capacity on the basis of both grants and contributions. The new program, with a budget of $3.7 million, will support the development of learning materials, advanced instructional methods, and other means of improving educational activities in Canadian Studies.

3. Program Effectiveness

The Program objective of the Citizenship and Culture Program is a combination of the objectives of the five activities of which it is comprised. So far, indicators of effectiveness have been developed, and measurements have been taken, only at the component levels within each Activity. Details on the effectiveness of each Activity are provided in Section II.

Section II
Analysis by Activity

A. Citizenship Registration and Promotion

Objective

To promote Canadian Citizenship, facilitate its acquisition, provide proof of citizenship status, and foster an awareness of the rights and responsibilities of being a Canadian.

Resource Summary

The resources applicable to the Citizenship Registration and Promotion Activity represent almost 11% of the total Citizenship and Culture Program resources for 1985-86.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Citizenship Registration and Promotion	17,854	330	17,758	330	24,816	429

Salary and other personnel expenditures make up 63% of the above; contributions towards Language Instruction and Textbook Agreements make up another 27% of the expenditures.

Description

Citizenship Registration and Promotion is responsible for the administration and interpretation of the Citizenship Act and Regulations and for the provision of a national service for the granting of Canadian citizenship and for issuing certificates of proof of citizenship. It is also responsible for promoting public awareness and understanding of Canadian citizenship and its privileges and responsibilities through the development of instructional and promotional programs and materials. This Activity also responds to many requests for information within the confines of the Privacy Act. These responsibilities are discharged through:

- 29 citizenship courts throughout Canada; and

- Canadian embassies and consulates which provide citizenship services outside the country.

All are supported by a headquarters unit responsible for ensuring proper application and interpretation of the Act.

Citizenship Registration and Promotion is also responsible for the Citizenship and Language Instruction Agreement and the Language Textbook Agreement administered by the Department of the Secretary of State. Under these agreements, the Government of Canada reimburses the provincial and territorial governments for one-half of the amount expended for teaching costs for citizenship and official language instruction classes for adult immigrants, and up to the full amount expended for the language textbooks used in citizenship and language instruction.

Performance Information/Resource Justification

Resources for the Citizenship Registration and Promotion Activity are allocated in terms of three major areas of activity:

- provision of Citizenship Services;

- funding of Citizenship and Language Instruction; and

- promotion of Citizenship.

Provision of Citizenship Services: This area includes the provision of citizenship registration services and facilities. The main services and facilities provided are the operation of regional Citizenship Courts and the processing of applications for the granting and proof of Canadian citizenship. A number of other services are also provided which are legislatively mandated under the Citizenship Act such as the registration of births abroad and renunciation of citizenship. Figure 5 below indicates that the demand for Citizenship services increased in 1984-85. The forecast number of grant applications in 1984-85 is 38% higher than the number of grant applications processed in 1983-84. Demand is expected to stabilize at the level of 125,000 for 1985-86. It is also anticipated that this increased demand will be processed within existing levels of person-year resources.

Figure 5: Demand for Citizenship Services

Types of Applications Processed	Forecast 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Grants	125,000	125,000	90,328	110,492	89,815
Proofs	45,000	45,000	35,836	43,819	42,810
Record Searches	5,000	5,000	4,253	23,638	16,140
Person-Years	320	322	367*	n/a	n/a

* Includes 58 person-years for the relocation of registration operations to Sydney, Nova Scotia.

n/a Data not available

Citizenship and Language Instruction Classes: Citizenship and Language Instruction classes are provided to adult immigrants by the provinces, funded federally through Federal-Provincial agreements on Citizenship and Language Instruction and Language Textbooks. These classes are seen as a means for preparing people to become Canadian citizens.

Figure 6: Students Receiving Instruction

	Students		Resources
	Applicants	Number of Students Based on Funding Level	$000
1985-86 Projection	90,000	45,000	4,868
1984-85 Forecast	90,000	45,000	4,868
1983-84 Actual	87,780	87,780	9,315

This program is being reviewed and resource levels are set at $4.9 million until such time as the review is complete. The number of students is related to the resource level. Both demand for and cost of these services have been increasing since the time of the negotiation of these agreements.

Promotion of Citizenship: Promotional activities such as greeting letters from the Minister to all new citizens and the distribution of lists to members of Parliament of new citizens in their ridings, are intended to enhance the new citizens' sense of belonging. Other promotional activities including presentations and panel discussions in community organizations and schools are designed to enhance the understanding of the rights and responsibilities of being a Canadian. Citizenship judges and officers undertake such outreach activities on an on-going basis across Canada. Nationally, Citizenship registration participates in Rotary and 4-H programs which focus on the promotion and value of citizenship. The production of printed and audio-visual promotional materials is designed to encourage eligible individuals to apply for proof of citizenship status.

For fiscal year 1984-85, approximately 10 person-years for Citizenship Registration and Promotion will be allotted to promotional activities. It is anticipated that the same number of person-years will be apportioned for implementing promotional activities in 1985-86. It should be noted that although there has been and continues to be a significant increase in the numbers of immigrants receiving citizenship, the same number of person-years for promotion is being maintained by Citizenship Registration and Promotion.

B. Citizenship Development

Objective

To assist those Canadians most in need in achieving more equitable and equal opportunities for social growth, quality of life and fuller involvement in Canadian society.

Resource Summary

The Citizenship Development Activity represents approximately 67% of the Citizenship and Culture Program resources for 1985-86.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Citizenship Development	112,223	177	143,527	187	103,380	120

* These figures do not include expenditures for the Official Languages Communities Program which are shown in the Official Languages Program.

Grants and contributions make up 88% of the Citizenship Development Activity resources.

Description

The Citizenship Development Activity provides financial assistance and technical and advisory services to individuals, voluntary organizations and public and private institutions.

Assistance is provided to Canadian citizens to enable them to realize their full potential for individual and group action, and to encourage them to assert and strengthen their cultural identity, to identify the problems facing them, to meet the challenges and take advantage of the opportunities which arise, and finally to participate in concert with institutions and governments in finding solutions and developing a social, cultural, economic, and political environment which responds to their needs and aspirations.

The groups which currently receive particular attention are women, natives, disabled persons, and youth as they are the most susceptible to the difficulties being experienced by Canadian society as a result of powerful economic, social, demographic and environmental factors.

The Activity is also responsible for the promotion and coordination at the federal government level, as well as with institutions and the private sector, of specific social issues to stimulate changes in social attitudes and reduce discriminatory barriers which impede the full participation of citizens.

The Citizenship Development activity provides a flexible vehicle for the Secretary of State to provide consistent support and encouragement to Canadians as the basic problems being addressed vary according to the prevailing socio-economic-cultural circumstances of the day.

Performance Information/Resource Justification

Direct financial assistance is provided to voluntary organizations and groups based on the number of categories of beneficiaries and the issues addressed. Levels of resources are determined by Cabinet decisions which take into account such factors as the degree of need, the social, cultural, political and economic situation of target groups and the number and the complexity of areas requiring intervention.

In 1985-86, women, natives, disabled persons and youth will continue to receive particular attention. Figure 8 below indicates the level of resources allocated to those groups and issues.

Figure 8: Funding Levels by Components ($000)

	1985-86	1984-85	1983-84	1982-83	1981-82
Women	13,184	9,266	4,208	3,278	3,194
Native Citizens					
Native Friendship Centres	16,064	15,134	14,577	10,069	9,423
Native Communications	3,659	3,659	3,292	2,960	2,643
Northern Native Broadcasting	9,028	7,152	4,289	-	-
Native Representative Organizations	14,421	14,691	13,526	13,226	11,530
Constitutional Review Process	3,940	3,940	3,650	2,810	1,360
Native Women	2,349	2,233	1,219	1,123	1,034
Native Social and Cultural Development	2,050	1,925	2,180	1,129	981
Youth Participation					
International Youth Year	2,735	5,220	-	-	-
Open House Canada	10,077	13,740	13,004	14,166	12,472
Katimavik	19,700	49,700	28,762	19,900	12,054
Disabled Persons' Participation					
Disabled Persons' Participation	717	757	800	876	478
Information Referral Service	206	200	130	-	-
Other Programs					
Voluntary Action	780	1,133	1,000	1,625	770
Consultation on Canada's Future	300	328	274	286	313
	99,210	129,078	90,911	71,448	56,252

The following is the description of the components which contribute to the achievement of the approved objective of the Activity.

Women's Program: Assistance is provided to increase participation by women in all aspects of Canadian society and to help women and women's groups promote social and institutional changes to improve their status. In February 1984 Cabinet approved a program of chairs in women's studies at the rate of one chair per year for the next five years. In 1985-86, a total of $13.2 million will be granted to groups and $500,000 will be used to set up a chair in women's studies.

Native Citizens: The Native Citizens component co-ordinates and administers seven programs designed to assist organizations representing status and non-status Indians, Métis and Inuit and to facilitate projects undertaken and managed by native people. The aim of the programs is to help native people determine their needs, make known their concerns and find ways of meeting their needs and dealing with their concerns. An estimated total of $51.5 million will be spent on native citizens programs in 1985-86. The seven programs in question are described below.

The **Native Friendship Centre Program** provides assistance to friendship centres in urban areas to improve the quality of life of native citizens living in an urban environment and to support activities that encourage native people to participate in all facets of community life while preserving their cultural identity and values. In accordance with the program priorities, there was a significant increase in 1984-85 in the number of special projects to promote greater autonomy for disabled native people and a better aprreciation of their circumstances. This trend should remain steady in 1985-86.

Figure 9: Activities Funded by the Friendship Centres Component

	Transfer payments ($000)	Number of centres	Number of satellite centres	Number of capital projects	Number of special projects
1985-86 Forecast	16,064	96	4	10	15
1984-85 Forecast	15,134	93	4	11	14
1983-84 Actual	14,577	90	3	15	8
1982-83 Actual	10,069	79	5	20	0
1981-82 Actual	9,423	84	5	16	0

The **Native Communications Program** supports native communications societies to enable them to develop modern communications networks. Reallocation of resources among the various projects has made it possible to increase the number of community radio stations so that native people can be provided with a minimum level of service in their respective regions. There should be no change in 1985-86.

Figure 10: Activites Funded by the Native Communications Component

	Transfer payments ($000)	Number of communications societies	Number of special projects	Number of training projects and workshops on the media	Number of community radio stations
1985-86 Forecast	3,659	16	20	16	100
1984-85 Forecat	3,659	14	20	14	100
1983-84 Actual	3,292	13	20	13	51
1982-83 Actual	2,960	13	17	1	45
1981-82 Actual	2,643	13	15	13	41

This program expires in 1984-85. The government will decide on the future of the program during the 1984-85 fiscal year.

The **Northern Native Broadcast Access Program** helps broadcasters set up facilities in the north so that native populations have access to locally produced radio and television programs that meet their needs. The program also provides funding for research and program production.

Figure 11: Number of Groups Funded by the Northern Native Broadcast Access Program

	Transfer payments ($000)	Number of groups
1985-86 Forecast	9,028	13
1984-85 Forecast	7,152	13
1983-84 Actual	4,289	11

The **Native Representative Organizations Program** provides core funding to native representative associations that work to develop strong, organized native leadership and enable native people to take part in the political, social and economic life of Canada.

The **Aboriginal Constitutional Funding Program** supports research and helps national and regional organizations hold consultations on constitutional matters that affect native people. The number of representative associations rose slightly in 1984-85 but should remain steady for the next several years.

Figure 12: Activities Funded by the Aboriginal Constitutional Funding Program

	Transfer payments ($000)	Number of organizaions	Number of newspapers	Number of groups addressing constitutional issues
1985-86 Forecast	18,361	57	17	8
1984-85 Forecast	18,631	57	17	8
1983-84 Actual	17,176	51	17	8
1982-83 Actual	16,036	46	17	7
1981-82 Actual	12,890	46	17	7

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The **Native Women's Program** encourages native women to become involved in their communities and voice their opinions and concerns. The $1 million increase approved in 1984-85 will result in greater support for the operations and projects of native women's groups.

Figure 13: Activities Funded by the Native Women's Program

	Transfer payments ($000)	Number of groups	Number of projects
1985-86 Forecast	2,349	150	175
1984-85 Forecast	2,233	120	150
1983-84 Actual	1,219	110	120
1982-83 Actual	1,123	93	110
1981-82 Actual	1,034	89	106

The **Native Social and Cultural Development Program** provides support for national initiatives to promote social and cultural development and preservation of native languages. The number of projects has increased in recent years with the level of resources approved by Cabinet. In 1985-86 spending is expected to reach $2.1 million.

Figure 14: Activities Funded by the Native Social and Cultural Development Program

	Transfer payments ($000)	Number of groups	Number of projects
1985-86 Forecast	2,050	205	75
1984-85 Forecast	1,925	196	69
1983-84 Actual	2,180	183	66
1982-83 Actual	1,129	111	-
1981-82 Actual	981	98	-

Assistance to Young People: Young people are granted assistance under three programs: the International Youth Year program, Open House Canada and Katimavik.

International Youth Year: In addition to co-ordinating activities held in observance of International Youth Year, the IYY Secretariat helps youth groups implement projects designed to heighten public awareness of their interests, concerns, aspirations and achievements. The program was set up in 1984-85 to mark International Youth Year.

Figure 15: Projects Funded by the International Youth Year Program ($000)

	Grants	Assistance for national projects	Assistance for regional projects
1985-86 Forecast	2,735	865	1,870
1984-85 Forecast	5,220	2,199	3,021

Open House Canada: Open House Canada helps young people get to know one another better, improve their knowledge of their country and promote greater mutual understanding among the various communities in Canada. In 1985-86, as a result of federal government budget restrictions, funding will be reduced by $3.7 million. This will affect the number of participants in the program.

Figure 16: Number of Participants in the Open House Canada Program

	Transfer payments ($000)	Number of participants
1985-86 Forecast	10,077	18,700
1984-85 Forecast	13,740	26,000
1983-84 Actual	13,004	26,058

Katimavik: The purpose of Katimavik is to prepare young Canadians to contribute fully to the quality of life in Canadian society by giving them the opportunity to develop their knowledge while serving others through community projects.

Figure 17: Number of Participants in Katimavik

	Contributions ($000)	Number of participants
1985-86 Forecast	19,700	1,650
1984-85 Forecast	49,700	4,800
1983-84 Actual	28,762	2,800

In 1983-84 and 1984-85, Katimavik was granted additional resources under special programs for young people. Expiry of these programs has resulted in a decrease in funding for Katimavik for 1985-86.

Assistance to the Disabled: In addition to the Status of Disabled Persons Secretariat, which develops policies and co-ordinates activities for disabled persons and promotes the interests and rights of Canadians with visual, hearing, physical, mental or psychological impairments or learning disabilities, two other components provide support for associations of disabled persons.

The **Information Referral Service project** was designed to set up a central agency to distribute information and make it available to the disabled, government employees, volunteer workers and the general public.

The **Disabled Persons Participation Program** supports non-profit organizations run by the disabled and the handicapped which organize large groups of disabled consumers to facilitate access to autonomy and implement strategies to that end. The level of resources allocated to cover the operating costs of these groups is scheduled to decrease in the coming years. The decision to reduce funding was made in the hope that the groups would become increasingly independent financially.

Figure 18: Assistance to Disabled Persons ($000)

	Disabled Persons Participation		Information Referral Service	Total transfer payments
	Support for operating costs	Project assistance		
1985-86 Forecast	417	300	206	923
1984-85 Forecast	457	300	200	957
1983-84 Actual	500	300	130	930

Other programs (see Figure 19)

The **Voluntary Action program** promotes participation by Canadians in community affairs through national and local voluntary organizations.

The **Consultation on Canada's Future program** supports voluntary action in social and cultural areas that affect the future of the country.

Figure 19: Distribution of Budget for Voluntary Action Programs ($000)

	Total transfer payments	Voluntary Action		Consultation on Canada's Future
		Support for operating costs	Project assistance	
1985-86 Forecast	1,080	480	300	300
1984-85 Forecast	1,461	833	300	328
1983-84 Actual	1,274	700	300	274

For several years, the program has funded activities jointly with the other national programs in order to meet the demand from voluntary organizations. The budget figures for 1983-84 and 1984-85 reflect this co-operation.

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C. Multiculturalism

Objective

To assist in the removal of barriers which inhibit the full and equal participation of minority cultural groups in the social, cultural and political life of Canada and to encourage and support the sharing of culture by and among the various groups which make up Canadian society.

Resource Summary

The Multiculturalism Activity represents approximately 14% of the Citizenship and Culture Program resources for 1985-86.

Figure 20: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Multiculturalism	24,349	78	25,359	80	20,465	43

Grants and contributions make up 70% of the Multiculturalism Activity resources. Salaries and employee benefits account for a further 13% of the expenditures.

Description

The Multiculturalism Activity provides the operational focus within the federal government for the 1971 Multiculturalism Policy; initiation and co-ordination of related programs and initiatives in co-operation with other federal departments and agencies, and with other levels of government and the private sector, promotional activities designed to increase public awareness of and appreciation for Canada's racial and cultural diversity, and of the Multiculturalism Policy objectives. Financial and technical assistance is provided to representative ethnic and visible minority community groups, cross-cultural groups and organizations, institutions and individuals for activities undertaken in pursuit of Policy objectives.

Resources are expended in three major areas: federal policy co-ordination, advocacy and monitoring; public education; and delivery of a program of grants and contributions. For operational purposes these areas are divided in the following components: Federal Policy

Co-ordination; Public Education, Socio-cultural Integration, Cultural and Academic Resources. The two former components are supported by operating and human resources, while the two latter components are supported by grants and contributions funds and human resources.

Performance Information/Resource Justification

Levels of resources are determined by policy decisions which take into account such factors as the degree of need, the priority of objectives relative to other current social concerns and national/international socio-economic and political considerations.

Cabinet decisions indicate the direction to be taken and emphasis to be placed on the Directorate activities. These directions are operationalized through the distribution of approved funds to the appropriate components to achieve the desired results. Figure 21 below indicates the allocation of resources to various components.

Figure 21: Transfer Payments by Components ($000)

	1985-86	1984-85	1983-84
Socio-Cultural Integration			
Group Development	2,829	2,707	2,354
Cultural Integration	2,631	2,698	2,586
Intercultural Communications	2,898	3,285	2,567
Cultural and Academic Resources			
Cultural Enrichment	4,209	4,370	3,245
Performing and Visual Arts	1,755	2,004	1,485
Writing and Publications	922	1,012	956
Canadian Ethnic Studies	1,808	2,393	1,160

Other major expenditure areas in 1985-86 will be Public Education with expenditures of $1.7 million and Federal Policy Co-ordination with expenditures of $0.5 million.

The following is the description of the components and activities undertaken to contribute to the achievement of the approved objectives of the program.

Federal Policy Co-ordination Component: Resources are expended providing support and advice, including research and analysis, to the Minister of State for Multiculturalism, central agencies and federal departments on the implication/application of Multiculturalism as a federal policy.

Recent activities have included the development of the submission to the Macdonald Commission, "The Place of Multiculturalism in Canada's Long-Term Economic Development", development of terms of reference for the Multicultural Institute of Business Management feasibility study, co-ordination and preparation of the Federal Response to Equality Now!, and development of a legislative framework for the federal Multiculturalism Policy.

In 1985-86, the component's activities will involve the follow-up to Equality Now!, collaboration with Treasury Board on equitable employment in the Public Service, development of outreach strategies, supporting research re: multiculturalism and business, and convening consultations on a federal-provincial conference on Multiculturalism.

Public Education Component: Resources are expended through advertising and public relations activities designed to increase public awareness of and appreciation for Canada's racial and ethnic diversity and to promote this diversity as part of Canadian identity.

The major activities are advertising (majority and ethnic press), publications such as Cultures Canada, a newsletter for ethnocultural groups, educational materials for schools and interest groups and films such as the filmstrip "Not So Different" which won the Silver Screen Award at the 1984 American Industrial Film Festival and received an award of excellence from the Association for Media and Technology in Education in Canada.

Socio-Cultural Integration Component: The primary focus of the Socio-Cultural Integration component is on group and community development, immigrant integration, intergroup relations and institutional adaptation. Financial assistance is provided, on the basis of established criteria, for operations, programs and projects. The following describes the major thrust of the funding strategies in this area and provides examples and direction of spending for the 1985-86 fiscal year (see page 5-31, Figure 21).

Group Development provides assistance to ethnocultural communities on a year to year basis enabling them to establish and maintain an effective organizational base. Priority is given to newly emerging and racial minority communities. In addition to funding assistance, extensive liaison is maintained and consultative services are provided for these client groups.

In recent years support towards meeting the developmental goals of unicultural organizations and communities in such areas as advocacy, leadership/skill development, information sharing, and networking has been strengthened. This direction will continue in 1985-86.

Cultural Integration of immigrants is supported through assistance to projects which are aimed at helping immigrants: through basic orientation services to adjust to the complexities of settling in a new country; in the acquisition of basic living skills; and in the sensitization of mainstream society and institutional access. It is also under this program that funding is provided for innovative training programs for those who for one reason or another have not benefited from existing official language learning opportunities.

Since 1981, Cultural Integration has been a vehicle through which the Federal Government has been able to address the special integration needs of immigrant women. Problems faced by immigrant women include language difficulties, socio-cultural isolation and economic hardships due to low labour force participation. These issues will continue to be a priority for support in 1985-86.

Intercultural Communications supports multi-ethnic organizations which act collectively to address issues related to cultural diversity in Canada. Financial assistance is provided for the operational and programming costs of multicultural or cross-cultural organizations that undertake activities designed to increase intercultural understanding. Intercultural Communications support fifty-three centres. These centres tend to be outside the major urban areas, e.g. Windsor, Sudbury, Thunder Bay, Brandon, Kamloops, etc. Centres play very important roles in cultural sharing, citizenship development, immigrant integration and race relations. A centre or an association can represent as few as five or as many as forty unicultural groups. This focus will continue in 1985-86.

A major focus for the foreseeable future will be on assisting institutional adaptation to the Canadian multicultural/multiracial reality. The need for concerted effort in this area was acknowledged in the federal response to the many related recommendations in Equality Now!.

In 1985-86, programming emphasis under **Institutional Adaptation** will be on the development of cross-cultural training packages for use by majority institutions. Experience gained in pilot projects with media and law enforcement, undertaken in 1984-85, will provide the basis for evaluating and developing similar initiatives in 1985-86.

Research, development and implementation will be undertaken on a co-operative basis with institutions, the private sector, ethnocultural communities and recognized professionals in the field of cross-cultural training.

Cultural and Academic Resources Component: Cultural and Academic Resources focuses on language and cultural retention, cross-cultural understanding, education and research. The following describes the major thrusts of the funding strategies and provides examples and

direction of spending for the 1985-86 fiscal year (see page 5-31, Figure 21).

Under **Cultural Enrichment** assistance is provided to target populations to support the retention of heritage languages within Canadian society, as well as to demonstrate the potential and value of heritage languages in the pursuit of Canadian socio-economic goals at both the national and international level.

Supplementary School Assistance presently sponsors close to 100,000 students from 42 linguistic backgrounds in approximately 650 schools. It has assisted, in the last four years, in the production of approximately 40 language teaching aids, and sponsored conferences and teacher training workshops.

Resources are also directed towards promoting teacher aid and development, research coordination in support of heritage languages and establishing heritage language service centres.

Performing and Visual Arts supports organizations and projects which are devoted to the preservation and development of heritage skills and/or the use of heritage performing and visual arts as a medium for cross-cultural understanding. The objective is to promote the sharing and appreciation of all cultures through the folk arts as well as to promote cultural retention.

Initially, the majority of projects funded was in the area of folkloric art. However, more recently the focus has been in film and audio-visual projects. The electronic medium lends itself well to addressing complex issues such as race relations and multiculturalism in education.

In the more traditional performing and visual arts forms, the program particularly encourages skill and resource development since this will ensure that the artistic heritage is passed on to the next generation. The demand by the communities for performing events is also considered. In many rural communities this type of actitivy is the only impetus for ethnocultural activities.

Writing and Publications results in the development, publication and dissemination of literary, instructional and educational material that reflects Canada's multicultural and racial diversity, thereby fostering the expression of and appreciation for Canada's many cultures.

In 1983-84, approximately 160 research, writing, translating and publishing projects were funded and at least 80 publications were produced. In addition to support for writing and publishing projects, the program has also participated in or assisted in special projects, conferences, special issues, journals and promotion of the activity. Promotion activities include the preparation, annual updating and

distribution of publications, book displays at appropriate conferences such as the Learned Societies meetings and National Book Week, and to promote supported publications and to encourage publishing projects by and about ethnic groups.

Under **Canadian Ethnic Studies**, support is provided to scholarly research and courses of study relating to cultural pluralism, with particular emphasis on Canadian society. Three major areas of support are the multicultural studies fellowship program, ethnic research, and endowment assistance.

Between 1978 and 1984, the program funded 85 research projects, among them, studies dealing with the adaptation problems of South-East Asian refugees, inter-ethnic relations, socio-linguistic studies and other research in the disciplines of sociology, political science, psychology, geography, demography and other subjects relating to cultural groups in Canada.

Endowment Assistance makes contributions of up to $500,000 for the establishment of two Chairs a year in Ethnic Studies at Canadian universities. Seven ethnic chairs have been created at Canadian universities: Hungarian, Ukrainian, Acadian, Gaelic, Mennonite, Italian and Native. The implementation of these chairs should lead to a better understanding of Canada's pluralistic nature, as will the program's more recent development of Endowment Assistance for Thematic Chairs of Study which will address general aspects of ethnicity and multiculturalism, such as race relations.

D. Canadian Culture

Objective

To increase knowledge, awareness and appreciation of Canada, its institutions, traditions, symbols, heritage and culture, by supporting learning activities and opportunities, by supporting festivities and anniversaries of a national character, by promoting national symbols, and by conducting state ceremonies, special events and Royal visits.

Resource Summary

The Canadian Culture Activity represents approximately 7% of the Citizenship and Culture Program resources for 1985-86.

Figure 22: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
State Ceremonial	6,641	13	10,315	14	9,388	14
Canadian Studies	4,948	10	3,721	10	1,779	3
	11,589	23	14,036	24	11,167	17

Grants and contributions make up 50% of the Canadian Culture Activity resources. Professional services expenditures, largely for Canada Day activities, account for 22% of the total and salaries and wages a further 12%.

Description

This Activity consists of two principal components: Canadian Studies and State Ceremonial.

Canadian Studies has as its main activity the provision of assistance to projects that encourage Canadian studies and Canadian content in the formal education system and that will provide Canadians with more opportunities to learn about their country.

It is also responsible for coordinating federal activities in the area of Canadian studies. This involves extensive liaison with federal departments and agencies such as the Social Sciences and Humanities Research Council and the Department of Communications.

The State Ceremonial component has four responsibilities:

- it coordinates federal participation in and assistance to the celebration of anniversaries of national significance including Canada Day. The Canada Day festivities are administered with the assistance of volunteer committees at the national and provincial/territorial levels set up to advise on the general orientation of the celebrations and to plan and carry out several of the activities associated with Canada Day across the country;

- it administers the obligations of the federal government for state ceremonies and protocol and assists the Queen in her duties as Queen of Canada by organizing visits to Canada by members of the Royal family and advising on the exercise of the royal prerogative;

- it administers the obligations of the federal government to the offices of the lieutenant-governors. These obligations include payment of lieutenant-governors' salaries and travel and hospitality expenses; and

- it promotes the national symbols of Canada as a means of increasing Canadians' awareness of their national heritage.

Carrying out these responsibilities involves the participation of several other federal departments and the provincial governments.

Performance Information/Resource Justification

Canadian Studies: The Canadian Studies component of the Canadian Culture Activity began in 1978 as a pilot project of $1.6 million over 3 years. Following from the pilot project, a National Program of Support for Canadian Studies was approved in 1981 with resources totaling $3.8 million over the three year period 1981-82 to 1983-84.

In 1984-85 a new ongoing program of support for Canadian Studies was approved. Funding for this program was set at $3.7 million in 1984-85 and in 1985-86. As well, an additional amount of $1.3 million was approved for 1985-86 for the purchase and distribution costs of 27,500 sets of the Canadian Encyclopedia. A number of specific priorities have been set for the program to enable it to support the development of Canadian Studies in a concerted fashion.

The first priority area addresses the need for the development of Canadian Studies Learning Materials in a number of specified, hitherto underdeveloped, Canadian content areas. Those areas are addressed by a Writing Awards Program, Support for Print Learning Materials Development, Support for Audio-visual and Film Learning Materials Development, Support for the Development of Computer-based or Computer-assisted Learning Materials, and a coherent distribution and use program. The second priority is designed to encourage the development of Canadian Studies through continued support for national voluntary organizations, support for projects of a distance learning or public education character, and through the awarding of prizes for excellence in the field of Canadian Studies. The third priority is designed to encourage greater private sector participation in the field of Canadian Studies through a matching dollar program. And, finally, the fourth priority is designed to provide some coherence to the overall federal government Canadian Studies effort through the development of a coordination mechanism and by providing information on federal department and agency activities and funding programs for the general public.

State Ceremonial: In 1985-86, a major activity of the State Ceremonial component will be the coordination of and support for Canada Day, including support to the Canada Day committees made up of volunteers from across the country. The volunteers advise the Minister on the celebration and make recommendations on local community projects grants as well as develop and implement special national projects. Local community projects range from small fireworks displays which are a feature of the celebrations in many communities to small local projects right across Canada.

Figure 23 indicates the number of projects supported and the level of funding allocated to this activity:

Figure 23: Canada Day Activities ($000)

Fiscal Year	Number of projects	Expenditures
1985-86 (Estimates)	1,900	2,200
1984-85 (actual)	1,637	1,871
1983-84 (actual)	1,839	1,942
1982-83 (actual)	1,788	2,190

During 1984-85, the State Ceremonial component also provided financial assistance to three anniversaries of national significance: the 450th anniversary of the arrival of Jacques Cartier and the bicentennials of New Brunswick's and Ontario's anniversaries of settlement. As well it developed and coordinated the activities of other federal departments to sponsor and promote these anniversaries nationally.

The planning and organizing of Royal visits and state ceremonies is an important aspect of State Ceremonial activities. In 1984-85, the program organized a major visit by the Queen to Ontario, New Brunswick and Manitoba. It also organized the ceremonies surrounding the departure of Governor General Edward Schreyer and the Investiture of Governor General Jeanne Sauvé. In 1985-86, State Ceremonial will be involved in planning the ceremonial aspects of Expo '86 and in projecting the ceremonial aspects of the 1988 Winter Olympics in Calgary.

E. Human Rights

Objective

To achieve greater awareness, knowledge and appreciation by Canadians of human rights, fundamental freedoms and related responsibilities; to increase enjoyment of human rights; and to increase compliance with Canada's domestic and international human rights commitments.

Resource Summary

The Human Rights Activity represents approximately 1% of the Citizenship and Culture Program resources for 1985-86.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Human Rights	2,265	18	2,434	17	1,890	14

Grants and contributions make up 43% of the Human Rights Activity resources. Salaries and employee benefits account for a further 33% of the expenditures.

Description

The Human Rights Activity covers the following types of undertakings:

Technical Assistance: The main types of technical assistance provided by the Human Rights Activity are described below:

- organization of and participation in seminars, workshops and conferences on human rights;
- preparation and dissemination of resource materials;
- provision of advice on the human rights aspects of policies, programs and other measures being developed by a variety of organizations;
- preparation of human rights studies, research, trends analysis, issue and policy papers; and

- participation and provision of technical assistance in meetings related to Canada's international human rights obligations.

Financial Assistance: The main types of financial assistance provided by the Human Rights Activity are described below:

- provision of financial assistance in support of the human rights initiatives of voluntary and non-governmental organizations;

- provision of financial assistance to individuals qualifying for fellowships in Human Rights; and

- provision of financial assistance to individuals and groups pursuing test cases involving language rights included in the Canadian Constitution.

Coordination and Analysis: The main types of coordination and analysis provided by the Human Rights Activity are described below:

- provision of coordination and analysis services to a federal-provincial and an interdepartmental committee and to ministerial meetings concerned with human rights;

- the coordination and preparation of Canada's human rights reports to the United Nations; and analysis of U.N. documents relevant to Canada's international human rights obligations;

- participation in international meetings.

Performance Information/Resource Justification

The performance of the Human Rights Activity can be stated under the following three items:

Technical assistance: Technical assistance is provided through general information on human rights disseminated through resource materials; advice on policies, programs and measures developed by governments, agencies and organizations in the field of human rights; information and direction provided through studies, analyses and surveys of trends. Technical assistance is provided largely in response to requests but the Department also provides technical assistance with the purpose of promoting knowledge and awareness of human rights. The allocation of resources for this purpose is determined in accordance with the demand for printed materials and technical information and advice. This demand is increasing as the result of an expansion of awareness of human rights, brought about through efforts in the area of education and promotion.

Financial Assistance: Transfer payments in the form of grants and contributions provided in support of Human Rights activities initiated by voluntary and non-governmental organizations embrace a wide range of national and local activities such as conferences, workshops, promotional and educational projects and research involving such diverse publics as students, disadvantaged groups and academics. The particular types of activities and publics involved in any particular fiscal year depend on the requests for funding received by the Department. For the period 1984-85 to 1986-87, priority is being placed on promotion of greater awareness of rights among children, youth, the private and labour sectors, and disadvantaged groups whose rights are most threatened. Examples of activities to be funded in 1985-86 are:

- the development of interdisciplinary curricula-material on human rights by the Association of Community Colleges of Canada;
- the holding of seminars with labour associations to be undertaken by the Niagara Institute; and
- summer college for community workers and human rights professionals involved with disadvantaged groups.

Funding has increased since 1982-83 as indicated in Figure 25. The budget level represents an allocation so that a minimum level of service can be provided. Periodically the size of the allocation is adjusted in light of the number and nature of human rights issues that need to be addressed.

Figure 25: Human Rights Transfer Payments to Organizations ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
No. provided	80	79	72	72
Expenditures	980	964	695	526

Additional grants and contribution funds ($375,000) have been allocated in 1984-85 and 1985-86 for the promotion of public education activities. These activities include the development, largely through voluntary organizations, of human rights educational resource materials and related activities for use in primary, secondary and post-secondary educational institutions; supporting conferences and training for those involved in the teaching of human rights; the establishment of graduate human rights fellowships; support for human

rights study and research projects; support to non-governmental organizations which have, or could have, a positive influence on the protection and promotion of human rights.

Figure 26 provides a breakdown on the nature of activities funded during 1983-84.

Figure 26: Activities Funded in 1983-84

Type of Activity	Number	Expenditures ($000)	% of Total
Seminars and conferences	38	273	39
Sustaining funds or operational assistance	16	250	35
Surveys or research projects	10	110	16
Promotion of Human Rights through visual arts	4	27	4
Support to publications	4	35	6
	72	695	100

With the increase in the budget for 1984-85 and 1985-86 the total number of activities will increase but it is expected that the distribution will remain similar to that reflected in Figure 26.

The Court Challenges component of the Human Rights Activity assists persons and groups seeking court rulings clarifying language rights under Sections 93 and 133 of the Constitution Act 1867 and, more recently (December 1982), of sections 16 to 23 of the Canadian Charter of Rights and Freedoms.

The number of such cases before the courts, at any level, and funded under this component of the Activity are set out in Figure 27.

Figure 27: Grants for Court Challenges ($000)

	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Number of cases	12	8	2
Expenditures	200	150	58

The funding authority for this program ends in 1984-85. Decisions on the disposition of the program will be taken by the government during 1984-85.

Coordination and analysis: Coordination and analysis services will be provided to the federal- provincial-territorial and interdepartmental committees of human rights and their numerous working groups. Canada's human rights reports are prepared to meet Canada's international reporting responsibilities. These include, for example, international legal commitments under the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights and other such instruments. Also, the analysis and consultation that are part of preparing the reports assist the governments in the implementation of domestic measures needed to bring about compliance with Canada's human rights obligations. Over the years, the provinces and territories have become increasingly involved in preparing the reports. The reports vary in complexity and length, up to 500 pages, and often require more than one year to complete. These factors affect the workload in any given fiscal year.

The Department expects that in 1985-86 it will complete the following reports:

- second Report on the Implementation of Articles 10 to 12 of the International Covenant on Economic, Social and Cultural Rights;
- eighth report on the International Convention on the Elimination of All Forms of Racial Discrimination; and
- report on the celebration of Human Rights Day - 10 December, 1984.

The level of resources is established on the basis of the requirement set by the United Nations in order to meet Canada's international responsibilities or legal obligations to produce such reports.

In 1985-86 the Department will provide secretariat services for a Ministerial Conference to be held following the coming into force of the equality provisions of the Canadian Charter of Rights and Freedoms. In addition, it will provide secretariat services to the continuing Federal-Provincial-Territorial Committee of Officials Responsible for Human Rights which will meet twice during 1985-86.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 28: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Personnel			
Salaries and wages	20,519	21,600	17,592
Contributions to employee benefit plans	2,813	2,474	2,712
Other personnel	90	85	80
	23,422	24,159	20,384
Goods and services			
Transportation and communications	2,699	2,541	2,595
Information	2,085	3,967	3,420
Professional and special services	10,184	8,116	5,743
Rentals	123	202	353
Purchased repair and upkeep	82	129	140
Material and supplies	1,555	1,416	1,655
All other expenditures	130	500	15
	16,858	16,871	13,921
Capital	80	171	350
Transfer Payments	127,920	163,224	127,063
Total expenditures	168,280	204,425	161,718

* These figures do not include expenditures for the Official Languages Communities Program which are shown in the Official Languages Program

2. Personnel Expenditures

Figure 29: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84*		
Management	52	54	43	50,350-96,300	53,385
Scientific and professional					
Economics, sociology and statistics	5	8	3	14,570-65,080	50,542
Administrative and foreign service					
Administrative services	34	36	52	13,912-57,987	34,831
Program administration	302	321	239	13,912-57,987	35,178
Other	-	-	2	- -	-
Technical					
Social science support	3	2	4	12,635-57,764	33,180
Administrative support					
Clerical and regulatory	183	162	219	12,932-31,743	19,907
Secretarial, stenographic and typing	46	59	64	12,636-31,946	19,162
Other	1	2	16	- -	-

* These figures do not include expenditures for the Official Languages Communities Program which are shown in the Official Languages Program.

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. **Transfer Payments**

Figure 30: Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Grants			
Citizenship Development			
Open House Canada	6,544.0	8,905.0	8,286.0
Women's Program	12,163.0	7,966.0	3,062.6
Disabled Persons' Participation	717.0	757.0	400.2
Consultation on Canada's Future	300.0	328.0	274.0
Information Referral Service	206.0	200.0	130.0
Voluntary Action	780.0	1,033.0	999.8
Native Representative Organizations	8,519.7	10,079.5	-
Native Women	1,853.0	1,751.0	936.5
Native Social and Cultural Development	2,050.0	1,925.0	2,179.6
Native Friendship Centres	12,520.6	11,576.7	435.0
Native Communications	2,564.0	2,563.6	-
International Youth Year	2,735.0	5,220.5	-
	50,952.3	52,305.3	16,703.7
Multiculturalism			
Group Development	2,157.3	2,119.2	1,508.7
Cultural Enrichment	4,208.7	4,319.9	2,488.6
Writing and Publications	922.3	1,011.9	956.3
Canadian Ethnic Studies	1,440.5	1,350.4	609.9
Performing and Visual Arts	1,125.0	1,589.2	1,059.5
Cultural Integration	2,631.5	2,658.1	1,825.5
Intercultural Communications	1,069.7	1,340.2	618.3
	13,555.0	14,388.9	9,066.8

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	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Grants (Cont'd)			
Canadian Culture			
Grants to Lieutenant-Governors of the Provinces of Canada towards defraying the cost of travel and hospitality incurred in the exercise of their duties in the Provincial Capital	180.0	180.0	180.0
Canada Day Celebrations	2,645.0	2,605.0	2,604.7
(S) Payments under Lieutenant-Governors Superannuation Act	98.0	63.0	97.6
(S) Supplementary Retirement Benefits - Former Lieutenant-Governors	27.0	14.0	26.7
Grants to Ontario municipalities and voluntary organizations for the celebration of Ontario's Bicentennial	-	1,389.0	-
Grant to Old Fort William Volunteer Association for the celebration of Ontario's Bicentennial	-	25.0	-
Grant to the Nova Scotia Parade of Sail 1984 Committee for the 450th Anniversary of the arrival of Jacques Cartier	-	50.0	50.0
Grant to the "Corporation du 450ième anniversaire de Cartier à Gaspé" for the 450th anniversary of the arrival of Jacques Cartier	-	50.0	50.0
Grants to New Brunswick municipalities and local service districts towards local programs of Bicentennial celebrations	-	850.0	-
Grant to the Province of Newfoundland for the 400th anniversary of the arrival of Sir Humphrey Gilbert	-	-	394.0
Nova Scotia Parade of Sail 1984	-	111.0	-
Grants to voluntary organizations, non-governmental institutions and individuals for promoting Canadian studies	1,200.0	1,200.0	25.0
	4,150.0	6,537.0	3,428.0

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Grants (Cont,d)			
Human Rights			
Human Rights Activities	783.0	759.0	387.4
Court Challenges	-	200.0	150.0
	783.0	959.0	537.4
Contributions			
Citizenship Registration and Promotion			
Language Instruction	4,622.0	4,622.0	8,556.2
Language Textbooks	246.0	246.0	693.3
	4,868.0	4,868.0	9,249.5
Citizenship Development			
Open House Canada	3,533.0	4,897.4	4,717.8
Katimavik	19,700.0	49,700.0	28,762.0
Women's Program	1,021.0	1,300.0	1,145.2
Disabled Persons' Participation	-	-	399.8
Voluntary Action	-	37.6	-
Northern Native Broadcast Access	9,028.0	7,152.0	4,288.7
Constitutional Review Process	3,940.0	3,940.0	3,650.0
Native Representative Org.	5,901.1	4,611.3	13,525.7
Native Communications	1,095.5	1,095.9	3,292.4
Native Women	495.6	481.6	282.6
Native Friendship Centres	3,543.5	3,557.7	14,141.6
Indian Tribal Councils of B.C.	-	-	1,777.1
Summer Canada Program	-	-	1,014.6
NEED Projects	-	246.8	2,449.3
	48,257.7	77,020.3	79,446.8

	Estimates 1985-86	Forecast 1984-85	Actual* 1983-84
Contributions (Cont'd)			
Multiculturalism			
Group Development	671.7	587.8	845.2
Cultural Enrichment	-	50.0	756.1
Canadian Ethnic Studies	367.0	1,042.2	550.3
Performing and Visual Arts	630.0	415.0	425.8
Cultural Integration	-	40.3	760.9
Intercultural Communications	1,828.3	1,944.7	1,949.1
	3,497.0	4,080.0	5,287.4
Canadian Culture			
Contribution to the Corporation "Quebec 1534-1984" for the 450th anniversary of the arrival of Jacques Cartier	-	300.0	800.0
Contribution to the New Brunswick Bicentennial Commission in support of Bicentennial celebrations	-	900.0	750.0
Contributions to voluntary organizations, non-governmental institutions and individuals for promoting Canadian studies	1,660.0	1,660.0	1,485.2
	1,660.0	2,860.0	3,035.2
Human Rights			
Human Rights activities	197.0	205.0	307.9
	197.0	205.0	307.9
Total	127,920.0	163,223.5	127,062.7

* These figures do not include expenditures for the Official Languages Communities Program which are shown in the Official Languages Program.

B. Cost Analysis

The net cost of the Citizenship and Culture Program includes the operating costs and statutory expenditures along with the value of services provided free by other departments. These additional services include the value of accommodation provided by the Department of Public Works ($2,560,000), the value of financial services provided by the Department of Supply and Services ($72,000), and the value of insurance premiums provided by the Treasury Board ($421,000). Revenues credited to the Consolidated Revenue Fund that are collected for the processing of Citizenship Registration and Open House Canada applications have been deducted ($2,250,000).

Figure 31: Net Cost of the Program for the Year 1985-86 ($000)

	Operating and Capital Expenditures 1985-86	Transfer Payments	Add Other Costs	Total Costs	Deduct Revenue	Net Cost 1985-86	Total 1984-85
Citizenship Registration and Promotion	12,986	4,868	1,609	19,463	5,500	13,963	17,508
Citizenship Development	13,013	99,210	864	113,087	150	112,937	144,140
Multiculturalism	7,297	17,052	382	24,731	-	24,731	27,014
Canadian Culture	5,779	5,810	113	11,702	-	11,702	14,164
Human Rights	1,285	980	85	2,350	-	2,350	2,524
	40,360	127,920	3,053	171,333	5,650	165,683	205,350

Social Sciences and Humanities Research Council of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Social Sciences and Humanities
Research Council of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Supplementary Information

A. Analysis by Object
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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $60,386,000 in support of the Social Sciences and Humanities Research Council Program. The remaining expenditures, estimated at $495,000, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousand of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Social Sciences and Humanities Research Council		
40	Operating expenditures	5,762	5,127
45	Grants and contributions	54,624	51,329
(S)	Contributions to employee benefit plans	495	442
	Total Program	60,881	56,898

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Social Sciences and Humanities Research Council	
40	Social Sciences and Humanities Research Council - Operating expenditures	5,762,000
45	Social Sciences and Humanities Research Council - The grants listed in the Estimates	54,624,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
		Budgetary			Total	
	Authorized person-years	Operating	Capital	Transfer Payments		
Grants and Scholarships	-	-	-	54,624	54,624	51,329
Administration	107	6,225	32	-	6,257	5,569
	107	6,225	32	54,624	60,881	56,898

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 95 - Operating expenditures	5,206,000	5,206,000	5,195,298
Vote 100 - The grants listed in the Estimates	54,429,000	54,429,000	54,429,000
Statutory - Contributions to employee benefit plans	413,000	460,000	460,000
	60,048,000	60,095,000	60,084,298

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Section I
Program Overview

A. Plan for 1985-86

1. Highlights

Communication: New technologies are transforming the structure of communications in our society. In order to assess the effect which they will have on communication among scholars, a Task Force made up of representatives of industry, government, and the Canadian research community, will advise the Council on the best course of action to follow in helping the Canadian research community to take advantage of the opportunities offered by the new technology that will change the structure of research communication in Canada.

Research Support: In the interest of delivering a high level of service to its client community within the limits of the financial and human resources available, the Council has appointed a special committee to review the Research Grants program. This committee, composed of Council members, will examine the granting philosophy and adjudication procedures of this program, and will report to the Council on the consequences of various proposals for change.

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Grants and Scholarships	54,624	56,759	(2,135)	20
Administration	6,257	6,039	218	26
	60,881	62,798	(1,917)	-
Person-Years	107	104	3	-

Explanation of Change: The decrease in the 1985-86 funding level of $1,917,000 (3%) from the 1984-85 forecast is made up of the following major items:

• termination of the supplementary funding approved by Parliament in December 1984 for research ($3,680,000) and operating expenditures ($220,000)	($3,900,000)
• price increase to maintain a level of program services related to anticipated results and existing grant commitments for the coming year.	$1,983,000

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $5,900,000 or 10% higher than the 1984-85 Main Estimates of $56,898,000 (Extracts from Part II of the Estimates, page 4). The difference of $5.9 million reflects the following major items:

• Supplementary Estimates for Canadian studies	$1,980,000
• Supplementary Estimates for research in priority areas	$3,310,000
• Supplementary Estimates for related operating costs and research into disseminating technologies	$610,000

B. Recent Performance

1. Highlights

1984-1985

Major changes to the 1984-85 plans include the following:

Canadian Studies and Priority Areas: The Council received an additional $5.9 million to sustain the funding of Canadian studies ($1,980K), research in priority areas ($3,310K), experiments with new technologies for speedier dissemination of research findings ($240K), and the related operating costs ($370K).

Human Resources Development: In order to provide increased research opportunities for excellent young scholars, the Council completed its planning for the implementaton of a program of Research Fellowships.

Communication: A sub-committee of the Council reported in 1981 on the impact of new technologies on scholarly communication. Its report recommended sweeping changes in Council policies to encourage greater use of computer-based technology in scholarly publication and in the dissemination of research findings. Faced with an adverse reaction within the scholarly communication community, the Council decided to study the question further. It authorized a limited number of demonstration projects and experiments to explore the implication of such a change. Building on this experience, the Council established a task force to provide advice on the design and implementation of new programs in support of dissemination of research results by means of the new technologies.

1983-1984

Highlights for the 1983-84 year include the following major items:

Canadian Studies and Priority Areas: The additional funding of $5.9 million approved by Cabinet in 1981 allowed the Council to:

- expand its programs in support of research in such areas as Family and Socialization of Children, and Human Context of Science and Technology;
- support research centres in Population Aging, and increase funding for universities research libraries;
- introduce Canadian Studies Research Tools and Small Universities programs; and
- fund new themes for priority research on Women and Work, and Managing the Organization in Canada.

Human Resources Development: Resulting from an evaluation of its doctoral fellowships program, the Council commissioned an annual survey on the employment prospect of recent doctoral graduates. The survey is used as a planning tool by the Council as well as by the universities.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Grants and Scholarships	54,429	54,429	-
Administration	5,655	5,619	36
	60,084	60,048	36

Explanation of Change: The increase of $36,000 is due to statutory contributions to employee benefit plans.

C. Background

1. Introduction

The Social Sciences and Humanities Research Council (SSHRC) is one component of the federal government's system for grants to conduct research in all fields of science. This system is composed of three closely related agencies: the Natural Sciences and Engineering Research Council, the Medical Research Council, and this Council. Jurisdiction over the endeavours funded by these councils is shared by both major levels of government in Canada.

The Council reports to Parliament through the Secretary of State. The role of the SSHRC is to award grants and scholarships to researchers and students in the humanities and social sciences and to fund the dissemination of research findings and the work of learned societies. Before 1978 the Council operated as a division within the Canada Council.

2. Legal Mandate

The SSHRC was created by Part 1 of the Government Organization (Scientific Activities) Act, 1976. This Act gives the Council the authority to:

- promote and assist research and scholarship in the social sciences and humanities; and
- advise the Minister in respect of such matters relating to such research as the Minister may refer to the Council for its consideration.

Within this mandate, the Council operates in all the provinces and territories of Canada and supports endeavours abroad in the social sciences and humanities by Canadians and permanent Canadian residents. The Council has established a number of major programs which operate at the national level with a view to promoting its general objectives.

3. Program Objective

The SSHRC supports specific activities within the Canadian research community, in order to promote and assist research and scholarship in the social sciences and humanities and to encourage excellence therein.

This objective has been broken down into four sub-objectives for the purpose of clarifying the relationship between broad categories of grants and scholarships and the mandate of the Council. These four sub-objectives are:

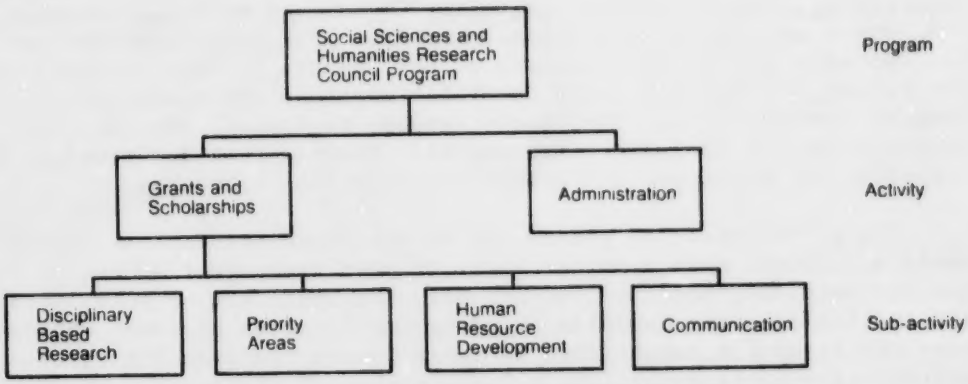
- to enhance the advancement of knowledge by assisting disciplinary-based research;

- to assist in and advise on maintaining and developing the national capacity for human resources development and the training of researchers;
- to promote targeted research in areas and themes of particular relevance and importance which would contribute to the fulfillment of national objectives; and
- to facilitate the dissemination of research results, and to increase Canada's international presence and recognition in the social sciences and humanities.

4. Program Organization for Delivery

Activity Structure: The SSHRC has identified two activities which best describe its operation: Grants and Scholarships, and Administration. These are illustrated in Figure 3 and described in detail in Section II of this Plan.

Figure 3: Activity Structure



Organization Structure: The SSHRC offices are located in Ottawa. The President is also the chief executive officer and is responsible for all matters relating to the Council. The SSHRC reports to Parliament through the Secretary of State, and, except for the ultimate control of Parliament through legislation, the Council exercises independent judgment in its granting and policy-making decisions.

The Council's organizational/functional structure is supported by an interlocking multi-level committee structure, with an extensive external membership. This structure is made up of policy advisory committees, operational grant selection committees, and committees that combine a policy and an operational role. The external membership has at its head the Council's board made up of 22 members appointed by the Governor in Council, and two committees composed of selected Council members: the Executive and Audit Committees. The Council is assisted by two groups of External Committees: i) the Advisory Academic Panel, a 12 member-committee of researchers representing various disciplines and regions of the country, which advises the Council on selected matters of research and program policy; and ii) the peer adjudication committees for each program or clusters of programs, also composed of representatives of the Canadian research community.

This division and delegation of responsibilities liberate Council from the ongoing operational aspects of its programs and allow it to deliberate broad policy issues, the setting of priorities and the allocation of resources. It also ensures due process through peer review, as well as greater assurance of Council's arms' length relationship with the government.

The senior committees (Executive, Audit and Panel) which report directly to Council, advise and assist Council on policy, budgetary and, where applicable, operational matters. The Executive Committee has the same powers and functions as the Council between meetings of the latter, whereas the Audit Committee monitors the execution of Council's audit plans. The Panel responds to Council requests for advice on policy and priorities and also ensures that due process is respected through Council's grants adjudication procedures.

The adjudication of grants and detailed recommendations on all applications are made upon the basis of peer assessment on the quality-scholarly-merit of the project, the applicant or both. Grants are available to any Canadian or permanent Canadian resident who can meet the standards established by peers in the research community. The adjudication process involves a large number of grant and scholarship selection committees, composed of experts drawn from the research community. Recommendations on grants applications are submitted for approval to Council or directly to the President of Council who has been delegated the required authority from Council.

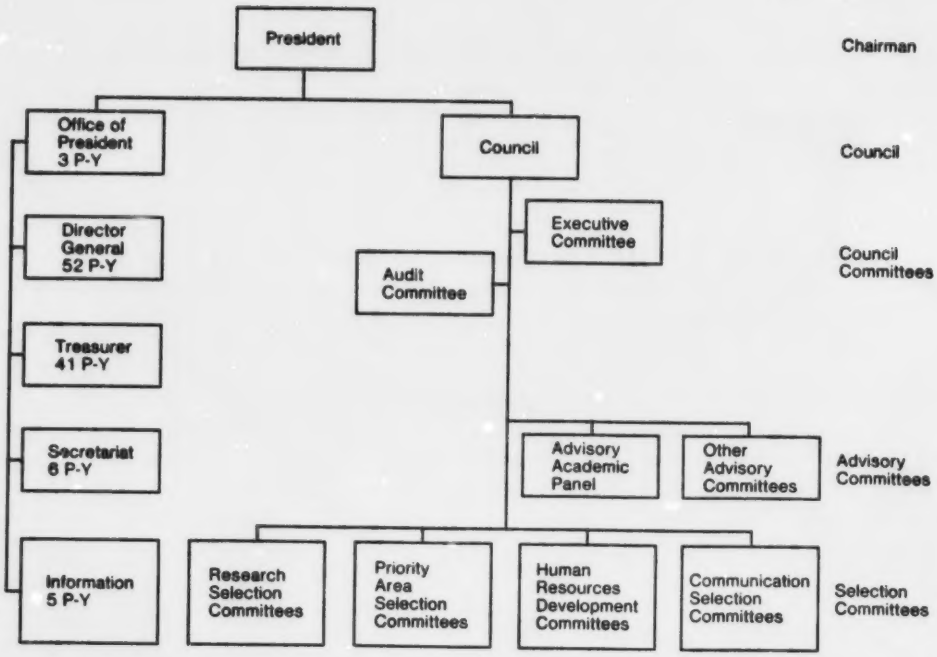
The network of committees provides Council with the support needed in order to fulfill its mandate. The preliminary allocations of resources projected in the Operational Plan reflect the Council's priorities and intentions, but the budgets are modified and refined throughout the year on the basis of increasingly accurate information on the actual requirements, taking account of the number

and quality of applications as assessed by the selection committees through the peer review process. Between 300 and 400 experts drawn from universities and the private sector are actively involved each year in the adjudicaton/selection committees of Council's grants programs. Also, between 8,000 to 9,000 external referees provide advice to the grant selection committees on grant applications. Figure 4 illustrates the 1985-86 committee and activity structures.

Council has total responsibility for setting priorities, allocating budgets, structuring advisory and selection committees, establishing the value of grants and awards and disbursing funds. Council staff provides advice, assistance and support to Council and its committees in the management and the administration of the Council's programs.

The President represents the Council in dealing with the government and has direct control over the work of the Secretariat to the Council, and the Information Division. The Director General Program Branch, is responsible to the President mainly for program planning and delivery; overall functional support is directed by the Treasurer, Administration Branch, who also reports to the President. These three officers, in addition to the Secretary to Council, constitute the Senior Management Committee of Council. Figure 4 links the organization to the activity structure and shows the breakdown of the 1985-86 resources.

Figure 4: 1985-86 Resources by Organization/Activity ($000)



						TOTALS
Grants and Scholarships	–	27,217	5,361	15,357	6,689	54,624
Administration	6,257	–	–	–	–	6,257
	6,257	27,217	5,361	15,357	6,689	60,881
P-Ys	107	–	–	–	–	107

D. Planning Perspective

1. Environment

The social sciences and humanities cover a broad range of activities from the study of literature or ancient civilizations to research on pressing social and economic issues. The SSHRC has an essential role to perform in such areas as science policy, national identity, Canadian studies, cultural policy, highly qualified human resource development and support for post-secondary education.

Research in the humanities and social sciences is undertaken in government, the private sector and non-profit organizations. It is in the universities, however, where most of this research is performed. Within the universities the humanities and social sciences community numbers over 19,000 full-time faculty, accounting for 56% of total full-time university teachers and researchers. A recent study, conducted for the Council, indicates that this is a highly qualified, well-trained and productive research force. At the graduate level, there are approximately 25,000 students in the humanities and social sciences enrolled in Masters and Ph.D. programs. Students in these disciplines account for approximately 65% of total Masters and Ph.D. enrolments in all Canadian universities.

Economic Climate: Since the reorganization of the federal granting Councils in 1978, the SSHRC has carried out new initiatives in supporting research on Canadian Studies and Priority Areas. These developments have taken place in the face of an increase in demand for both grants and scholarships in the Council's traditional programs and a period of fiscal restraint in the federal government.

Changes in Population: Now that the baby boom generation has passed through the 18-24 age range, when people are most likely to attend a post-secondary institution, demographers predict that university enrolments will decline over the next decade. Although many projections had anticipated that the decline in enrolment during the late 1970's would continue through the 1980's, enrolment at many universities has risen in the early 1980's, due in large part to greater participation by women.

It is widely expected that the trend will change and that overall enrolment will decline in the latter part of the 1980's when the passage of the baby boom generation will have its fullest impact. As is noted in the final report of the Commission on Canadian Studies of the Association of Universities and Colleges of Canada, while enrolment projections differ on many points, they agree that, despite some potential growth in the short term, it is clear that universities will face longer term prospects of a decline in full-time enrolment into the 1990's. What is not clear at present is the magnitude of the

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decline, or exactly when it will commence. It should be noted that there has recently been a sizeable increase in post graduate (Masters and Ph.D) enrolment, which will continue at least until 1990.

The Canadian University System: The university system in Canada is the cornerstone of the research community in the humanities and social sciences. The jurisdictional split between the federal and provincial governments has meant that federal research support depends upon the availability of researchers within provincially operated universities. The Council is the central figure in the federal government's support system for fundamental research in the humanities and social sciences. Through its programs of research, training, communication and strategic grants support the Council promotes investigation in these disciplines to ensure both the opportunity for the training of researchers of the future and the availability of research findings. Through its support of research and its fellowships programs, the Council creates in excess of 4,000 full- and part-time jobs in all the regions of Canada.

There are serious problems in Canadian universities associated with the large number of professors hired in the 1960s who are in tenured positions and who will not retire until the mid or late 1990s. Because of fiscal restraint few new positions are opening within the universities. It is even becoming increasingly difficult to retain these highly trained researchers at a time when their contributions are required for the health and excellence of existing and future scholarship. In order to protect the country's investment in these researchers, the Council sees the need for a program of Research Fellowships to allow holders to gain useful experience in carrying out disciplinary-based research while remaining available to employers as related positions become available.

Social Climate: Over the past several years, both the funds for research in the humanities and social sciences and the provincial operating grants to universities have increased at less than the level of inflation. The 1982 increase in funds for the Council improved the situation for research funding. However, current negotiations on established program financing arrangements in the area of post secondary education are raising jurisdictional and financial matters which may affect the role of the Council. There is a growing recognition that, if Canada is to have the social and economic management required to achieve its place in the forefront of the technological revolution, consistent funding will be required for both the post-secondary and the research systems.

2. Continuing Initiatives

With the three-year supplementary funding approved by Cabinet in December 1981, the Council substantially expanded its support of research on Canadian Studies and Priority Areas. This funding was continued during 1984-85. However, with the expiration of most of this funding the Council will curtail support of activities in these areas. The impact on the operations of the Grants and Scholarships Activity is discussed on pages 22 to 25. It should be noted that all other areas will continue at their 1984-85 level.

Figure 5: Estimated Cost of Ongoing Initiatives($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Canadian Studies and Priority Areas Research Grants	**7,473**	8,580	8,357
Priority Areas	**5,361**	7,405	7,212
	12,834	15,985	15,569

In view of decreased funding, the Social Sciences and Humanities Research Council will curtail some of its activities, while eliminating and postponing others.

3. Program Effectiveness

The Council is committed to the systematic and regular evaluation of all types of its grants and scholarships and it has instituted a series of evaluations which are reported below.

To maximize effectiveness in the operation of its grants and scholarships programs, the Council has adopted an operational and organizational structure that relies heavily on external feedback and advice on policies and programs and on expert review committees and peer assessment of grants and awards made in national competitions.

Disciplinary Based Research: A recent study conducted for the Council indicates that research activity and productivity by university-based social scientists are relatively high. The study indicates that social

scientists who responded to the survey reported an average of 1.8 publications per year and an average of four completed manuscripts per social scientist per year over a three year period. These data compare favourably with a recent study on the level of research activity by social scientists in the United States.

The study of Canadian social scientists also indicated that those researchers receiving funds from SSHRC are generally more productive than those researchers not receiving Council support. An equally important finding was that SSHRC-funded researchers produced as many or more scholarly manuscripts from their non-funded research activities as those who were not funded by SSHRC. Evidence suggests, therefore, that the Council's limited funding is being disbursed to the most productive researchers in the country.

Priority Areas: Work in this field aims at promoting research in special areas in the national interest, at encouraging researchers to re-orient their efforts towards these priority areas and at the support of infrastructure such as research centres or library and archives collections. In all cases efforts are targeted to increase significantly the degree of activity within a given area.

An evaluation was completed in March 1984 of the Population Aging Program, the first priority research program introduced by the Council in 1979-80. At the time of its introduction there was evidence that the changing age structure of the Canadian population would likely have a significant impact on economic development, social policies, political behaviour, and cultural development. Yet hardly any research had addressed these issues. After the first five years of the program, a study indicated that the program had made a major contribution towards achieving a critical mass of research on population aging. The evaluation also reported that population aging research centres funded under the program are providing a wide range of useful services to university researchers as well as to the community outside the universities.

A new program to assist specialized library collections was introduced at the same time as the program in support of research on population aging. The recent evaluation of this program indicates that Council funding has allowed for the acquisition of collections and an expansion of resource that would not otherwise have been possible within existing library budgets.

Human Resources Development: The Council is systematically reviewing its spectrum of support for human resources development. In 1982-83 an evaluation was undertaken of the Council's principal activity to support human resources development, namely the Doctoral Fellowship program. A survey of Doctoral Fellowship holders indicated that approximately three quarters of those responding to the survey had completed all requirements for their degree and that most of the rest still had the intention of completing them. The survey also confirmed that the vast majority of those holding doctorates supported by the Council find satisfying work in their field of graduation. The Council, along with the Medical Research Council and the Natural Sciences and Engineering Research Council, in cooperation with Statistics Canada, has engaged in an annual joint survey of post graduation employment of doctoral students at all Canadian universities. Information from this survey is used by the Council to monitor employment patterns of highly qualified graduates.

An evaluation of the program to support students at the Masters level is currently being undertaken. Of particular concern is the impact which this program will have in encouraging students to go on to doctoral studies and complete an advanced research degree.

Communication: Last year we reported that the Council had embarked on an evaluation of its funding to support communication among researchers, both in Canada and abroad. Two studies have now been carried out; the first, on the Aid to Scholarly Associations program, and the second, on selected International Relations programs.

One of the principal findings of the evaluation of the Aid to Scholarly Associations program is that a large percentage of scholars at Canadian universities belong to at least one learned society and generally regard membership as important to scholarly activity. However, less than 30% of scholars who responded to the survey know whether or not their main learned society was a member of a Federation, either the Social Sciences Federation of Canada or the Canadian Federation for the Humanities, and 40% of those who did were able to report one or more benefits of membership. The Council established an ad hoc committee to review and advise it as to the future funding of the Federations.

As part of its International Relations programs, the Council provides support for travel to international conferences, travel to attend executive meetings of international scholarly associations and bilateral exchange programs with academies and granting bodies in France, Japan, Hungary, China, and the USSR. The evaluation of these programs indicates that funding has successfully assisted the exchange of ideas between scholars collaborating in the study of common issues. It has also provided the opportunity for the identification of new methodologies and new approaches to research. The Council is, therefore, satisfied that its international programs continue to meet the needs of researchers in the humanities and social sciences.

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Section II
Analysis by Activity

A. Grants and Scholarships

Objective

The Council supports specific activities within the Canadian research community to promote and assist research and scholarship in the social sciences and humanities and to encourage excellence therein.

Resource Summary

The Grants and Scholarships Activity accounts for approximately 90% of the 1985-86 total Council expenditures. There are no person-years reported within this activity.

Figure 6: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Disciplinary Based Research	27,217	27,744	26,217
Priority Areas	5,361	7,405	7,212
Human Resources Development	15,357	14,910	14,606
Communication	6,689	6,700	6,394
	54,624	56,759	54,429

Past Financial Performance

Figure 7 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 7: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Disciplinary Based Research	26,217	29,075	(2,858)
Priority Areas	7,212	7,280	(68)
Human Resources Development	14,606	11,574	3,032
Communication	6,394	6,500	(106)
	54,429	54,429	-

Explanation of Change: There is no difference in total between the actual expenditures and the Main Estimates for 1983-84.

Description

This activity represents the granting function of the Council and its operation as a decision-making body. The Council has delegated to committees of researchers the actual adjudication of competitions in its various programs.

The Council's policies are based on recognition of the current state of research in the humanities and social sciences in Canada. This community of researchers, which includes about 55% of all university faculty members, is basically young in terms of its scientific development. Nonetheless, there are enormous demands placed upon it, and in some cases these are clearly out of all proportion to its current capacity. A decade of lower employment opportunities caused by a decrease in university funding rather than a reduced need for research, is sapping the vitality of the community.

There are four sub-activities funded by the Council.

Disciplinary-Based Research: A major portion of the Council's budget is directed towards the funding of independent, scholarly research in the social sciences and humanities. Through a series of programs which support scholars through either block grants to universities or direct grants to individuals, the Council aims to maintain the level of activity within these research communities necessary to develop a basic understanding of society in general, and Canadian society in particular. In all cases, the research on the cultural, political, social or economic aspects of human society is proposed by the researcher.

Priority Areas: The sum total of research activities in Canada has not, through the free play of market forces, led to sufficient research being undertaken in certain areas of national importance. Consequently, the Council has selected a limited number of priority themes (Population Aging, Family and Socialization of Children, Human Context of Science and Technology, Women and Work, and Managing the Organization) and special areas (Canadian Studies: Research Tools, Aid to Small Universities, Development of Management Research, and Support for Specialized Collections) within which increased activity is required if we are to have the basic information needed to help policy-makers of the future identify and solve persisting national problems. These programs include both the funding of research, as proposed by scholars in the field, and the support of infrastructure for research such as purchases of research collections for libraries, the cataloguing of research materials in libraries and archives, and the support of activities to enhance research at small universities.

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Human Resources Development: To ensure that a sufficient supply of trained researchers is available for employment in Canada over the next decade, the Council supports postdoctoral fellows and students undertaking doctoral or masters degree programs with the aim of helping them complete their training and thereby preparing for research work in universities, government or industry.

Communication: Finally, the Council believes that research which remains widely unknown to others is of limited usefulness. It therefore funds a number of programs at the national and international levels which strive to increase the exchanges of information on research and to encourage collaborative work between researchers in Canada and those abroad.

Performance Information/Resource Justification

The Council establishes the level of funding for each type of grant or scholarship on the basis of three factors. First, the level of demand for an individual program as measured by the number of applications and the amount requested for each competition; second, the judgment of well-known researchers serving on the selection committees which adjudicate the merit of the applications received in each competition; and third, the priority assigned by Council to each type of grant or scholarship. It is difficult, however, to predict the precise needs for each program, given variations in demand and the quality of proposals received. The Council, therefore, reallocates funds between programs when justified.

Disciplinary-Based Research: Over the past few years, there has been a steady increase in the number of applications for research support, as shown in Figure 8. Because this area enjoys the highest priority within the Council, funds have been injected to meet, in part, this increase in demand. Nevertheless, the award rate in Research Grants has dropped, in dollar terms, from just over 60% in 1979-80 to about 36% in the 1984-85 competitions. This decline was not caused by any decrease in the quality of the requests received; it rather is a reflection of the decrease in the Council's real budget capacity and the resulting inability to assign sufficient resources to these programs in an effort to meet the rising demand from a clientele that has increased by 19% over the past decade. According to all indications, the award rate will continue to decline over the coming few years, even though peer review confirms the same high quality of proposals.

Figure 8: Number of Applications and Awards - Disciplinary-Based Research

	1983-84		1982-83		1981-82	
	Appl'd	Aw'd	Appl'd	Aw'd	Appl'd	Aw'd
Research Grants	1,435	835	1,183	802	964	645
Leave Fellowships	751	275	813	266	814	350
Negotiated Grants*	19	19	39	23	40	27
General Research Grants	76	76	76	76	75	75
	2,281	1,205	2,111	1,167	1,893	1,097

Figure 9: Applications and Awards - Disciplinary-Based Research ($ 000)

	1983-84		1982-83		1981-82	
	Appl'd	Aw'd	Appl'd	Aw'd	Appl'd	Aw'd
Research Grants	38,422	15,709	29,572	15,855	20,073	11,035
Leave Fellowships	10,142	3,714	8,432	3,474	8,225	3,345
Negotiated Grants*	5,027	5,027	9,099	5,532	8,700	5,286
General Research Grants	1,845	1,845	1,740	1,740	1,342	1,342
	55,436	26,295	48,843	26,601	38,340	21,008

* The last approved new projects under Negotiated Grants, in 1982-83. Ongoing projects will continue for a number of years.

Priority Areas: Grants in Priority Areas were introduced by the Council in 1979-80, and the resources available to them grew from $2 million in that year to $7.4 million in 1984-85. In the first year the SSHRC funded projects for the study of the aging population, awarded grants for the acquisition of special collections in university libraries and provided accelerated funding to the Dictionary of Canadian Biography. Some 150 applications were received in the first year. By 1981-82, 272 applications were received from a greatly expanded group of researchers. In 1984-85, SSHRC was voted an additional $3.3 million in funds to support its strategy for Priority Areas.

In 1983-84 the Council introduced research funding for two further priority areas, Managing the Organization in Canada, and Women and Work. Figures 10 and 11 show the steady growth of interest in work in Priority Areas.

Figure 10: Number of Applications and Awards - Priority Areas

	1983-84		1982-83		1981-82	
	Appl'd	Aw'd	Appl'd	Aw'd	Appl'd	Aw'd
Population Aging	77	41	56	28	72	44
Specialized Research Collections	40	40	41	32	37	31
Management Research	227	109	68	53	51	34
Small Universities	20	20	21	19	21	20
Canadian Studies: Research Tools	90	53	73	50	40	18
Human Context of Science and Technology	51	28	31	20	37	22
Family and Socialization of Children	35	18	27	19	14	6
Women and Work	124	57	-	-	-	-
	664	366	317	221	272	175

Figure 11: Applications and Awards - Priority Areas ($ 000)

	1983-84		1982-83		1981-82	
	Appl'd	Aw'd	Appl'd	Aw'd	Appl'd	Aw'd
Population Aging	3,228	1,451	1,592	859	2,057	1,086
Specialized Research Collections	857	710	1,188	670	781	575
Management Research	3,228	1,451	1,302	1,003	882	565
Small Universities	496	479	515	437	525	422
Canadian Studies: Research Tools	3,471	1,476	2,987	1,451	1,686	573
Human Context of Science and Technology	1,558	727	726	274	554	116
Family and Socialization of Children	1,043	443	1,170	525	430	144
Women and Work	2,364	727	-	-	-	-
	16,245	7,464	9,480	5,219	6,915	3,481

Human Resources Development: The recent increase in enrolment in graduate work is reflected in the increase in numbers of applications for human resources development grants during 1983-84. Graduate enrolment is expected to increase over the decade and, given this increase, the SSHRC will endeavour to maintain its awards budget for these grants. The Council intends to maintain the award rate for new applicants in line with the expected requirement for trained researchers. At present, the Council gives grants to about one fifth of all full-time doctoral students in Canada, but to only one in 190 masters students. During the first three years of the postdoctoral program there has been a steady increase in the number of applications. In view of the current level of under-utilization of young researchers, this increase is expected to continue.

Figure 12: Applications and Awards - Human Resources Development

	1983-84			1982-83			1981-82		
	Appl'd	Aw'd		Appl'd	Aw'd		Appl'd	Aw'd	
	No.	No.	($000)	No.	No.	($000)	No.	No.	($000)
Doctoral Fellowships	2,897	1,004	10,792	2,654	1,101	10,973	2,636	1,177	10,118
Masters Scholarships	548	103	1,112	457	117	1,172	444	116	1,016
Postdoctoral Fellowships	314	122	2,650	305	125	2,742	254	136	2,658
	3,759	1,229	14,554	3,416	1,343	14,887	3,334	1,429	13,792

Communication: Through these programs the SSHRC funds upwards of 5,000 researchers presenting findings here or abroad. In addition, about 65 learned societies and the publication of some 100 learned journals and 120 scholarly manuscripts are subsidized. The budget for Communication has been held steady in real terms over the past few years.

Note: For further details on 1983-84 grants and scholarships please refer to the Council's Annual Report.

B. Administration

Objective

The Council's Administration Activity provides services to the Grants and Scholarships Activity by ensuring the most effective use of resources towards the achievement of program objectives.

Resource Summary

The Administration Activity accounts for approximately 10% of 1985-86 total Council expenditures and 100% of the person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Management	1,689	20	1,653	20	1,788	19
Program Delivery	2,503	48	2,391	47	2,499	60
Program Support	2,065	39	1,995	37	1,368	27
	6,257	107	6,039	104	5,655	106

Personnel costs represent 64% of the total activity costs; the meeting costs for Council, Panel and for peer adjudication represent 9% of the total activity costs; and other operating expenditures (such as postage, telephone, supplies, printing and rental of equipment and facilities) represent 27% of the activity costs.

Past Financial Performance

Figure 14 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Management	1,788	19	1,808	23	(20)	(4)
Program Delivery	2,499	60	2,748	56	(249)	4
Program Support	1,368	27	1,063	25	305	2
	5,655	106	5,619	104	36	2

Explanation of Change: The increase in actual expenditures of $36,000 or .6% over 1983-84 Main Estimates is due to statutory contributions to employee benefit plans.

Description

This activity consists of the following sub-activities:

Program Management: This sub-activity consists of the offices of the President, the Director General Program Branch, the Treasurer Administration Branch, the Secretary to the Council, and the Information Division. The purpose of this sub-activity is to provide direction to coordinate the mandate of the Council, to formulate short- and long-term objectives and priorities, and to communicate Council activities. It also includes program evaluation.

Program Delivery: This sub-activity carries out the mandate of the Council through delivery of a variety of some 50 program elements in the humanities and social sciences. Staff have the responsibility to administer and manage the adjudication of applications for grant funds within the general themes of Disciplinary-Based Research, Research in Priority Areas, Human Resources Development, and Communication.

Program Support: Within this functional sub-activity the staff participates in the Council's financial planning, budgeting and reporting; the application of policies, systems and procedures; the formulation and execution of appropriate personnel policies, practices and procedures; the provision of computer and word processing services; and material and property management, security services and records management. This sub-activity consists of the Financial and Administrative Services, Personnel and Management Systems Divisions.

Performance Information/Resource Justification

The results of the Administration Planning Element contribute directly to the effective decision-making and the efficient functioning and operation of Council and its committee system. Its level of resources relates directly to the workloads in the various program components and the level of services required by the Council to effectively plan, administer and evaluate its priorities, policies, programs and disbursements.

Figure 15: Relationship of Administration Expenditures to Total Council Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Council expenditures	**60,881**	62,798	60,084
Administration	**6,257**	6,039	5,655
Percentage of total	**10.3**	9.6	9.4

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 16 presents the distribution of expenditures classified by standard object. Estimates for 1985-86 represent a decrease of $1,917,000 over 1984-85 forecast expenditures.

Figure 16: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	3,534	3,397	3,203
Contribution to employee benefit plans	495	442	460
Transportation and communications	715	717	689
Information	442	303	281
Professional and special services	630	629	549
Rentals	100	100	112
Purchase, repair and upkeep	152	152	57
Utilities, materials and supplies	157	154	130
	6,225	5,894	5,481
Capital			
Construction and acquisition of machinery and equipment	32	145	174
Transfer payments	54,624	56,759	54,429
Total expenditures	60,881	62,798	60,084

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2. Personnel Expenditures

The personnel costs represent approximately 64% of the total operating expenditure budget. In 1985-86, personnel costs amount to $4,029,000, an increase of $190,000 over the previous year.

The number of person-years and average salary by category are provided in Figure 17. The proportion of personnel costs within each sub-activity are: 26% in Program Management, 43% in Program Delivery and 31% in Program Support.

Figure 17: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Executive					
Senior Management	11	11	11	50,350 - 96,300	61,647
Scientific and Professional					
Economics and Statistics	2	2	2	14,570 - 65,080	46,099
Administrative and Foreign Services					
Services	41	40	40	13,892 - 57,985	35,382
Computer Systems	2	2	2	18,766 - 61,433	40,490
Personnel Administration	2	2	2	13,330 - 63,870	40,991
Administrative Support					
Data Processing	6	3	3	13,352 - 37,130	20,444
Clerical	22	21	23	12,932 - 31,743	21,266
Secretarial	21	23	21	12,636 - 31,946	23,922

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 18: Details of Transfer Payment ($ 000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Disciplinary-Based Research			
Research Grants		16,849	15,942
Leave Fellowships		3,500	3,013
Negotiated Grants		5,230	5,028
General Research Grants		1,940	1,845
Special Grants		200	344
Léger Fellowships		25	45
	27,217	27,744	26,217
Research in Priority Areas			
Aging Population		1,450	1,379
Research Resources		800	710
Management Research/Studies		940	1,314
Small Universities		585	454
Canadian Studies:			
Research Tools		1,835	1,457
Human Context of S & T		590	717
Family and Socialization of Children		520	373
Women and Work		650	752
State of Art Reviews		35	56
	5,361	7,405	7,212
Human Resources Development			
Doctoral Fellowships		11,130	11,061
Special M.A. Fellowships		1,050	1,059
Postdoctoral Fellowships		2,730	2,486
	15,357	14,910	14,606
Communication			
Research Journals		2,000	1,674
Scholarly Manuscripts		1,210	1,142
Learned Societies		500	639
Infrastructure		1,050	1,147
Conference		735	642
International Relations		1,155	1,100
Public Awareness		50	50
	6,689	6,700	6,394
	***54,624**	56,759	54,429

* Final allocations yet to be decided by Council.

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B. Cost Analysis

Figure 19: Total Program Cost for 1985-86 by Activities ($000)

	1985-86 Budgetary Expenditures	Add Other Costs	**Total Cost**	Total 1984-85
Grants and Scholarships	54,624	-	**54,624**	56,759
Administration	6,257	453	**6,710**	6,464
	60,881	453	**61,334**	63,223

Figure 19 shows the total cost of each of the activities of the Program. The Administration Activity contains all operating costs of the Council. Other costs shown consist of the cost of accommodation ($371,000) provided by Public Works Canada, the cost of surgical-medical and health insurance ($72,000), and other miscellaneous services ($10,000) provided free by other government departments.

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Solicitor General Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Solicitor General
Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance overthe past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $185,711,600 in support of the 1985-86 Solicitor General Administration Program. The remaining expenditures estimated at $42,400 for the Solicitor General's salary and motor car allowance and $1,803,000 for pensions and other employee benefits, will be made under existing statutory authority.

Financial Requirements by Authority

Vote (thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
Solicitor General		
1 Operating expenditures	21,801	18,995
5 Grants and contributions	163,911	...
(S) Solicitor General-Salary and motor car allowance	42	40
(S) Contributions to employee benefit plans	1,803	1,247
Total Program	187,557	20,282

Votes-Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Solicitor General Department	
1	Solicitor General - Operating Expenditures	21,800,600
5	Solicitor General - The grants listed in the Estimates and contributions	163,911,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer Payments		
Departmental Administration	319	23,546	100	163,911	187,557	20,282

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Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 1 - Administration Program expenditures, the grants listed in the Estimates and contributions	18,081,000	29,164,778	26,767,420
Statutory - Solicitor General - Salary and Motor Car allowance	39,100	40,975	40,975
Statutory - Contributions to Employee Benefit Plans	1,205,000	1,341,000	1,341,000
Total Program	19,325,100	30,546,753	28,149,395

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Solicitor General Secretariat has established the following major goals for 1985-86:

- to maintain the federal-provincial agreements that have been established and to establish federal-provincial mechanisms for continuing consultation in respect of those financial arrangements and program and policy issues arising from the implementation of the Young Offenders Act and to carry out a program of research and development to support such implementation and acceptance of the Act and to assess the impact of the new Act on the juvenile justice system in Canada (see pages 20 and 28);

- to develop and carry out a program of research, experimental and demonstration projects related to women in conflict with the law (see pages 19 and 29);

- to continue the development of new Ministerial directions to govern significant operational policy procedures in the area of security and law enforcement including Law Enforcement Agreements, Confidential Sources and Foreign Operations Abroad (see page 20);

- to continue the general review of the resources allocated within the Federal Government to law enforcement and to develop policy options designed to provide for the optimum utilization and coordination of those resources and activities and those of the RCMP (see pages 19 and 29);

- to co-ordinate the development of policies to effectively manage prison population through release mechanisms that reduce population while ensuring public safety (see pages 24 and 30);

- to complete preparations culminating in Canadian attendance at the 7th United Nations Congress on the Prevention of Crime and the Treatment of Offenders, to be held in Milan during the summer of 1985 (see pages 24 and 30);

- to undertake, in cooperation with the Departments of Justice and Health and Welfare, provincial governments and community groups, an initiative leading to improved victim service delivery, identification of the needs of victims of crime including special groups of victims, (women, elderly, etc.), victimization research, sensitization of the public to victims issues, training for professionals and volunteers in victims needs and services, greatly improved access to victims information through the National Victim Resource Centre and finally, a comprehensive federal policy on victims of crime (see pages 23 and 28);

- to promote and increase effective crime prevention activities across the country through implementation of a focussed program of research and development and by promotion of greater awareness and responsibility among public, private sector and community associations of the benefits of community based crime prevention strategies (see pages 21 and 28); and

- to improve criminal justice programs and services for Natives, particularly in the two Territories and the Prairie Provinces, through promotion of community-based alternatives to incarceration, crime prevention programs, and victims services and promotion of increased community participation in the resolution of criminal justice issues. Linked to program improvement will be the development of Ministry policy on such emerging Native issues as Indian self-government, Native policing arrangements, corrections issues, and the over-representation of Native people in the criminal justice system (see pages 23 and 28);

2. 1985-86 Financial Summary

Figure 1: Financial Requirements for 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Solicitor General Secretariat	187,557	158,221	29,336
Authorized person-years	319	315	4

The above resource requirements include $523,376 and 10 person-years in 1985-86 and $477,000 and 10 persons-years in 1984-85 for the Correctional Investigator (see page 31).

Explanation of Change: The increase of $29.336 million in the resources requested for 1985-86 is primarily the result of the following factor:

- An incremental resource increase for negotiation and administration costs related to agreements under the new Young Offenders' Act.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of October 31, 1984) is $137.9 million higher than the 1984-85 Main Estimates of $20.3 million. The difference of $137.9 million reflects the following items:

- funds related to the implementation of the New Young Offenders' Act. $131.4 million

- funds related to Victims of Crime, Crime Prevention, Women in Conflict with the Law, Services to Native People and other policy initiatives described at pages 19 to 27 of this document, which were requested in Supplementary Estimates $ 6.5 million

B. Recent Performance

1. Highlights

Major developments during 1984-85 include:

- Legislation creating the Canadian Security Intelligence Service (CSIS) was passed in June 1984. The Secretariat is assisting in the implementation of the legislation (see page 20);

- The Young Offenders Act was proclaimed on April 2, 1984. Agreements in principle detailing federal financial contributions for juvenile justice services delivered by the provinces were concluded. Implementation support programs were begun to facilitate the transition from the Juvenile Delinquents Act to the new legislation and the subsequent evaluation of the effects of that legislation (see page 20);

- The Ministry continued to provide technical and financial support to the provinces and local groups to promote the development of model victim assistance services. A United Nations Meeting on Victims was organized, in preparation for the 7th UN Congress on the Prevention of Crime and a two-year action plan developed to improve victims' service delivery and training programs, increase public awareness of victims' issues and to lead to the development of a comprehensive federal policy on victims of crime (see page 23);

- Legislation to modify the law governing mandatory supervision was introduced, but died on the Order Paper (see page 24);

- The Ministry developed and commenced implementation of an action plan to improve criminal justice services to Natives. This included a number of research and development projects, the dissemination of research and other information on related issues and expansion of Consultation Centre services to provide an increased focus on Native peoples and communities (see page 23);

- Support was continued for research and development projects to identify and implement effective crime prevention strategies, to promote nationally coordinated crime prevention policies and programs, and to increase public participation in such programs. National Crime Prevention Week and the Solicitor General's Crime Prevention Awards were inaugurated. In addition to distributing some 90,000 publications of all kinds in support of the Week, the Ministry supported a number of community-based activities related to crime prevention (see page 21);

- All sustaining core funding arrangements in the Ministry respecting voluntary organizations were consolidated into a single program managed by the Secretariat, setting the stage for the development of a comprehensive policy for support to voluntary organizations involved in the criminal justice system (see page 26); and

- Arrangements with the provinces governing federal-provincial financial agreements for the firearms control program were renewed for two years (to March 31, 1986) (see page 26).

Major developments during 1983-84 include:

- Review of the recommendations of the McDonald Commission relating to non-security activities of the RCMP was completed. The majority of the recommendations have either been implemented or steps towards their implementation are being taken (see page 22);

- A Comprehensive Review of Federal Law Enforcement was commenced (see page 21);

- A fundamental review of the security screening and security classification system of the federal government was completed and proposals for improvements placed before the Interdepartmental Committee on Security and Intelligence (see page 25);

- In the Criminal Law Review project, work on police powers and procedures was completed and a number of legislative proposals were developed in concert with the Department of Justice (see page 22);

- Research was developed to assist the Department of Justice in the implementation and evaluation of proposed sentencing legislation, to provide advice to the Canadian Sentencing Commission and to estimate the impact of proposed sentencing reforms on the federal penitentiary populations (see page 22); and

- Amendments to the RCMP Act were reintroduced on January 30, 1984, but died on the Order Paper (see page 26).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Solicitor General Secretariat	28,149	19,325	8,824

Changes were primarily due to additional resources approved in Supplementary Estimates for the following items:

- continued operation of the Security Intelligence Transition (SIT) Group — $1.6 million
- Young Offenders' Act implementation — $1.5 million
- Grants to Authorized After-Care Agencies — $1.3 million
- Student Summer and Youth Employment Program — $1.7 million
- New Employment Expansion and Development (NEED) Program — $3.1 million

C. Background

1. Introduction

The Secretariat is an integral part both of the Ministry of the Solicitor General and of the wider Canadian criminal justice and national security systems.

The four agencies which, together with the Secretariat, comprise the Ministry, are the Royal Canadian Mounted Police, the Correctional Service of Canada, the National Parole Board and the Canadian Security Intelligence Service. Although the agencies report independently to the Solicitor General, the Secretariat performs duties related to them, as detailed in the Program Description below.

Other components of the criminal justice system include the judiciary and the courts, other police and law enforcement agencies, other correctional authorities and the private sector. The division of responsibility for the "administration of justice" is complex and sometimes ill-defined, and involves other federal departments and agencies, notably the Department of Justice, and provincial and municipal governments.

While the Office of the Correctional Investigator is part of the Secretariat Program for administrative purposes, it is functionally responsible directly to the Minister. This Office is, therefore, treated separately and is described on page 31 of this document.

2. Legal Mandate

The Department of the Solicitor General was established in 1966 under the provisions of the Department of the Solicitor General Act (as amended in 1984 by a section of the Canadian Security Intelligence Service Act), which gives the Solicitor General jurisdiction in all matters over which the Parliament of Canada has jurisdiction, and which have not by law been assigned to any other department, branch or agency of the Government of Canada, relating to:

- reformatories, prisons and penitentiaries;
- parole and remissions;
- the Royal Canadian Mounted Police; and
- the Canadian Security Intelligence Service.

The Solicitor General is responsible for the administration of the Department of the Solicitor General Act, the Royal Canadian Mounted Police Act, the Penitentiary Act, the Parole Act, the Prisons and Reformatories Act, the Canadian Security Intelligence Service Act, the Young Offenders Act, the Criminal Records Act and the Transfer of Offenders Act. As well, the Solictor General and/or the agencies of the Ministry discharge operational responsibilities under such acts as the Criminal Code, the Identification of Criminals Act, the Official Secrets Act, the Diplomatic and Consular Privileges and Immunities Act and the Immigration Act, to name a few.

3. Program Objective

The objective of the Solicitor General Secretariat is "to provide overall policy direction to the programs of the Department", as well as to provide advice and support to the Minister to enable him to discharge his statutory responsibilities.

4. Program Description

To fulfill its role, the Secretariat carries out a wide range of endeavours related to the Canadian criminal justice system and the national security program of the federal government. In brief, they are:

- to initiate and develop Government and Ministry policy in the functional areas of law enforcement and corrections, as well as in the general areas of criminal justice, juvenile justice and national security;

- to analyze policy initiatives, operational policy issues and operational submissions prepared by agencies of the Ministry and to provide appropriate advice to the Minister;

- to undertake policy development in cooperation with the agencies of the Ministry, central federal agencies, the Department of Justice, other federal departments, the provinces and the private sector;

- to improve policies and programs in the criminal justice and juvenile justice systems through research, the conduct of experimental and demonstration programs, and the dissemination of information;

- to manage the Solicitor General's direct responsibility for the national security program;

- to coordinate contingency planning and to manage a crisis centre for all hostage-taking and related incidents;

- to support the discharge of statutorily assigned ministerial responsibilities for national security;

- to manage the Solicitor General's statutory responsibilities for the federal gun control program;

- to supervise policy affecting the physical and administrative security arrangements of the federal government, through the Security Advisory Committee;

- to administer federal-provincial financial agreements pursuant to the Young Offenders Act and to manage the Solicitor General's statutory responsibilities under the Act.

5. Program Organization for Delivery

The Secretariat, with the exception of six regional consultants and their staff, is located in Ottawa. The organization is divided into four main branches, each reporting directly to the Deputy Solicitor General.

The Police and Security Branch initiates, develops and administers policies, operational directives, and management systems on behalf of the Solicitor General and provides advice to the Solicitor General on

national security policy and operations, the corporate and program activity of the RCMP and CSIS and federal and national law enforcement. In carrying out these responsibilities, the Branch is responsible for ensuring that accountability mechanisms are in place so that the Solicitor General and the Deputy Solicitor General can exercise effectively their statutory responsibilities.

The Policy Branch undertakes policy advice and development in the areas of young offenders, corrections, firearms and other criminal justice issues that cut across jurisdictions and functional components of the criminal justice system. Correctional policy advice is also connected to the work of the Correctional Service of Canada and the National Parole Board. The Young Offenders Unit is charged with implementing the Young Offenders Act and providing continuing support of all responsibilities of the Minister under the Act.

The Programs Branch is the Ministry research and development arm. Its principal aim is to produce and communicate knowledge and information-based advice to improve decision-making related to criminal justice legislation, policy, programs and operations. The primary clients of the Programs Branch are the Solicitor General and the Deputy Solicitor General who is the chief policy advisor of the Minister. Other users of this knowledge and information include the other branches of the Secretariat, the Agencies of the Ministry, provincial departments, the voluntary sector and the general public.

The Branch's research and development mandate encompasses two totally inter-related areas of activity:

(a) knowledge building which is based on research, statistics, experimental programs, and dissemination of information from these activities; and

(b) the provision of technical expertise and services, such as communications and media-relations, E.D.P. activities and major public involvement campaigns such as Crime Prevention Week.

The Administration Branch is responsible for the preparation, implementation and overall administration of personnel, financial and administrative policies, programs, systems, procedures and services to assist the Ministry Secretariat in meeting its organizational objectives. It is organized into three divisions, responsible, respectively, for Finance, Human Resources and Administration.

In addition to the four branches, two smaller offices also serve the Secretariat:

Corporate Systems is responsible for corporate level planning and management systems, management information systems and evaluation systems, including audit, program evaluation and various forms of management review.

Legal Services is a unit staffed by Department of Justice lawyers serving as legal advisors to the Deputy Solicitor General, and through him, to the Solicitor General. Additionally, it provides legal advice to all branches of the Secretariat and is involved, as required, in matters of law relating to the programs and policy development carried on in the Secretariat.

Figure 3: 1985-86 Resources by Organization ($000)

Deputy Solicitor General	
Senior Assistant Deputy Solicitor General Police and Security	2,506
Assistant Deputy Solicitor General - Policy	163,196
Assistant Deputy Solicitor General - Programs	14,746
Director General - Administration	3,764
Executive*	2,818
Correctional Investigator	527
Total Solicitor General Secretariat	187,557

* Includes the offices of the Solicitor General, Deputy Solicitor General, Corporate Systems, Legal Services and the Inspector General, Canadian Security Intelligence Service.

D. Planning Perspective

1. Environment

The changing nature and incidence of crime and criminality in general, and the rapid growth, in recent years, of offender populations in particular, continue to constitute major challenges to all components of the Canadian criminal justice system. The need for fiscal restraint, coupled with the need to respond both to increasingly sophisticated types of crime and to the needs of victims, require programs in all criminal justice components to become more cost/effective and support the urgent requirement for the development of new and more effective ways of dealing with criminal justice problems. In the area of national security, acts of international terrorism increasingly pose potential threats which must be addressed by the new Canadian Security Intelligence Service. While trends in both criminal justice and national security are many and varied, the most significant of these are outlined below.

The Changing Nature of Canadian Criminality: Rates of crime continue to increase, though at decelerating rates - a probable consequence, in part, of the declining proportion of Canada's crime-prone segment (ages 16 to 24) of the population pyramid. The recent number of killings of Canadian police officers, while shocking in itself, does not appear to be part of any sudden and dramatic increase in violent crime, more generally. Computer - related and other "white collar" crimes are increasing and the enormous dollar value of illegal profits from large scale enterprise crime in Canada are now so significant that the Government must consider legislation and policing initiatives to counter this serious problem. Much of this profit results from drug trafficking, though it is noted that the incidence of reported drug crime is decreasing. This trend to fewer drug-related offences may only, however, reflect a shift in emphasis in policing priorities from "soft" to "hard" drugs and large-scale drug enterprise crimes. Property-related offences, in contrast, continue to increase.

Increases to the Inmate Population: While the causal relationship between economic factors and crime remains a subject for debate, it is a fact that greater use seems to be made of incarceration in times of economic hardship. The recent increases in inmate populations, most particularly in those for which the federal government is responsible, pose major problems for correctional management, especially given the increasing numbers of long-term and dangerous offenders and increasing public pressures on government to reduce or restrict the use of the various conditional release mechanisms.

Changing Public Attitudes toward Crime and Punishment: There has been a recent and striking crystallization of public concerns regarding crime and punishment, fueled, in no small measure, by killings of police officers. Public attitudes appear to be related to the perceived relative seriousness of the offence committed. For the most serious and heinous of crimes, many members of the public appear willing to support the use of extreme measures, including the possible reintroduction of capital punishment. For violent crimes in general, the public exhibits increasing concern and a willingness to support the use of harsher measures, particularly of longer terms of imprisonment. At the same time, it is noted that Canadians tend to seriously overestimate both the incidence and growth of violent crime, while underestimating both the severity of sentences awarded and overestimating the use made of parole. For property - related offences, the public is increasingly willing to support the use of non-custodial alternatives, for "repeat" as well as for first offenders.

Economic Considerations: Both in the federal government, and in the governments of a number of provinces, the current economic climate is one of restraint. This period of restraint coincides with sudden and dramatic increases in the numbers of offenders in custody and increasing public demands to strengthen traditional approaches to law enforcement, incarceration and other aspects of the administration of justice. At the same time, increasing pressure is felt to introduce new services in some areas, particularly to expand services to victims of crime.

These conflicting forces may require a realignment of fundamental approaches to solving criminal justice problems. Interest may grow for the development of innovative and cost/effective approaches to criminal justice problems. The increasing public support for the use of non-custodial punishments for crimes seen as less serious has the potential to assist in controlling criminal justice costs, while being, at the same time, no less effective in dealing with offenders and offering more benefits to both victims and society. Programs such as crime prevention, which contribute significantly to the reduction of the numbers of crimes committed, while encouraging members of the community to become more responsible for preventing crime, will become more attractive, especially as the cost/benefit considerations of such programs become better known. However, history suggests that innovation will probably have to be achieved in the face of increased pressure to reinforce traditional (if possibly less cost/effective) methods.

National Security: Problems respecting superpower relationships, the international economy, chronic and increasing social problems, especially in the Third World, and dangerous regional conflicts continue to constitute matters of concern for Canadians. Recurring acts of international terrorism create an increasing need for policy and programs to maintain national security.

2. New Initiatives

The following new initiatives will be undertaken in 1985/86:

- Consistent with its responsibilities under Emergency Planning Order (P.C. 1981-1305), the Secretariat, in accordance with the direction of the Interdepartmental Committee on Security and Intelligence will coordinate the development of a counter-terrorism program for consideration by Cabinet;

- An inventory of federal resources employed in national policing has been initiated to develop an information base of the essential criminal, statutory, financial and operational data pertinent to all policing jurisdictions so that informed assessments can be made of alternative policy positions which might be adopted by the Federal Government respecting RCMP roles in connection with contract policing services and Canadian Police Services. The initial stages of this project will focus on identifying existing data sources and the feasibility of developing a standard format for describing policing activities and allocating costs between the different levels of jurisdiction (see page 21);

- The Secretariat will coordinate and expand Ministry initiatives to respond to community concerns and to increase community participation in and responsibility for criminal justice. Component initiatives will include crime prevention, victims services, volunteers and voluntary organizations, community policing, community-based alternatives to incarceration, community corrections, community participation in parole decision-making, indigenous Native justice systems and mediation and dispute resolution programs (see page 26);

- The Secretariat will undertake a range of policy-related initiatives to respond to the increasing sophistication of crime and its national and international dimensions, caused by technological advances in telecommunications, increased use of offshore banking, the introduction of new financial instruments, and the further development of national and international markets for contraband, particularly illicit drugs (see page 25);

- The Secretariat will carry out a plan of action, in cooperation with the voluntary and private sectors, which will examine the causes of crime committed by women, establish community-based programs for women with problems such as drug or alcohol dependence, family conflict and family abuse, and produce effective criminal justice programs for female offenders.

3. Update on Continuing Initiatives

Young Offenders: The Young Offenders Act was proclaimed in force on April 2, 1984. To facilitate the effective implementation of the new legislation, federal-provincial negotiations were initiated, culminating with the signing of agreements-in-principle for federal financial agreements for juvenile justice services delivered by the provinces and territories. Concurrently, structures to administer the new cost-sharing agreements were developed and implementation support programs (systems development, program development, communications, research and evaluation) were established. Procedures were developed to evaluate programs undertaken in implementation of the new legislation. Analysis commenced on data from the National Study of the Functioning of the Juvenile Court. Analyses to describe court functioning, the relationship between age and court functioning, and the views of criminal justice officials in respect of the new legislation, were conducted. A system model was developed for costing various components of the juvenile justice system.

The Secretariat will establish the structures and procedures to administer the financial agreements negotiated with the provinces and territories, as well as formal mechanisms for ongoing intergovernmental consultation and collaboration in the juvenile justice area. In addition, a framework for comprehensive evaluation of the effectiveness of the new legislation will be developed and further research in support of implementation will be undertaken.

Canadian Security Intelligence Service: Legislation creating the Canadian Security Intelligence Service (CSIS) was passed in June 1984. Given the significance of this new legislation, organizational and legal studies were undertaken to establish new bases for emerging relationships between CSIS, the RCMP, other federal and provincial agencies, provincial law enforcement bodies and foreign agencies.

In providing assistance in the implementation of the new legislation, the Secretariat is assigning priority to the review of policy and direction governing the Service; the development of policy guidelines in support of new RCMP enforcement responsibilities for security offences under Part IV of the CSIS Act; and the development, in consultation with CSIS and the Department of Justice, of policy guidelines covering all aspects of the warrant process, including warrants required under s. 16 of the CSIS Act for the collection of foreign intelligence in Canada.

As well, the Secretariat will review, in consultation with CSIS, Service reporting requirements to ensure the most complete disclosure of CSIS information, consistent with the interests of national security. The Secretariat will also assist in the development and administration of the accountability framework provided for in CSIS legislation.

RCMP Roles and Responsibilities in the Post-McDonald Period: With the proclamation of the Canadian Security Intelligence Service Act, this initiative has been concluded. Consequential work by the Secretariat in respect of changes in the character of traditional RCMP roles and responsibilities occasioned by its new mandate for the enforcement of security offences under Part IV of the Act has been subsumed in the Direction and Accountability of the RCMP initiative. In connection with fundamental changes in the economic environment reported previously as an emerging issue, their impact on RCMP roles and responsibilities is to be studied through a new initiative (Federal Resources Employed in National Policing) (see page 19). Finally, the Comprehensive Review of Federal Law Enforcement initiative will also provide essential information for policy development on future RCMP roles and responsibilities.

Crime Prevention: The Ministry continued its support for research and demonstration projects aimed at identifying and implementing effective crime prevention strategies. This work included activities such as crime prevention needs assessment and evaluation studies in Manitoba and Saskatchewan, and robbery prevention programs and juvenile crime prevention activities carried out in conjunction with the Province of British Columbia. The Ministry accelerated its efforts to promote nationally coordinated crime prevention policies and programs and to increase public participation in crime prevention activities. National Crime Prevention Week and the Solicitor General's Crime Prevention Awards were inaugurated. A major information program in support of the Week resulted in the distribution of some 90,000 publications, booklets and articles, such as "The Good Neighbour's Crime Prevention Handbook", "Working Together to Prevent Crime - A Practitioner's Handbook" and the "Good Neighbours" crime prevention brochure. The Ministry also provided support for community activities, such as poster and essay contests, public forums, seminars, films and plays and small displays dealing with crime prevention.

Initiatives such as these, which have already resulted in a variety of successful policies and programs to prevent crime through cooperation between police forces and citizens, will be continued, in close cooperation with provincial governments. Increased federal/provincial collaboration will make a major contribution to effectiveness and efficiency in crime prevention and provide encouragement for many more professional, voluntary and community organizations to initiate action to reduce crime.

Comprehensive Review of Federal Law Enforcement: The review of all current federal law enforcement programs commenced on July 1, 1984. This complex, interdepartmental project is scheduled to be completed in 1986 and will lead to the development of policy options for ensuring optimal utilization and coordination of federal law enforcement resources and activities. The survey research component of this project

will involve gathering and analysing information from federal law enforcement units in the national capital region and across the country, including R.C.M.P. units.

Direction and Accountability of the RCMP: The Secretariat has completed the review of the recommendations of the Commission of Inquiry into the RCMP (McDonald Inquiry) which concerned RCMP investigative procedures and control and accountability of its law enforcement operations. The majority of the recommendations have been implemented through policy direction or have been proposed for legislative amendment. The remaining few recommendations are being examined by a federal-provincial committee for disposition. The major continuing thrust of this initiative is the further development of formal Solicitor General Directives for the RCMP which clarify, to the extent possible, its role in circumstances which are characteristically sensitive, complex and often ill-defined.

Criminal Law Review: During 1984-85, the Ministry concentrated on three important Review projects: Police Powers, Corrections Law and Mental Disorder. Considerable progress has been made in all areas. In respect of the Police Powers Project, consultation papers have been prepared, and national consultations held with provincial governments, the bar, the police, the bench and civil liberties groups. Policy development was initiated with respect to search and seizure, disposition of things seized, arrest, use of force, eyewitness identification, electronic surveillance, questioning of suspects, and investigative tests. Related legislative proposals are being developed.

Legislative proposals were developed in concert with the Department of Justice and were subsequently incorporated in Bill C-19. Of particular interest to law enforcement were amendments dealing with: blood-tests for impaired drivers; the creation of an offence for theft of computer time or data; forfeiture of the proceeds of crime as an aspect of sentencing; the abolition of writs of assistance; and the creation of a procedure whereby search warrants can be obtained by telephone or other means of telecommunications.

Consultations were undertaken and research proposals developed for research to assist the Department of Justice in the implementation and evaluation of proposed sentencing legislation, to provide advice to the Canadian Sentencing Commission and to estimate the impact of proposed sentencing reforms on the federal penitentiary populations.

A comprehensive review of the laws governing the management of both federal and provincial correctional responsibilities is underway. It will undertake an extensive number of consultations with both private and public agents involved with the field of corrections, such as the John Howard Society and provincial Heads of Corrections. It will define the purpose of the federal corrections system and examine the present

laws to determine how they need to be changed to reflect changing times and objectives.

The Mental Disorder Project, already in its final Phase II stage, will be completed and policy options will be developed. These options will include the issue of the mentally disordered young offender.

Support for Victims of Crime: The Ministry continued to provide technical and financial support to the provinces and local groups to promote the development of model victim assistance services in urban and rural areas of Canada. Information from these projects and from the analyses of the National Victimization Survey was widely distributed to Victims user groups, in part through the National Victims Resource Centre which was created by the Ministry and also via conferences, workshops, training sessions, publications and public discussions dealing with victims issues. Policy initiatives were undertaken regarding the need for police charging policies in wife assault, and on a number of other issues through involvement of the Federal/Provincial Working Group on Victims. A United Nations Meeting on Victims in preparation for the 7th U.N. Congress on the Prevention of Crime, was organized. The Ministry developed a two year plan of action designed to improve victim service delivery, increase public awareness of victims issues, develop training information for criminal justice professionals and volunteers in the victims area and to lead ultimately to the development of a comprehensive federal policy for victims of crime.

The Secretariat will continue to encourage and support the development of police-based victims' services at the community level and among criminal justice, social service and health care agencies.

A public awareness program will be carried out via the National Victims Resource Centre, workshops, seminars, training sessions and publications. The Ministry will also continue its travelling exhibit program which brings information about victims and victims' services to shopping malls and community events across Canada. Research and demonstration will focus on development and evaluation of effective victims service delivery models, victimization research, and research on the needs of special groups of victims. The training of law enforcement, correctional and private sector professionals will be encouraged to make the criminal justice system more responsive to victims. The Ministry will also continue to work towards the development of a comprehensive federal policy on Victims of Crime. This will be coordinated through the Federal/Provincial Working Group on Victims of Crime.

Services to Native People: In 1983-84, the Ministry developed and implemented the initial phases of an action plan to improve criminal justice services for Natives. A Special Advisor, Natives was hired to implement the action plan. Research and developmental projects were

undertaken on issues relating to the Young Offenders Act, admissions of Natives and Non-Natives to correctional institutions, Native women, victims, crime prevention and Indian self-government. In addition, the Ministry disseminated reports which included a literature review, an inventory of research and programs, an opinion study and reviews of two juvenile intervention projects.

The Ministry also made plans to open the Northwest Consultation Centre in Edmonton, which will provide increased services to communities in Alberta and the Northwest Territories with a major focus on the needs of aboriginal people and communities. As well, the Pacific Region Consultation Centre was provided with increased capacity to provide services to the Yukon and northern British Columbia.

The action plan will be continued in 1985/86.

Seventh U.N. Congress: In the summer of 1984, the Ministry hosted a U.N. Inter-regional Meeting of Experts on Topic 3 of the 7th U.N. Congress Agenda (Victims of Crime). The meeting was attended by 18 experts on victims issues from various parts of the world. A draft Declaration on Justice and Assistance for Victims was produced and will be considered at the 7th Congress. The Ministry initiated the preparation of Canadian position papers for the Congress. Other preparations included consultations with provincial and territorial governments and non-government organizations in the development of Canadian positions.

Correctional Management: The Ministry is responsible for policy advice to the Minister in the area of corrections as part of his legal mandate. In this regard, a broad range of operational and strategic policies issued are under active review and investigation by the Corrections Policy Division. Because of the multi-agency and intergovernmental dimensions of these issues, they are coordinated by the Corrections Policy Division. The urgency of responding to the rapid growth in penitentiary populations is one such issue. The need to develop a range of effective release mechanisms consistent with correctional goals is another. The emergence of concern for prison violence and the capacity of the system to manage difficult situations remains an issue. In this regard, also of concern is the role of the Correctional Investigator.

Conditional Release and Mandatory Supervision: The follow-up to the Solicitor General's study of conditional release and mandatory supervision resulted in the initiation of a major program of research on parole decision-making. This program of research includes three studies which focus on: the parole decision-making process; the assessment of risk associated with parole release; and the suspension/revocation process. An additional research project which was undertaken in response to the Solicitor General's study of conditional release is the

evaluation of a life skills program in order to determine whether a specific institutional pre-release program can be effective in improving the post-release adjustment of inmates and reducing the likelihood that they will recidivate.

Legislation to modify the law governing mandatory supervision was introduced and subjected to committee review in the 34th Parliament. While it did not become law, it represented a major development in the process of improving this conditional release mechanism.

Dangerous Offenders: As part of its overall consultation process on the management of dangerous offenders, the government has created the Dangerous Offender Consultation Committee, made up of representatives of private agencies and government officials. It has undertaken an evaluation of Special Handling Units within the Correctional Service of Canada and is in the process of reviewing alternatives for the effective management of violent inmates. Activities in 1985-86 will include provision of a comprehensive analysis of strategies for dealing with penitentiary populations while maintaining public safety; undertaking a review of alternatives for the release of potentially dangerous offenders; undertaking a major review of release options and programs; and monitoring developments within the federal correctional responsibility to identify further policy needs.

Long-Term Imprisonment: Since the creation of the minimum 25 year sentence in 1976, there has been a steady growth in the number of long-term offenders within the federal penitentiaries. It is expected that, by 2001, there will be as many as 2700 long-term offenders within the system. Because this population presents unique challenges to correctional authorities, a Ministry committee has been charged with long-term review of these problems. It has already prepared one working paper and a second, dealing with the substantive management problems, is being drafted. This committee is designed to provide continuing policy advice on this very sensitive area.

Security Screening and Classification: A fundamental review of the security screening and security classification system of the federal government has been completed. In February 1984, the Secretariat provided the Interdepartmental Committee on Security and Intelligence with a comprehensive proposal covering government security procedures, based on a two-level classification system. This package is presently the subject of interdepartmental discussion in preparation of a final draft to be placed before Cabinet. The Secretariat will serve as the focal point for the preparation of Treasury Board directives and guidelines for government-wide application.

National Initiatives on Drug Trafficking and Drug Abuse: The Secretariat has worked with officials of the RCMP, the Department of Justice and the Department of National Health and Welfare to develop

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mechanisms to improve federal, provincial and international coordination of responses to the drug problem. To that end, it is intended that senior officials of various concerned departments meet to discuss a government-wide strategy that would make the countering of drug trafficking and the prevention of drug abuse a national priority.

Telewarrants: The Secretariat completed its policy review of its proposals to permit police to obtain search warrants via telephone in substitution for writs of assistance. The proposed new customs act and Bill C-19, which were introduced into the last session of Parliament, provided for the abolition of writs of assistance in customs and drug investigations and proposed a system of telewarrants. The reintroduction of such legislation in the next Parliament is under consideration.

Amendments to the RCMP Act: Bill C-13, which sought to amend the RCMP Act by providing more equitable and legitimate procedures for RCMP internal discipline, grievance, and public complaint procedures, died on the Order Paper with the dissolution of the 32nd Parliament. Reintroduction of the Bill in the new Parliament is under consideration.

Volunteers and Voluntary Organizations: Sustaining core funding arrangements in the Ministry respecting voluntary organizations involved in the criminal justice system were consolidated into a single program and transferred to the Ministry Secretariat for ongoing management. As a result, the program now funds eleven national voluntary organizations, from a budget exceeding $2 million. The organizations funded provide both direct and indirect services to offenders at the local and national levels and consultation and advice to the Ministry on a wide range of criminal justice issues.

A basic framework for policy development was established, involving a new category of grants with a five-year evaluation cycle and substantially increased funding levels. In 1985/86, work on the funding policy will be continued, in consultation with the voluntary sector and the program itself will continue on an ongoing basis.

Gun Control: The negotiation of federal-provincial financial agreements in respect of the gun control program is a cyclical activity. Agreements extending to March 31, 1986 have been completed, on the same terms as previous agreements. In 1985/86, negotiations will be commenced relative to the next set of agreements.

4. Program Effectiveness

The Secretariat carries out a range of evaluative activities at three distinct levels.

The Programs Branch and the Policy Branch conduct full impact evaluations on selected projects in priority areas. As well, the Programs Branch conducts program reviews for development projects and is developing monitoring and self-evaluation kits for projects in the priority areas of Victims and Young Offenders. These evaluations are used extensively for planning, project management, policy and program development and for information sharing with interested jurisdictions and the Canadian public.

These project-level evaluations are coordinated with the Secretariat's plan for evaluation at the next level (program evaluation). Evaluative activities are being undertaken, on an experimental basis, for selected Secretariat program components.

In some instances, Cabinet requires the Secretariat to conduct an evaluation, following the implementation of a major piece of legislation. Such policy or tertiary level evaluations go beyond program evaluation in that they examine the impacts and effects of legislative and administrative programs that affect a number of federal, provincial and other authorities outside the Secretariat. These evaluations are complex and require more extensive time spans than do evaluations at lower levels.

5. Performance Information/Resource Justification

The Ministry Secretariat operates within the constraints of a relatively small and constant resources base, which allows it to address its most basic ongoing functions of providing policy advice and the research, statistical and experimental programs which support the policy function, and to deal, on a preliminary basis, with major policy initiatives as they arise. When Cabinet directs the Secretariat to undertake programs of major and sustained activity related to particular initiatives, such as Young Offenders, Victims or Crime Prevention, the Secretariat's resource base is adjusted on a temporary or long-term basis to reflect the resource demands of such priority initiatives.

A major increase to the Secretariat's resource base takes place in 1985/86, as the Secretariat assumes responsibility for the administration of the $145 million federal-provincial cost sharing agreements for services to young offenders. A further $14.3 million will be expended for systems development and other implementation/administration activities related to the new Young Offenders Act.

Figure 4 depicts the uses which will be made of the Secretariat's non-salary dollars (other operating, capital, grants and contributions) in 1985-86.

Reporting of operational performance relative to the 1983-84 expenditure plan is presented on pages 10 to 12 of this document.

Figure 4: Planned Non-Salary Expenditures and Results by Operational Objective for 1985/86

Operational Objective	Non-Salary Expenditures ($000)	Planned Results
Young Offenders	160,962	Implementation of the Young Offenders Act
Volunteers & Voluntary Organizations	2,060	Provision of core funding and development of a ministry policy in support of national organizations involved in the criminal justice system
Victims of Crime	1,735	Completion of research, experimental and demonstration projects, implementation of a public information program, operation of a Victims' Resource Centre and the development of related policies to encourage improvements in services to victims of crime
Crime Prevention	1,080	Completion of research, experimental and demonstration projects and the conduct of a public information program to encourage local initiatives to prevent crime
Natives	700	Completion of research, experimental and demonstration projects and a general enhancement of Secretariat services in

Operational Objective	Non-Salary Expenditures ($000)	Planned Results
		the prairie provinces, British Columbia and the territories, related to native people and the criminal justice system
Criminal Justice Policy	505	Completion of research, experimental and demonstration projects and of related policy development on issues affecting the criminal justice system not specifically related to corrections or to policing and law enforcement
Women in Conflict with the Law	420	Completion of research, experimental and demonstration projects resulting in the improvement of programs related to women in conflict with the law
Policing and Law Enforcement Policy	365	Completion of research and policy development related to major initiatives described on pages 19-26 of this document and the provision of policy advice on other aspects of policing and law enforcement
Criminal Law Review	305	Completion of research and policy/legislative development related to police powers, sentencing, correctional law and mental disorder

Operational Objective	Non-Salary Expenditures ($000)	Planned Results
7th UN Congress on Crime	205	Completion of preparations for, and participation in, the Congress in the fall of 1985
Gun Control	200	Consultation, policy development and the conduct of safety programs related to firearms
Corrections Policy	200	Completion of research and policy development related to corrections and correctional management, including initiatives described at pages 24-25 of this document
National Security	195	Development of policies and coordination of the Federal Government's national security program
Conditional Release	155	Completion of research related to parole decision-making, risk assessment and suspension/revocation
Professional Services	1,420	Provision of library and reference, communications, legal, electronic data processing, statistics and other professional and technical services to the Secretariat and its clients, the dissemination of research and related information and the provision of financial support to university centres of criminology

Operational Objective	Non-Salary Expenditures ($000)	Planned Results
Executive and Administration	2,972	Management and executive direction by the minister, deputy minister and heads of branches, the purchase of goods and the provision of administrative services

E. Office of the Correctional Investigator

The Office of the Correctional Investigator was established in 1973 pursuant to the Inquiries Act. The Correctional Investigator's mandate, as established in 1977 by an Order in Council, is "to investigate, on his own initiative, on request from the Solicitor General of Canada, or on complaint from or on behalf of inmates as defined in the Penitentiary Act, and report upon problems of inmates that come within the responsibility of the Solicitor General of Canada". The Investigator is, therefore, an ombudsman for incarcerated persons.

The Correctional Investigator's staff is comprised of 10 persons and is requesting $523,376 in the 1985-86 Estimates. The staff handles several hundred complaints per year, conducts as many interviews, and visits all penal institutions regularly. By liaising with the Commissioner of Corrections and other related agencies the Correctional Investigator endeavours to resolve complaints by administrative action. The major types of complaints investigated relate to inmate transfers, medical problems, inmate property claims, and discipline.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Secretariat expenditures by object are presented in Figure 5.

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	12,920	12,337	10,390
Other Personnel	1,805	1,249	1,626
	14,725	13,586	12,016
Goods and services			
Transportation and communications	1,563	1,547	1,293
Information	514	965	598
Professional and special services	5,172	8,613	4,090
Rentals	518	520	323
Purchased repair and upkeep	46	91	124
Utilities, materials and supplies	1,008	925	692
Grants and contributions	163,911	131,608	8,676
All other expenditures	-	-	1
	172,732	144,269	15,797
Total operating	187,457	157,855	27,813
Capital	100	366	336
Total expenditures	187,557	158,221	28,149

2. Personnel Expenditures

Figure 6: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management Category	31	26	17	50,350-96,300	66,066
Scientific and Professional	32	39	33	13,609-85,140	48,018
Administrative and Foreign Service					
Administrative Services	43	42	35	13,912-57,987	39,837
Financial Administration	8	8	8	13,853-57,980	37,609
Information Services	6	6	6	13,579-57,980	43,479
Organization and Methods	4	4	4	13,520-57,980	45,697
Personnel Administration	9	9	9	13,330-63,870	39,934
Welfare Program	23	23	23	14,860-57,980	42,409
Program Administration	44	47	44	13,912-57,987	43,108
Computer System Administration	2	-	-	18,766-61,433	46,050
Technical	8	6	5	10,719-63,173	33,236
Administrative Support					
Clerical and Regulatory	43	39	42	12,932-31,743	21,631
Secretariat, Stenographic and Typing	52	50	54	12,636-31,946	23,577
Office Equipment	7	8	-	12,665-25,271	20,834
Operational	-	1	3		
Other	7	7	7		

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 7: Details of Grants and Contributions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Canadian Association of Chiefs of Police	50,000	50,000	50,000
Canadian Association for the Prevention of Crime	125,000	125,000	125,000
John Howard Society	50,000	50,000	50,000
Authorized After-care Agencies	1,857,000	1,642,846	1,338,600
Grants to the provinces and territories for implementation of the Young Offenders' Act	12,500,000	12,500,000	-
	14,582,000	14,367,846	1,563,600
Contributions			
Payment to the provinces, territories public and private bodies in support of activities complementary to those of the Solicitor General	2,285,700	2,364,000	1,873,872
Student Summer and Youth Employment	-	-	1,716,265
New Employment Expansion and Development Program (NEED)	-	188,216	3,522,400
Core Funding - National Voluntary Organizations	230,300	238,018	-
Contributions to the provinces and territories in accordance with agreements with the Minister to assist in program development, and the development of information and record-keeping systems relative to the implementation of the Young Offenders' Act	1,800,000	2,400,000	-
Contributions to the provinces and territories in respect of agreements approved by the Governor in Council for the cost-sharing of Juvenile Justice Services under the Young Offenders' Act	145,013,000	112,050,000	-
	149,329,000	117,240,234	7,112,537
	163,911,000	131,608,080	8,676,137

B. Cost Analysis

Net Program Cost

The Secretariat's 1985-86 Estimates include only authorities to be voted and statutory authorities. Other items must be considered when describing the Secretariat on a full cost basis. To be taken into consideration are services provided without charge by other departments such as accommodation charges for Public Works and services provided by Supply and Services, Treasury Board and the Department of Labour.

Figure 8: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	Total Net Cost	Total 1984-85
Solicitor General Program	187,557	2,799	190,356	160,536

Components of other costs:	($000)
• Services provided by Public Works Canada	2,500
• Services provided by Treasury Board	214
• Other	85

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Statistics Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Statistics Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the program and a summary of its currrent plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $187,450,000 in 1985-1986 for Statistics Canada. The remaining expenditures, estimated at $20,220,000 for contributions to employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-1986 Main Estimates	1984-1985 Main Estimates
	Statistics Canada		
15	Program expenditures	187,450	186,902
(S)	Contributions to employee benefit plans	20,220	18,202
	Total Program	207,670	205,104

Votes - Wording and Amounts

Vote No.	Department or Agency (dollars)	1985-1986 Main Estimates
	Statistics Canada	
15	Statistics Canada - Program expenditures, the grants listed in the Estimates, contributions and authority to spend revenue received during the year	187,450,000

Extracts from Part II of the Estimates

Program by Activities ($000)

		1985-86 Main Estimates						
		Budgetary						
	Authorized Person-Years	Operating	Capital	Transfer Payments	Sub-Total	Less: Revenue Credited to the Vote	Total	1984-85 Main Estimates
International and Domestic Economic Statistics	1,446	64,682			64,682	--	64,682	62,707
Socio-Economic Statistics	732	37,469			37,469	--	37,469	39,698
Census and Social Statistics	332	16,107	73		16,180	--	16,180	17,297
Institution Statistics	356	16,874			16,874	--	16,874	16,766
Technical Infrastructure	1,121	55,989			55,989	8,424	47,565	43,968
Corporate Management Services	485	23,989	817	94	24,900	--	24,900	24,668
	4,472	215,110	890	94	216,094	8,424	207,670	205,104

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Section I
Program Overview

A. Highlights

The main goals of Statistics Canada in 1985-86 are included in its ongoing program as outlined in the body of this document. The following items describe further goals for 1985-86:

- to analyze the dependence of the aged upon formal and informal support networks; this report will be the first output from a new General Social Survey designed to monitor and analyse social trends including issues related to unemployment, education, health and selected population groups (see page 28);
- to expand Justice information outputs to respond to a number of high priority issues identified by federal and provincial ministries (see page 33);
- to establish a publishing process leading to greater production efficiency and effectiveness in meeting users needs (see page 40);
- to redesign business surveys, ultimately to reduce both survey costs and respondent burden (see page 42);
- to improve efficiency by integrating statistical operations conducted at headquarters and, by further regionalizing operations where cost effectiveness or quality can be improved, (see page 44);
- to make increased use of computing technology to enhance productivity and the value of outputs (see page 46);
- to manage personnel processes to upgrade the skills profile of the agency's human resources in light of technological change (see page 48).

B. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

Activity	Estimates 1985-86 Total Expenditures	Estimates 1985-86 Receipts Credited to Vote	Estimates 1985-86 Total Net Expenditures	Forecast 1984-85 Total Net Expenditures	Change	For Details See Page
International and Domestic Economic Statistics	64,682		64,682	62,707	1,975	17
Socio-Economic Statistics	37,469		37,469	39,698	(2,229)	23
Census and Social Statistics	16,180		16,180	17,297	(1,117)	27
Institution Statistics	16,874		16,874	16,766	108	32
Technical Infrastructure	55,989	8,424	47,565	43,968	3,597	37
Corporate Management Services	24,900		24,900	24,795	105	47
	216,094	8,424	207,670	205,231	2,439	
Person Years			4,472	4,600	(128)	

The $2.4 million increase in 1985-86 requirements over the 1984-85 forecast includes the following major items:

- redesign of business surveys $ 1.8 million
- salary and inflation increases $ 9.2 million
- miscellaneous program reductions including efficiency gains and cyclical activities ($ 8.6 million)

C. Background

1. Introduction

Since the national statistical agency's establishment by Parliament in 1918, its program has evolved in response to a growing demand for statistical information. Governments at every level, business, labour, academic and social institutions, professional associations, the international statistical community and the general public are served by Statistics Canada's information when dealing with social and economic change in Canada.

Statistics Canada presents a comprehensive picture of the national economy through statistics on manufacturing, agriculture, exports and imports, retail sales, services, prices, productivity changes, trade, transportation, employment and unemployment, and aggregate measures such as gross national product. Social conditions are reported upon by statistics that cover demography, health, education, justice, culture and household incomes and expenditures. This economic and social information is produced at the national and provincial levels, for major population centres and other sub-provincial and 'small areas'.

Statistics Canada makes its information available through media releases, publications, electronic dissemination and also in response to direct inquiries. In addition, specialized products and services are provided on a cost-recovery basis, including advice on the design and implementation of information gathering projects for federal departments and agencies.

Statistics Canada carries on research and development into statistical techniques and concepts and methods of data collection, processing and dissemination to assure efficient operations and a high quality technical capability. Selected analytical studies which give focus to the implications of statistical data are carried out in the public interest.

The agency works with its federal and provincial partners to minimize duplication and maintain statistical standards and classifications. It also fulfills a number of commitments as a member of the international statistical community (see page 60, Section III).

2. Legal Mandate

Statistics Canada's formal mandate derives primarily from the Statistics Act. The Act requires the agency, under the direction of the Minister, to collect, compile, analyse and publish statistical information on the economic, social and general conditions of the country and its citizens. Other federal legislation also requires Statistics Canada to produce data for a wide variety of purposes, for example, the Corporations and Labour Unions Returns Act, The Official Languages Act, the Electoral Boundaries Readjustment Act, Federal-Provincial Fiscal Arrangements Act, the Unemployment Insurance Act and the Western Grain Stabilization Act. (See page 59 for a listing of all Acts which require the Chief Statistician or Statistics Canada to collect or provide specific information).

3. Program Objectives

The objectives of Statistics Canada are:

- To provide statistical information and analysis on the social and economic life of Canada, its provinces, its regions, its businesses, its institutions and its people, in order to contribute to an understanding of the various aspects of Canada and provide a basis for the development, analysis and evaluation of social and economic policies and programs, for public, business and individual decision-making, and for the general benefit and information of Canadians.

- To promote a national statistical program through the co-ordination of statistical activities of federal departments and with the provinces and territories.

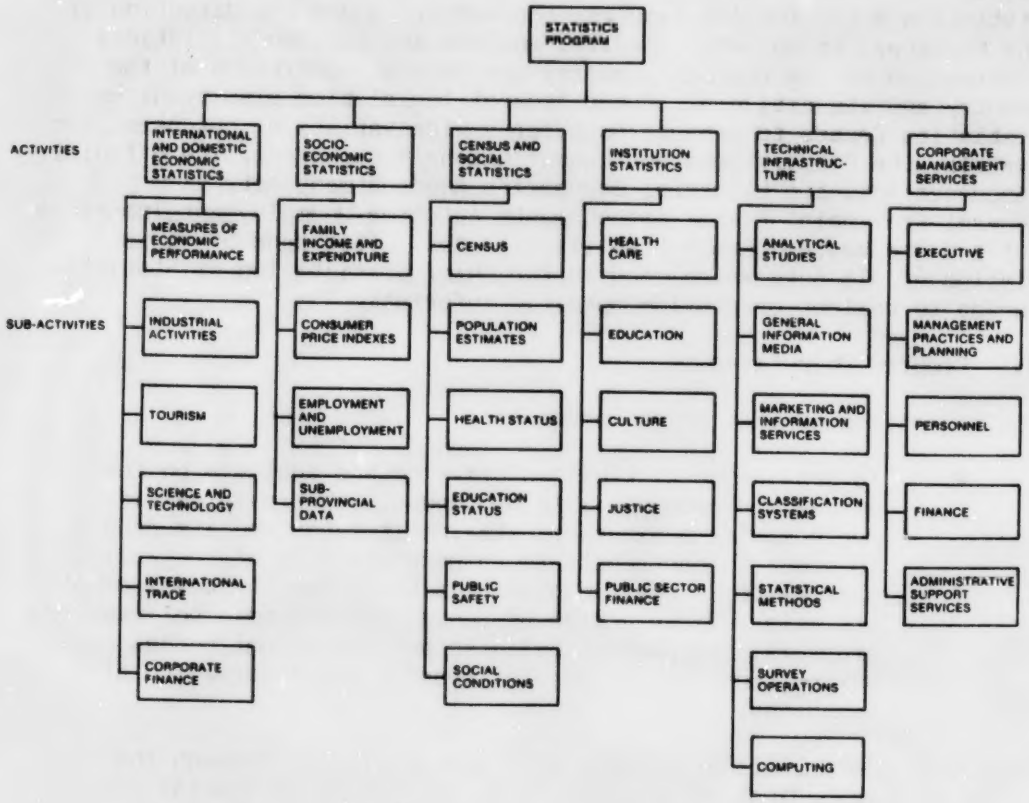
4. Program Organization for Delivery

Activity Structure: As shown in Figure 2, Statistics Canada has identified six activities which reflect what the agency is doing and how it is working to meet its stated objectives.

The first four activities involve the planning and implementation of various surveys and other activities that produce the Program's statistical output.

The Technical Infrastructure Activity provides centralized services essential to all statistical activities including; survey methodology, questionnaire redesign, classification systems, data collection and data processing. It also includes the provision of special statistical products and services on a cost-recovery basis, research and analysis, and marketing and information services. The Corporate Management Services Activity provides departmental management, planning, finance and personnel services.

Figure 2: Activity Structure

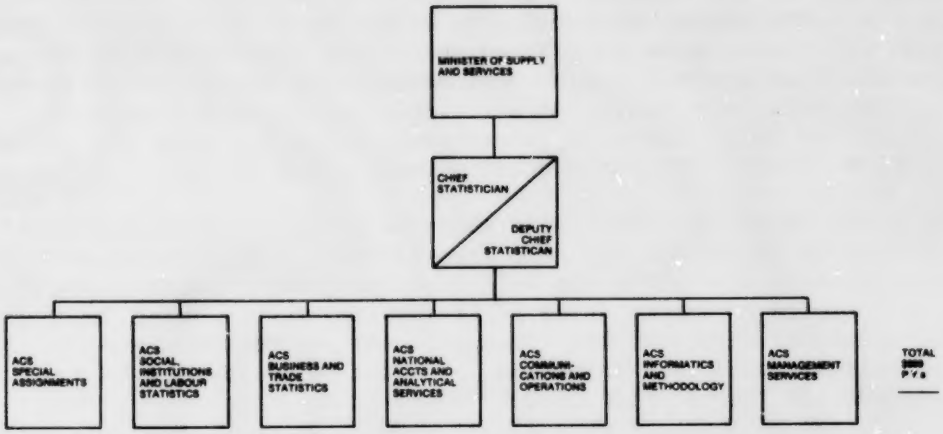


Organization Structure: The Minister of Supply and Services is the Minister responsible to Parliament for Statistics Canada. The agency is headed by the Chief Statistician of Canada, supported by the Deputy Chief Statistician, who assists in all aspects of managing and planning.

Figure 3 displays the relationships between the six activities of Statistics Canada's Program and the agency's organization structure.

When it is cost-effective, collection, production and information operations are conducted in nine regional offices which report to the Assistant Chief Statistician Communications and Operations. Details on the regional offices are contained in Section III, Supplementary Information, page 61.

Figure 3: Resources by Organization/Activity ($000)



ACTIVITY	$ 000 (P.Y.'s)						
INTERNATIONAL AND DOMESTIC ECONOMIC STATISTICS	304 (5)	52,450 (1,200)	11,929 (241)				[illegible] (1,446)
SOCIO—ECONOMIC STATISTICS	27,331 (521)	6,290 (138)		3,848 (73)			37,469 (732)
CENSUS AND SOCIAL STATISTICS	16,180 (332)						16,180 (332)
INSTITUTION STATISTICS	16,874 (356)						16,874 (356)
TECHNICAL INFRASTRUCTURE			5,746 (94)	22,400 (588)	19,419 (439)		47,565 (1,121)
CORPORATE MANAGEMENT SERVICES				6,867 (162)		18,013 (323)	24,880 (485)
PROGRAM TOTAL	60,689 (1,214)	58,740 (1,338)	17,674 (335)	33,135 (823)	19,419 (439)	18,013 (323)	207,570 (4,472)

D. Planning Perspective

1. Environment

Factors affecting the scope, emphasis and processes of the Program include: the potential requirement for additional information, the impact of technological change, and legislated requirements.

Requirements for Additional Information: A number of emerging social and economic issues may require additions to statistical data currently being produced. These needs have been identified through consultative processes which include external advisory committees and liaison with data users. As well, information needs have been identified by parliamentary committees, through program evaluation and from the agency's research studies among other sources.

Job creation is generally acknowledged to be of particular concern to Canada for the next several years. While employment and unemployment statistics are well developed, much remains unknown about the dynamics of labour force participation, future skill and occupational requirements, and the causes and consequences of unemployment. This information is needed by policy planners to address the job creation issue.

An issue closely related to job creation is education and training. Of particular concern is the retraining of workers who face the loss of their jobs through changes in technology or economic structures. Policy and program development in the area of post-secondary education requires more information about adult education and vocational training.

Trade and industrial development issues such as industry specialization, regional development, foreign ownership, international competitiveness, free trade and the role of small business, call for data and analysis in areas where existing statistical information is not fully developed. Analysis of the increasingly important service sector in the Canadian economy requires improved data about types and volume of activity, and growth in the value of services. To address the related issue of productivity, information about factors such as capital stock, capacity utilization, technological innovation and the diffusion of advanced technology in the manufacturing sector must be further developed.

Public officials, professional analysts and the general public are demanding more statistics about the size and operation of the Canadian public sector and its efficiency and effectiveness. Information needs include improved measurement of: the public sector's revenues and expenditures; its employment levels; and its financial status in terms of investment and debt. To meet these requirements, data must be standardized so that more accurate comparisons between governments and levels of government can be made.

The issue of income security has become more important as an aging population, inflation and high levels of unemployment cause concern about the incomes of certain groups, especially elderly persons living alone and single parent families. The development and monitoring of pension and income supplement programs require improved statistical data about such matters as the distribution of income and wealth, poverty, pension rights and family support systems.

Constitutional provisions and land claims negotiations have heightened interest in a variety of issues related to aboriginal people in Canadian society. Examination of these issues requires improvements in the identification and profiling of these population groups.

New data are also needed about the numbers and characteristics of disabled persons in Canada in order to respond to the recommendations of the Parliamentary Committee on the Disabled. Information is required about the nature and impact of their disabilities on health, education, employment and other aspects of their lives.

The report of the special Parliamentary Committee on Visible Minorities noted repeatedly that the development and monitoring of Affirmative Action and other programs are hindered by a lack of statistical information. More data are needed to design programs to promote the well-being of minority groups and help them overcome obstacles to full participation in Canadian life.

In recent years, concerns have increased about the costs and access to the health care system, the future impact of our aging population and related matters. Substantial information exists about health care institutions and the costs of treating illness, but comparatively little is known about the health of Canadians in relation to health care expenditures. This limits evaluation of the effectiveness of health care systems and programs designed to promote healthier lifestyles. More information could also shed light on lifestyle and other determinants of good health, as well as on groups which may be disadvantaged with respect to health care.

Technological Change: Technological developments have enabled new approaches in data collection methods, data processing and products. Data can now be collected electronically from many sources. It can be correlated and the consistency and accuracy of statistical information improved with more sophisticated equipment. Information technology in the hands of information users is also leading to new dissemination techniques. Specific changes, such as the wide use of mini and micro computers and a new communications system involving satellite transmission and cable networks, will have a considerable impact on all operational aspects of the Program.

Legislated Requirements: Statistics Canada will continue to be directed by legislation to collect and distribute specific information to determine levels of expenditures and revenues, to evaluate policies and to administer programs. (See page 59, Supplementary Information, for a listing of Acts which presently require the provision of specific information).

2. Initiatives

During 1985-86, Statistics Canada will undertake the following initiatives in response to the environmental factors just described:

- develop methods to produce from administrative records, or sample surveys of the population, information to meet needs that will arise as a result of the reduced scale and scope of the 1986 Census;
- introduce an annual General Social Survey to address issues where policy planners lack information; the first survey will focus on support networks for the aged; the second phase may examine unemployment and youth;
- produce current year public sector financial estimates for federal-provincial budget coordination, and improve information on public sector debt, investment and employment levels;
- conduct a pilot Capital Stock Survey to improve measures of industrial productivity, the scale of production and costs, and to improve understanding of the uses and effects of technology;
- produce new information about university graduates and their employment status, experience and on-going needs;
- pursue greater integration of statistical operations and computerization of production processes to enhance productivity and the value of outputs for users; and
- conduct a redesign of business surveys that will generally improve the quality of outputs related to industrial activities.

3. Program Effectiveness

The effectiveness of the Statistics Program depends on the relevance and utility of its products to its various users. These qualities are maintained in a variety of ways built into the statistical process.

Program evaluation is a major management tool for ensuring continuing relevance and effectiveness. As a matter of policy studies of major program areas, which include interviews with key users and the review of concepts and methods, are carried out by experts external to the department. Details on recently completed program evaluation studies and a related program to improve operational efficiency are included in Section III, page 55.

Statistics Canada also uses a network of formal Advisory Committees in several major subject areas to ensure its programs are relevant, (for example, national accounts, prices, culture, vital statistics, education, justice and labour).

Federal-provincial meetings are held regularly to ensure that statistical concepts are kept under review and that outputs remain relevant.

Canada's participation in international organizations such as the Organization for Economic Cooperation and Development, the United Nations, the International Labour Organization and the International Monetary Fund requires that the program's outputs meet international standards to ensure that Canadian data are relevant to these groups.

These processes complement the ongoing discussions between personnel associated with surveys and their data users. This consultative network provides the knowledge with which Statistics Canada preserves and enhances the relevance and utility of its output. The result of these processes has been the continuous introduction of modifications to the Program, which have led to the following observations by the Moser Committee and the Auditor General:

> "As regards data quality, we are impressed by much of what we have seen. As regards timeliness, accuracy, and overall adequacy, most key series we have considered stand high in the international ranking. Our contacts with several knowledgeable users indicated that in general they were satisfied with the reliability of the statistics which the agency is publishing." (Moser Committee Report, 1980).

> "Our work showed that the agency's product line was certainly relevant .... Most of the agency's budget goes to producing statistics required by law or well established government needs .... We found no instances where Statistics Canada was spending significant sums on products which did not have identifiable users .... The agency's core users are extensively consulted. We noted a strong commitment on the part of the Chief Statistician to be responsive to government needs ..... Our interviews with several key users, including those in federal and provincial governments, showed that they found the agency's products on the whole both satisfactory and useful ... ". (Auditor General's Report, 1984).

Utility of Statistics Canada Products: In addition to information provided to meet legislated requirements, the statistical information provided to government is used primarily for economic and social policy and program development, monitoring and evaluation. Figure 32 on page 57 identifies several examples of these uses and the related outputs of the Program.

Approximately 45% of the enquiries recorded by Statistics Canada come from the business community which uses information primarily to plan, monitor and evaluate its activities. Figure 33 on page 58 identifies several examples of these uses and the related outputs of the Program.

Individual Canadians use statistical information to enhance their understanding of Canada and to make personal decisions that affect their daily lives. Its usefulness will vary with the interests and needs of individuals, and as such is impossible to measure quantitatively. Information about trends in the significant events in peoples' lives, such as births, marriages, deaths, population movements and divorce are subjects of major interest. As well, there is a high public interest in factors which describe the economic health of the nation.

Examples of products of special interest to the general public are the Consumer Price Index (CPI) and employment and unemployment statistics. The CPI, which measures real changes in retail prices, is a continuing guide for individuals about the purchasing power of their incomes. Employment and unemployment patterns across the country, reported monthly, are particularly useful to people who anticipate moving, entering the work force, or planning their education. The wide public exposure given to these data by the news media underscores their significance to individuals.

In general, public attitudes and political debate on issues such as crime, health, inflation, economic growth, regional disparity, poverty and language, are founded on generally available and broadly accepted statistical information about phenomena and conditions occurring in society.

Section II
Analysis by Activity

A. International and Domestic Economic Statistics

Objectives

To provide statistical information and analysis relating to the measurement of the international and domestic components of Canadian economic performance, in order to serve as a basis for the development and analysis of public and private economic policies, programs and decision-making.

To coordinate data collection and aggregation activities with other federal departments and with provinces and territories in order to minimize response burden on the business community.

Resource Summary

The International and Domestic Economic Statistics Activity accounts for approximately 31% of the total program expenditures and 32% of total person-years for 1985-86.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Measures of Economic Performance	10,588	210	10,104	210	9,187	203
Industrial Activities	36,012	800	35,097	810	34,156	823
Tourism	1,644	36	1,579	36	1,635	42
Science and Technology	1,289	24	1,239	24	714	17
International Trade	7,939	197	7,776	214	7,364	203
Corporate Finance	7,210	179	6,912	181	6,730	183
	64,682	1,446	62,707	1,475	59,786	1,471

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Description

Measures of Economic Performance: These measures provide an integrated system of information and analysis of Canada's economic activities, both domestic and international. Statistics reflecting millions of economic transactions in all sectors are regrouped into aggregate measures, referred to as the System of National Accounts. This system measures both the current performance and the structural make-up of the Canadian economy by type of economic transaction and by sector. It also presents key economic measures such as gross national product, gross domestic product by industry, balance of international payments, financial flows, as well as input/output tables and productivity measures.

Industrial Activities: This sub-activity provides information about the activities of the primary, secondary and service sectors. The primary industries sector reports on the agriculture, logging, mining, oil and gas industries and the contribution of this sector to the national economy and international trade. The secondary industries sector provides statistical information and analysis about the activities of more than 150,000 establishments in the construction and the manufacturing industries. It measures the flows and stocks of fixed capital assets employed in the Canadian economy and their degree of capacity utilization, and estimates the annual capital expenditure plans of businesses and governments. The service industries sector provides statistical information and analysis about transportation, communication, retail and wholesale trade, accomodation, recreational, personal and professional services. This sector includes more than 600,000 business establishments which. because of their diversity, are covered by more than 100 different surveys. The main components of this information are the financial performance of the industries and their activities.

The sub-activity also measures price changes for industrial goods and for capital expenditures and construction. These industry price indexes assess inflationary pressures and processes on the major industrial sectors of the Canadian economy. They are also essential in removing the effects of price changes from economic activity measures to arrive at the real output of the Canadian economy.

Tourism: This sub-activity provides information on the travel, tourism and recreation industries and on the volume and financial implications of international travel to and from Canada. Data from Statistics Canada surveys and external sources generate the information.

Science and Technology: This sub-activity provides statistical information for the formulation and monitoring of science and technology policy in Canada. It supplies information on the financial and human resources devoted to research and development (R&D) activities, the sources of funding for those resources, the effectiveness of R&D activities in terms of selected indicators and international comparisons, the availability of scientists and engineers both for R&D activities and the implementation of new technology, and federal government science activities.

International Trade: This sub-activity provides statistical information on Canada's merchandise exports and imports by partner country and commodity, including both quantity and value. Data are extracted from Revenue Canada Customs and Excise records and cover roughly one million transactions each month.

Corporate Finance: This sub-activity provides statistics about the financial and economic performance and taxation of the corporate sector of the Canadian economy, and covers more than 550,000 industrial and financial corporations. It also includes administration of the Corporations and Labour Unions Returns Act (CALURA) which measures the extent and effects of foreign ownership and control on the Canadian economy, and of the association of Canadians with international labour organizations.

Performance Information/Resource Justification

In 1985-86 improvements that will be made to established programs include:

- rebasing the National Accounts from 1971 to 1981 prices to reflect economic change and to maintain the relevance of these measures;
- improving the timeliness of release of data on Canada's international investment position, and quarterly financial flows;
- improving the quality of data on international travel, which is a significant component of the balance of trade;
- completing development work on the 1986 Census of Agriculture;
- conducting a pilot Capital Stock Survey to improve productivity measures, aid estimation of volume of production and production costs, and develop insight into the technology renewal process and the substitution of capital for labour; and
- improving the efficiency and reliability of business surveys by upgrading the register of Canadian businesses, (see page 42).

Quality of Service: The quality of service provided by this Activity to its various users can be assessed by the following factors:

- the frequency with which statistical products are provided;
- the timeliness of their availability following collection;
- their relevance for users; and
- the reliability or accuracy of the data.

Figure 5 displays the level of service for selected components of the International and Domestic Economic Statistics Activity.

Figure 5: Major Subject Areas, Selected Outputs, and Level of Service

Major Subject Areas and Selected Outputs	Level of Service	
	Frequency	Timeliness
Measures of Economic Performance		
National income and expenditures including gross domestic product, personal income and savings, government revenues and expenditures	Quarterly	55-60 days
Gross Domestic Product in manufacturing, mining and services	Monthly	56 days
Industrial Activities		
Logging inventories	Monthly	60 days
Farm cash receipts	Monthly	35 days
Production of grains and oil seeds	Quarterly	18 days
Census of manufactures	Annual	180-360 days
Housing starts	Monthly	30 days
Volume of retail trade	Monthly	40 days
New motor vehicle sales	Monthly	35 days
Tourism		
Flow of international travelers	Monthly	42 days
Receipts and expenditures	Quarterly	52 days
Trip characteristics	Annual	7 months
National tourism indicators and travel price index	Quarterly	2 months
Travel to work	Annual	7 months
Travel by Canadians	Quarterly	5 months

Major Subject Areas and Selected Outputs	Level of Service	
	Frequency	Timeliness
Science and Technology		
Industrial R&D expenditures	Annual	12 months
Federal Government R&D expenditures	Annual	2 months
Industry selling price index	Monthly	30 days
New housing price index	Monthly	30 days
International Trade		
Canadian trade	Monthly	40 days
Corporate Finance		
Financial statistics of corporations and financial institutions	Quarterly	45 days
Corporations and Labour Unions Returns Act: Corporations	Annual	24 months
Labour unions	Annual	18 months

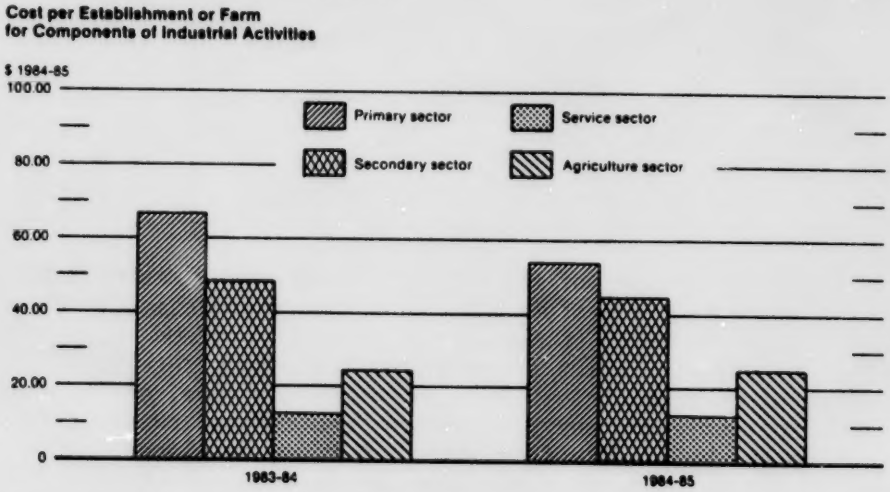
The relevance of many of the Activity's outputs is established by legislation which requires Statistics Canada to measure annual changes in gross national product, (G.N.P.). In order to produce this information annual statistics are required for agriculture, mining, forestry, manufacturing, transportation, communications, construction, the retail, wholesale and service sectors, and capital expenditures which provide the basic data from which G.N.P. is developed. The relevance of the surveys and associated statistical outputs are continually being reviewed through informal consultations with the various users. On a more formal basis, advisory committees on prices, national accounts and science and technology have been established to advise Statistics Canada on matters related to program issues, including the relevance of data.

The sub-elements make use of specifically designed sampling, editing and quality control measures to produce outputs which are generally considered of high quality. The economically sensitive uses of these statistics also suggests that users perceive these products to be of good quality. For the Measures of Economic Performance sub-element an indication of the quality of data can be obtained by comparing preliminary estimates with final data. Between 1961 and 1983 final data were annually within 0.4 percent of preliminary figures.

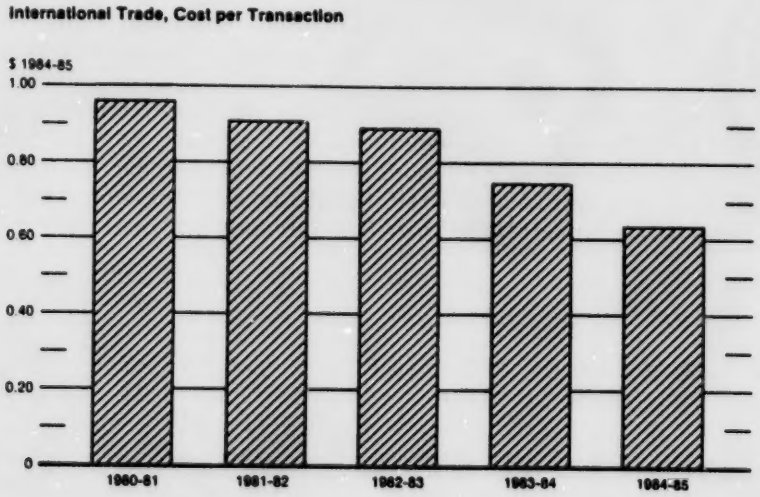
Sub-Activity Expenditure Patterns: Figure 6 displays the expenditure patterns of selected sub-activities.

Figure 6: Sub-Activity Expenditure Patterns

The following figure displays the cost of providing statistical information for the components of Canada's industrial activities. The costs are expressed per establishment in the primary, secondary and service sectors and per farm for the agriculture sector. With the exception of primary industries unit costs have been stable. For primary industries total costs have remained stable while the number of establishments has increased.



The following figure displays the cost per transaction of providing statistical information on Canadian imports and exports. The decline in unit costs reflects increased productivity in this area.



B. Socio-Economic Statistics

Objectives

To provide statistical information and analysis relating to economic phenomena commonly perceived as having a major impact on conditions of individuals and families, in order to assess the impact of changing economic circumstances on the people of Canada.

To coordinate statistical activities on socio-economic issues with other federal departments and agencies and with the provinces and territories.

Resource Summary

The Socio-Economic Statistics Activity accounts for approximately 18% of the total program expenditures and 16% of total person-years for 1985-86.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Family Income and Expenditure	4,766	96	5,472	103	4,229	95
Consumer Price Indexes	6,290	138	6,107	138	5,833	132
Employment and Unemployment	22,565	425	24,190	435	23,818	486
Sub-Provincial Data	3,848	73	3,929	76	3,378	68
	37,469	732	39,698	752	37,258	781

Description

Family Income and Expenditure: This sub-activity provides statistical information on income and expenditure levels and patterns for families, households and individuals in Canada including estimates and descriptions of the low income population. Statistics are derived from a number of sample surveys whose respondent populations vary in size from 7,000 to 37,000 households.

Consumer Price Indexes: The Consumer Price Index measures changes in retail prices. As such, it often serves as the official measure of inflation. The index covers 400 goods and services sampled in retail establishments throughout the country, with roughly 1,400,000 price quotes per year.

Employment and Unemployment: This sub-activity provides statistical information about various aspects of the labour market, including employment, unemployment, labour income, pension plans, work injuries and the unemployment insurance program. Statistics are based on results of monthly sample surveys of households (56,000) and businesses (67,000), and on the administrative records of Employment and Immigration Canada.

Sub-Provincial Data: This sub-activity provides statistical measures and products for sub-provincial areas such as counties, federal electoral districts, and municipalities. It embraces social, economic and environmental data. The main sources of sub-provincial data are censuses and administrative sources such as tax records, unemployment insurance records and similar provincial sources. The development of data from these administrative sources reduces the burden on individuals and businesses who would otherwise provide this information through surveys.

Performance Information/Resource Justification

The major change in resource requirements for the Activity is due to a 7% reduction in the sample size of the Labour Force Survey resulting in savings of $.7 million. A further small decrease in requirements is due to improvements to labour market publications making these outputs more cost effective.

Quality of Service: The quality of service provided by this Activity to its various users can be assessed by the following factors:

- the frequency with which statistical products are provided;
- the timeliness of their availability following collection;
- their relevance for users; and
- the reliability or accuracy of the data.

Figure 8 displays the level of service for selected components of the Socio-Economic Statistics Activity.

Figure 8: Major Subject Areas, Selected Outputs and Level of Service

Major Subject Areas and Selected Outputs	Level of Service	
	Frequency	Timeliness
Family Income and Expenditure		
Income of families and individuals	Annual	9 months
Expenditures of families and individuals	Biennial	15 months
Number and size of households	Annual	6 months
Consumer Price Indexes		
National CPI	Monthly	2 weeks
CPI for eighteen major centres	Monthly	2 weeks
Employment and Unemployment		
Labour force size	Monthly	14 days
Employment level	Monthly	14 days
Unemployment rate	Monthly	14 days
Number of employees	Monthly	55 days
Wages and salaries	Monthly	65-70 days
Number of unemployment insurance claims	Monthly	60 days
Pension memberships	Biennial	18 months
Sub-Provincial Data		
Migration of individuals	Annual	13 months
Statistical profiles	Occasional	-

The relevance of these data is established by their legislated uses and their general acceptance and wide use by various public and private sector clients. Members of the Advisory Committees on Labour Market Statistics and Price Measurement bring specialized expertise from outside the department to help establish the content and scope of the surveys in this area. Conferences are held each year with representatives of provincial governments, who are major data users, to discuss the usefulness and relevance of data.

Reliability of survey data is ensured by sample designs, which establish the minimum sample needed to produce acceptable estimates. The high response rates obtained by these surveys contribute to the reliability of the data. For other data, the quality of the estimates is determined by the nature and source of the information. Most data are compared with other sources to assess their reasonableness.

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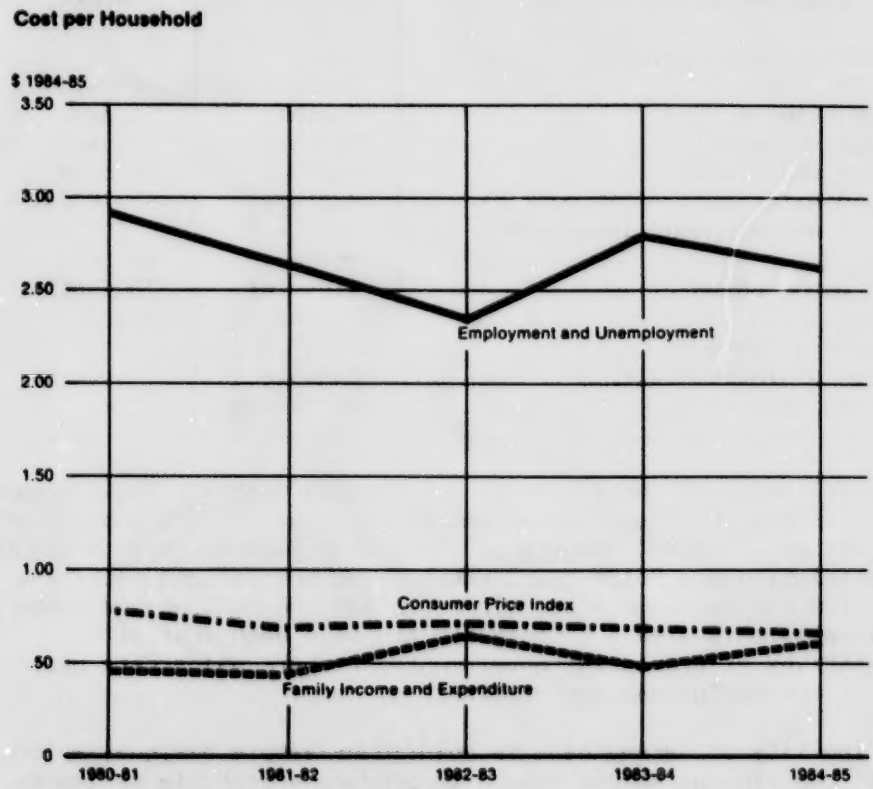
Sub-Activity Expenditure Patterns: The information in Figure 9 displays the expenditure patterns of selected sub-activities.

Figure 9: Sub-Activity Expenditure Patterns

The following figure displays the cost to each Canadian household of providing statistical information on the labour market, prices of products and services, and incomes and expenditures of families. In the labour market area the increase in cost in 1983-84 reflects the introduction of a new Survey of Employment, Payrolls and Hours. The decrease in cost in 1984-85 reflects a reduction in the sample size of the Labour Force Survey. For family incomes and expenditures the cost swings reflect the biennial cycle of the survey activity. The cost of the Consumer Price Index has remained stable.



C. Census and Social Statistics

Objectives

To provide statistical information, analysis and services measuring changes in the Canadian population, its demographic characteristics and its conditions, including the Census of Population, in order to serve as a basis for public and private decision making in areas concerning the people of Canada.

To coordinate statistical activities on social issues with other federal departments and agencies and with the provinces and territories.

Resource Summary

The Census and Social Statistics Activity accounts for approximately 8% of the total program expenditures and 7% of the total person-years for 1985-86.

Figure 10: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Census	10,769	235	12,040	313	7,885	327
Population Estimates	3,319	69	3,204	69	2,787	67
Health Status	1,327	15	1,314	21	867	16
Education Status	169	3	161	3	--	--
Public Safety	29	—	29	--	--	--
Social Conditions	567	10	549	10	317	8
	16,180	332	17,297	416	11,856	418

Description

Census: The Census of Population, conducted every five years, is the cornerstone of the Social Statistics Activity, providing benchmark information on the demographic, social and economic conditions of the population and the basis for sample surveys of the population.

Basic information such as age, sex, marital status and family composition is collected in every census. Other information on housing, labour market status, ethnicity, education and migration may vary from census to census to reflect the changing information needs of Canadian society. The census obtains its basic data by contacting every one of the more than 9,000,000 households in Canada, an activity which at its peak employs more than 45,000 people.

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Population Estimates: This sub-activity produces annual and quarterly estimates of the population, households and families and vital statistics on births, deaths, marriages and divorces. Analyses are conducted of demographic trends such as migration, the changing age structure of the population as well as periodic reports on the demographic situation in Canada. It also generates short-and long-term projections of the population, households and families, and population sub-groups. Estimates and projections are based on information from the Census, data on immigration data and vital statistics.

Health Status: This sub-activity provides information on the health of Canadians. The current focus is on the development of information profiling disabled and handicapped Canadians using information derived from sample surveys. Other work includes providing information on the incidence and evolution of specified diseases and studying the occupational health of Canadians.

Education Status: This sub-activity provides information about the education of Canadians and its relationship to other characteristics such as employment and occupation. It also measures the use of and accessibility to educational facilities and services. This information is provided by the Census of Population and periodic surveys. Activities in 1985-86 will centre on the continuation of a survey program, sponsored through cost-recovery from Secretary of State, including a Post-Secondary Student Survey, a general population survey on educational issues and the completion of the National Graduate Survey.

Public Safety: This sub-activity provides information on the public safety and security of Canadians. The current focus is on the analysis of information produced by the first Canadian Urban Victimization Survey, which was conducted on a cost-recovery basis by Statistics Canada for the Ministry of the Solicitor General, and on the planning, design and development of follow-up surveys. The Victimization Survey provides information on the incidence of crime, on the circumstances relating to the crime and on the characteristics of the victim.

Social Conditions: This sub-activity measures and analyzes a wide variety of social phenomena relating to Canada's population, households, and families. A new general social survey will provide data not available from other sources to assist in policy formulation and assessment. In the initial cycle of this survey the focus will be on formal and informal support networks for the elderly and the impact of different types of support on their well-being. Subsequent cycles of the survey, will address other issues of current concern, such as youth unemployment.

The sub-activity also develops profiles of the contributors and beneficiaries and financial dimensions of Canadian Social Security programs such as the Canada and Quebec Pension Plans, Unemployment Insurance, Family Allowances and Old Age Security.

Performance Information/Resource Justification

The major change in resource requirements, a reduction of $ 1.3 million is due to the development by the department of an alternate plan for the 1986 Census to realize resource savings. Other changes include the introduction of a general social survey; improved population estimates for small areas; and a special study of population projections for Status Indians will be completed.

Quality of Service: The quality of service provided by the Activity to its various users can be assessed by the following factors:

- the frequency with which statistical products are provided;
- the timeliness of their availability following collection;
- their relevance for users; and
- the reliability or accuracy of the data.

Figure 11 displays the level of service for selected components of the Census and Social Statistics Activity.

Figure 11: Major Subject Areas, Selected Outputs, Level of Service

Major Subject Areas and Selected Outputs	Level of Service	
	Frequency	Timeliness
Census Basic demographic data are produced within one year. More detailed priority publications on the labour market and related information are produced in the balance of the output program	5 Years	7-36 months
Population Estimates National, provincial and sub-provincial population estimates	Quarterly and Annual	3 months
National and provincial population household and family projections for a 25 year horizon	5 Years	--
Birth, deaths, marriages, divorces and causes of death	Annual	13 months

The relevance of these statistical outputs is ensured by extensive consultation with data users in planning the content of the census, surveys and other processes and by legislation which specifies many of the basic outputs. During the planning stages of censuses of population contacts are made with hundreds of data users including federal and provincial government departments, municipal governments, business, professional and labour organizations and other groups to determine current information needs. In the 1981 Census this process led to a cost sharing by five federal departments and agencies to receive specified data of particular relevance to their programs.

The Vital Statistics Council of Provincial Registrars General plays a major role in determining the content of outputs related to these measures. For information on the disabled, over 200 organizations and individuals were consulted about their data needs before and during the development of a data base.

Among the legislated uses of these population statistics are those specified by the Federal-Provincial Fiscal Arrangements Act. The $19 billion which was distributed by the federal government in 1983-84 based on data outputs of this Activity underscores their relevance.

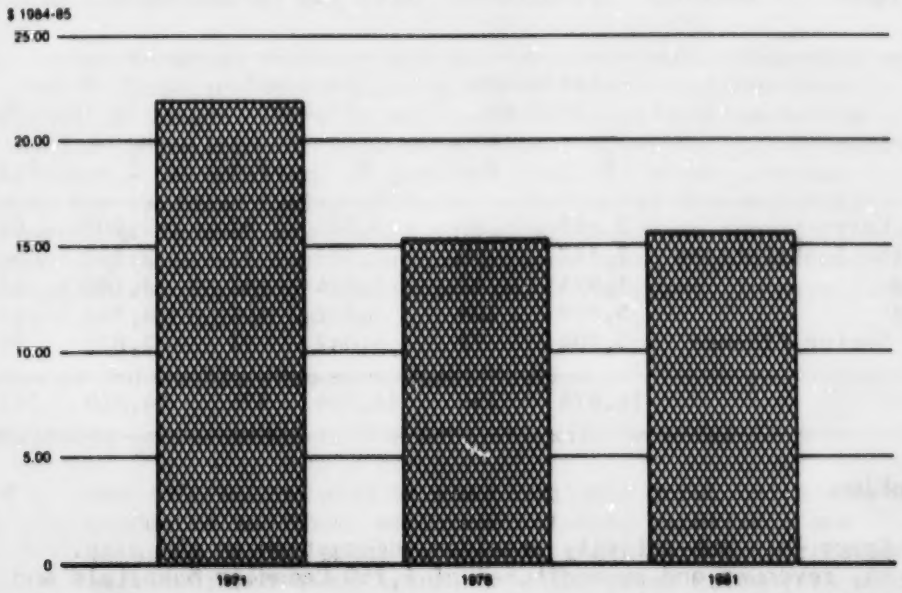
The reliability of the outputs from this Activity can be attributed to several factors. The Census of Population meets international standards of coverage with 98% of Canadian households included. Quality control measures are applied at all stages of the Census to ensure that the data are complete and that errors are found and corrected. Consequently, sample surveys based on the Census tend to be highly reliable. The high public response to these surveys also contributes to accuracy.

In the vital statistics area, the input data are of a very high quality, nearly 100% for births, deaths, marriages and divorces. In the population estimates area, the results of the 1981 Census established that the provincial population estimates were within 1% of the actual counts.

Descriptions of the reliability of most data produced by this Activity are included in the published results.

Sub-Activity Expenditure Pattern: Figure 12 illustrates the cost per household of the Census of Population including the 1971, 1976 and 1981 Censuses.

Figure 12: Cost per Household of Censuses of Population



The reduction in costs between the 1971 and 1981 Censuses can be attributed to several factors including; fewer questions on the long-form, which is completed by a sample of households; a smaller proportion of households included in the sample; and general data collection and production efficiencies. The 1981 cost per household was only slightly higher than the mid-decade 1976 census which asked significantly fewer questions.

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D. Institution Statistics

Objectives

To provide statistical information, analysis and services which facilitate an understanding of the nature and operation of the public and institutional sectors in Canada; in order to relate their operations to general societal needs and to provide a basis for policy development, program management and evaluation.

To develop and promote the use of common concepts, definitions and classification systems to ensure comparability of statistics; and to coordinate with provinces and territories and with other federal government departments the collection and aggregation of national and provincial information on institutions and their operationsto avoid duplication.

Resource Summary

The Institution Statistics Activity accounts for approximately 8% of the total program expenditures and 8% of the total person-years for 1985-86.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Health Care	3,683	83	3,525	83	3,509	89
Education Institutions	2,137	50	3,183	73	2,362	56
Culture	1,921	42	1,834	42	1,786	47
Justice	5,929	104	5,182	101	4,342	91
Public Sector Finance	3,204	77	3,042	77	2,870	79
	16,874	356	16,766	376	14,869	362

Description

Health Care: This sub-activity provides information on the size, resources, revenues and expenditures of 1,250 Canadian hospitals and approximately 4,500 special care facilities. Data are also provided on the diagnosis and treatment of the roughly 4.5 million Canadians admitted to hospitals each year, on therapeutic abortions and on accident victims.

Education: This sub-activity presents a statistical portrait of education in Canada from the pre-school to doctoral level. It documents trends in enrolment and graduation, teaching faculties and finances.

Culture: This sub-activity provides an overview of cultural institutions and artists in Canada, including creation, production, dissemination, consumption and conservation. Data are derived from more than 20 surveys of artists, cultural institutions and industries.

Justice: The Canadian Centre for Justice Statistics is the focal point of the federal/provincial initiative to provide national justice statistics and information. Programs are guided by the Justice Information Council - a committee of twenty-two federal and provincial deputy ministers, responsible for the administration of justice, and the Chief Statistician. The programs cover the civil and criminal justice systems, including law enforcement, prosecutions, legal aid, courts, and correctional services. For each sector of the justice system, the Centre describes the sector and its services, measures and describes caseloads and quantifies revenues, expenditures and personnel. The Centre also provides services designed to improve the manner in which managers and policy makers develop and use information on the justice system, and assists jurisdictions with the introduction and use of modern technology.

Public Sector Finance: This sub-activity provides basic financial and employment information about governments and government business enterprises in Canada. It also maintains a classification system to allow the comparison of these data between governments and levels of government. In addition, it provides data for other programs including the Canadian System of National Accounts, the statutory requirements of federal-provincial fiscal arrangements legislation and the reporting requirements of various international organizations (Organization for Economic Cooperation and Development, International Monetary Fund and United Nations).

Performance Information/Resource Justification

The following improvements to the Activity will be made:

- new information will be made available about university graduates and their employment status, experience and on-going needs; about management indicators in correctional services; and about trends in major crime categories and selected high profile crimes;

- support will be provided to justice agencies to develop and implement management information systems in the areas of law enforcement, courts, legal aid, prosecutions and corrections;

- more timely release of data on education, justice and governments by increasing the use of electronic data dissemination (CANSIM and TELICHART) and improving the efficiency of surveys and report production with resulting lower costs; and

- special reports will be issued on federal public service employment; and on Canadian youth as part of the International Year of Youth.

Quality of Service: The quality of service provided by this Activity to its various users can be assessed by the following factors:

- the frequency with which outputs are provided;

- the timeliness of their availability;

- their relevance for users; and

- the reliability or accuracy of the data.

Figure 14 displays the level of service for selected components of the Institution Statistics Activity.

Figure 14: Major Subject Areas, Selected Outputs, and Level of Service

Major Subject Areas and Selected Outputs	Level of Service	
	Frequency	Timeliness
Health Care		
Hospital in-patients, admissions and separations	Annual	22 months
Hospital operational information	Annual	33 months
Education		
University enrolment and graduates	Annual	12 months
Education finance	Annual	24 months
Minority and second language education	Annual	7 months
Culture		
Book publishing	Annual	8 months
Performing arts	Annual	9 months
Justice		
Crime data	Annual	3 months
Homicide data	Annual	6 months
Correctional services	Annual	10 months
Juvenile courts	Annual	10 months
Public Sector Finance		
Federal government revenues, expenditures, assets and liabilities	Annual	15 months
Provincial governments revenues, expenditures, assets and liabilities	Annual	22 months
Federal, provincial and local government employment	Quarterly	4 months

Much of the information produced by this activity is derived from local management or administrative systems of health care, educational and other such institutions and thus its reliability is very high. However, because of the large number of such local systems, Statistics Canada must continually monitor and adjust to the various definitions and classification systems being used. Where possible, the information is compared to data from other sources to ensure its accuracy. Where surveys are used, extensive efforts are made to follow-up with survey recipients so that a high percentage of returns is achieved. This includes personal follow-up by regional offices.

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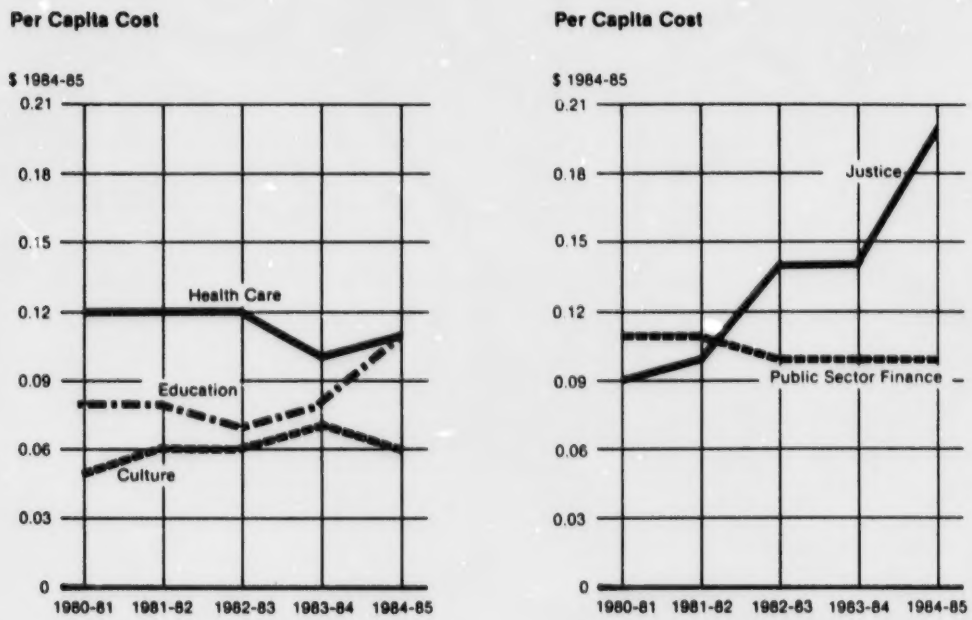
Extensive use of advisory committees on culture and health areas and an extensive network of federal-provincial committees on justice ensure the relevance of the information produced.

Sub-Activity Expenditure Patterns: Figure 15 displays the expenditure patterns of these sub-activities. For each area the per capita cost of providing statistical information is shown.

Figure 15: Sub-Activity Expenditure Patterns



The upward trend in per capita costs in justice is due to the infusion of new funds requested by the Justice Information Council for new management information for all sectors. In education, the increase is due to the implementation of programs requested and funded by the Secretary of State.

E. Technical Infrastructure

Objectives

To provide an infrastructure of centralized and specialized services in order to efficiently support and deliver the agency's statistical programs.

To develop and promote the use of common concepts, definitions and classification systems to ensure comparability of statistics.

Resource Summary

The Technical Infrastructure Activity accounts for approximately 23% of the total program expenditures and 25% of total person-years for 1985-86.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Analytical Studies	**5,746**	**94**	5,515	94	4,843	94
General Information Media	**4,598**	**82**	4,530	82	3,758	81
Marketing and Information Services	**11,651**	**376**	11,294	376	10,978	395
Classification Systems	**10,850**	**260**	8,545	221	7,216	212
Statistical Methods	**2,768**	**58**	2,635	58	2,350	52
Survey Operations	**6,151**	**130**	5,916	130	5,130	142
Computing	**5,801**	**121**	5,533	121	4,884	117
	47,565	**1,121**	43,968	1,082	39,159	1,093

Description

Analytical Studies: This sub-activity provides analyses of public issues by exploiting data collected by the agency, and identifies emerging economic and social trends. By maintaining close links with external policy analysts, it ensures the continuing relevance of Statistics Canada's output.

General Information Media: This sub-activity develops, produces and distributes a number of general purpose publications and develops and markets an electronic data base of the agency's statistics. General purpose publications include: The Canada Year Book and the Canada Handbook, biennial summaries of Canadian conditions; The Canadian Statistical Review, a monthly summary of economic conditions; Infomat, a weekly summary of statistical highlights; and The Statistics Canada Daily, a daily announcement of new statistical information. The electronic data base, CANSIM, permits direct retrieval and manipulation of most statistics produced by the agency by researchers throughout Canada. TELICHART, another electronic distribution system, permits the graphic analysis of major statistical series.

Marketing and Information Services: This sub-activity plans and co-ordinates processes with the objective that data compiled by Statistics Canada are publicly available and accessible to as many users as possible on a cost-effective basis. As well, it conducts research studies into potential information markets. It provides consultation and information services including a nation-wide network of reference centres that provide information by telephone; the library service which is a basic tool used by the agency's professional staff and also serves the public; and ongoing liaison with federal, provincial and municipal governments, the media, international agencies and major industry associations.

The sub-activity also includes the co-ordination of statistical information development by other federal government departments under Treasury Board common services policy and co-ordinates cost-recovery activities and revenues.

Classification Systems: This sub-activity maintains classification systems for industries, commodities and occupations, a register of Canadian businesses, as well as a system of geographic coding. These systems are basic tools essential to statistical collection and reporting which permit the breakdown of economic activity and employment by industry, commodity, occupation and geographic area.

Statistical Methods: This sub-activity provides the statistical methods and support capability required to maintain the quality and compatibility of statistical products, and the efficiency and effectiveness of the methods used to produce them.

Survey Operations: This sub-activity co-ordinates the planning and integration of survey functions both in headquarters and the regional offices. In addition, it manages and co-ordinates the regional collection, capture, edit and transmission of data for Statistics Canada surveys and other government clients.

Computing: This sub-activity provides the planning leadership for data processing, develops general data processing tools and identifies technical and human opportunities for improving departmental cost effectiveness through the use of advanced automation. It is also responsible for the management of the system development and data processing services of Statistics Canada.

Performance Information/Resource Justification

Analytical Studies: Research and analysis helps in assessing the appropriateness of current statistical measures and identifying needs for new data in light of social and economic change. As such, it helps to ensure allocation of resources to priority needs. In the absence of any objective measure of the value of current research and analysis projects, a list of selected studies to be reported on in 1985-86 is provided.

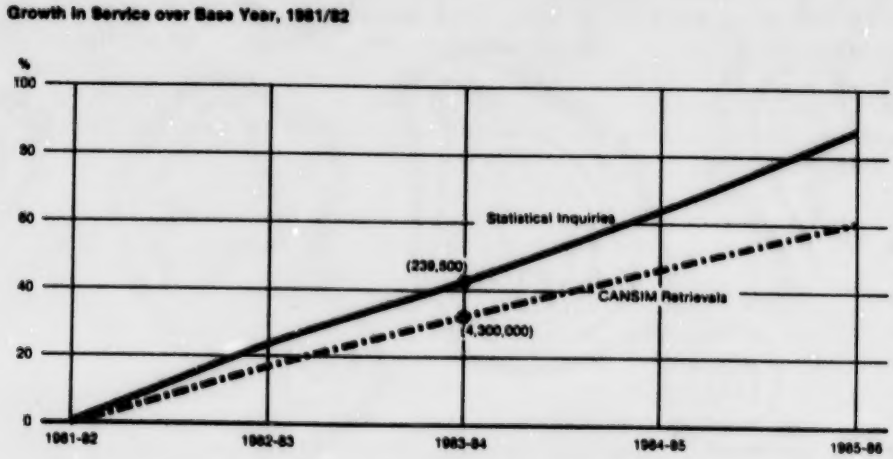
- Employment of Female Post-Secondary Graduates
- The Job Market for Post-Secondary Graduates
- Age Pattern of Disability in Canada
- Public Cost of Justice in Canada
- Women and the Law in Canada
- The Burden of Unemployment in Canada
- The Demography of Native People
- Estimating the Number of Emigrants
- Trade and Canadian Domestic Production
- Shopping Centres in Canada
- Quality and Age of Housing
- The Canadian Job Tenure Distribution
- The Film Industry 1980-82

Much of the work in this sub-activity can be related to subjects for which additional needs for statistical information have been identified in Section I, Environment, page 12.

General Information Media: The CANSIM information services provides data electronically to Statistics Canada's largest public and private sector users. By linking the CANSIM data base to TELIDON technology, data users can obtain data in graphic form. The growth in the level of CANSIM service is shown in Figure 17.

Marketing and Information Services: A major component of this sub-activity is the inquiries service which assists users in obtaining statistical information from nine reference centres across Canada. Figure 17 illustrates the recent growth in the level of inquiries serviced and projected growth.

Figure 17: Inquiries Service and CANSIM

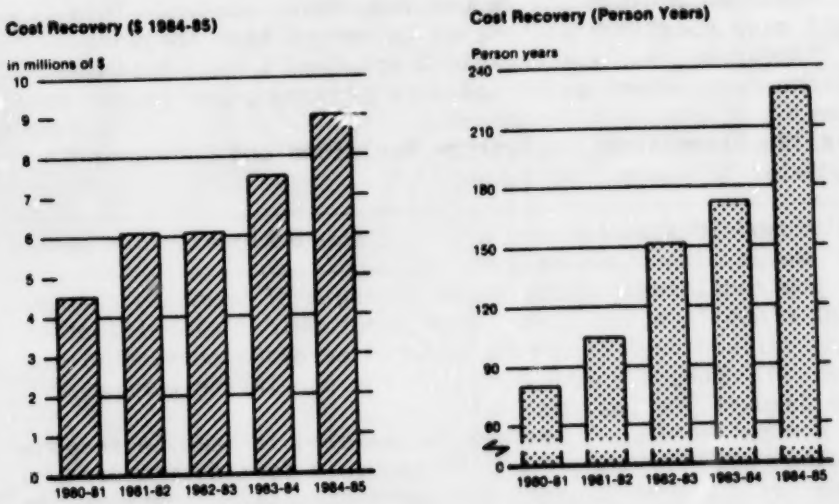


The public communications component of this sub-activity informs the public of the results of Statistics Canada's activities. Summaries and announcements of statistical information of public interest are provided to data users and the news media. Releases on subjects such as population trends, the consumer price index, gross national product and levels of employment and unemployment, are reported and analysed in all major news media. Monitoring of selected national media indicates that at present approximately 900 references per month are made and attributed to information produced by Statistics Canada. This exposure satisfies the needs of many data users without their having to contact the agency. In other cases, it stimulates demand for more detailed information not provided by the media.

The Publishing Centre component of this sub-activity co-ordinates the production and distribution of the agency's publications. The Centre is responsible for developing a departmental information dissemination plan, for production and marketing of products and services, and for introducing new publishing technology. The Centre was created in 1984 to promote greater efficiency in production and effectiveness in meeting users' needs. Information systems now being developed will allow measurement of the production cost of publications, volume of distribution and clientele.

The level of service provided on a cost-recovery basis to users with specialized needs is shown in Figure 18. The demand for these services has increased steadily and this trend is expected to continue.

Figure 18: Level of Cost-Recovery Service by Fiscal Year



Of the projected person-year expenditures in 1984-85 the following major projects, conducted on behalf of federal government clients, account for 50 percent of total expenditures.

Project Title	Client	Person-Years
Joint Transportation Agreement	Transport Canada	55
Isolated Post and Foreign Allowances	Treasury Board	11
Air Movement Statistics	Transport Canada	10
Automobile Fuel Consumption	Transport Canada	12
Survey of Post-Secondary School Graduates	Secretary of State	13
Canadian Travel Survey	Canadian Government Office of Tourism	9
Youth Court/Young Offenders	Solicitor General	5

The balance of the expenditures include smaller projects carried out for federal departments, as well as work for provincial governments, universities, businesses and associations.

Classification Systems: In 1985-86 Statistics Canada will spend 5% of its budget to maintain these essential components of the statistical system. This ongoing function results in periodic major revisions and enhancements. Areas to be revised in 1985-86 are shown in Figure 19.

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In addition, a new project will be undertaken to upgrade the register of Canadian businesses to improve the efficiency of individual business surveys and reduce respondent burden. This project will also establish mechanisms to ensure that the same concepts, standards and classifications are used in all business surveys to ensure consistency in the data produced.

Figure 19: Classification Systems Revisions and Enhancements

Revision and Enhancements	Rationale
Update and publish the standard geographical classification	As a result of boundary changes the geographical classification is updated every 5 years, for use with the population census.
Revise the occupational classification	The revision is made in response to requests from data users because occupational structures are changing.
Convert to an international system of commodity classification for customs, tariff and statistical use	The planning assumption is that Canada will become a signatory to the international Harmonized System Convention and Canadian systems will be implemented by January 1,1987.
Develop systematic profiling for large and complex business enterprises	To provide meaningful industrial and regional statistics it is necessary to delineate the operating and statistical structures and the reporting arrangements of complex business organizations and institutions.

Statistical Methods: Changes in the methods and techniques of data collection and handling can affect one or more aspects of the statistical process such as cost of production, respondent burden, data quality and products. Figure 20 summarizes the major studies of statistical methods that will be underway in 1985-86.

Figure 20: Statistical Methods Research and Analysis Studies

Study	Rationale
Telephone survey methods developments	To reduce survey costs and respondent burden by introducing data collection methods that maximize the use of telephones.
Small area estimation methods	To produce reliable data for smaller geographic areas than is currently feasible.
Edit and imputation methods	To improve data quality and consistency through the use of new data editing and imputation systems.
Questionnaire design research	To improve data quality and reduce respondent burden by improving the way survey questions are formulated and presented.
Development of new time series models	To improve the quality of seasonally adjusted data.

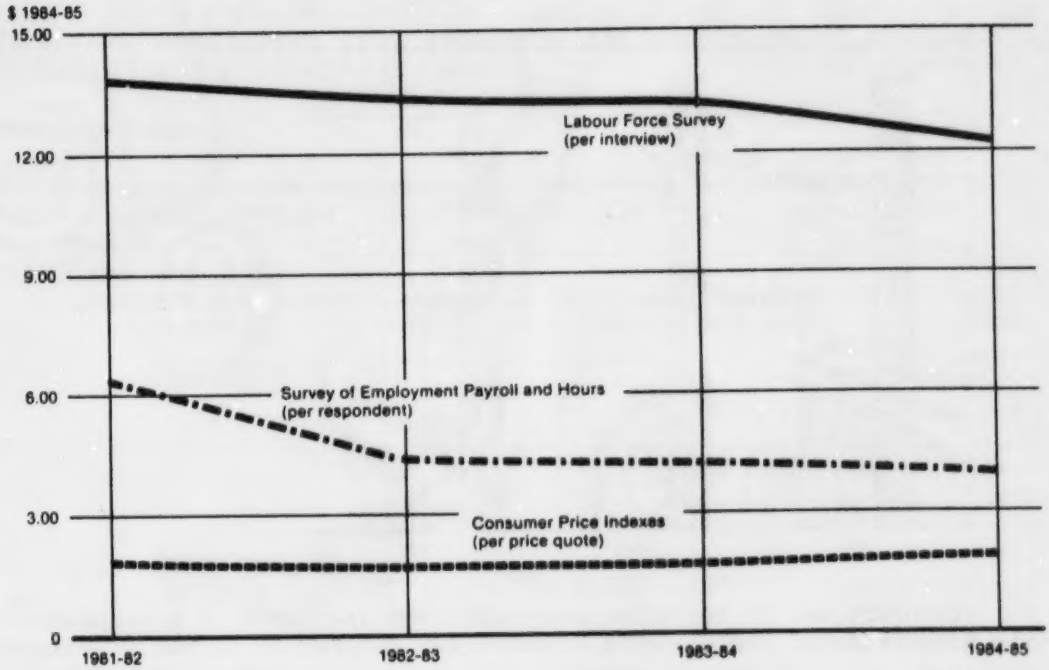
Survey Operations: The operations analysis and regionalization planning components of this sub-activity identify opportunities for improved statistical operations. Through selective integration of operations at the head office, such functions as data capture and editing are provided to surveys on a centralized basis with the potential benefits of improved timeliness, quality and resource savings. Extended regionalization of operations, including data collection, processing and dissemination, similarly offers potential quality, timeliness and cost improvements as well as improved service to respondents. Major work underway in this new operations integration and regionalization initiative are described in Figure 21.

Figure 21: Operations Integration and Regionalization Initiatives

Integration and Regionalization Initiatives	Rationale
Regionalization of the collection, data capture and editing of monthly export data is being assessed. A computerized data collection technique is being developed to regionally conduct and edit the monthly Survey of Manufacturing Shipments, Inventories and Orders.	The anticipated effects of greater regionalization are increased operational efficiency and improved timeliness in the release of data. In addition more local contact with respondents improves response rates and the quality of data.
Development work is underway to integrate standardized survey operations now performed in separate areas at the head office.	These integrations are expected to lead to operational efficiencies that will reduce personnel requirements. Another possible result is the integration of survey content, which will increase analytical potential.
Development work is underway in Health Statistics to standardize systems where data are collected separately from each of the provinces.	It is anticipated that this work will lead to savings for both the federal and provincial governments. These standardized systems may also be applicable to other institutional areas, such as Education Statistics.

The regional operations component of this sub-activity provides an infrastructure for regionalized data collection and data capture which maximizes efficiency in these processes. In 1984-85, the total value of regional operational services charged to statistical activities was $22.1 million to carry out 61 monthly, quarterly, semi-annual and annual surveys. Figure 22 illustrates the regional operational performance of three statistical surveys which account for 67% of the total service provided.

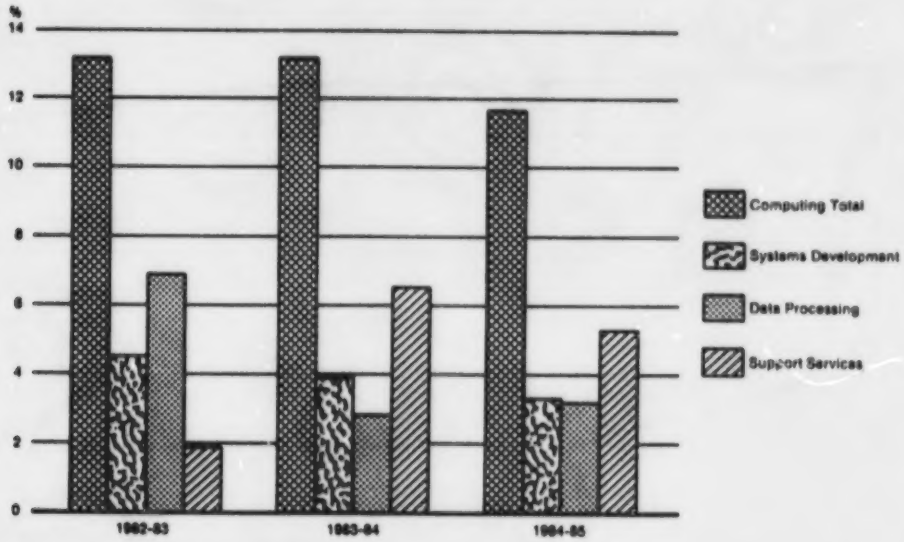
Figure 22: Unit Cost of Selected Regionalized Surveys



Information is now being developed which will measure cost savings and other improvements achieved through the use of regional operations.

Computing: Figure 23 illustrates trends in the proportion of Statistics Canada's budget allocated to computing and its major components; systems development, data processing and support services.

Figure 23: Proportion of Statistics Canada Expenditures on Components of the Computing Service



Although use of computing technology has increased in past years the proportion of the agency's expenditures devoted to it has declined. For the data processing component of the computing service this can partially be attributed to improved sampling techniques and the increased use of administrative records. For systems development the acquisition of advanced hardware has enabled some savings. A major factor in the overall proportionate reduction is the increased expenditure on support services including planning and control systems and training, which lead to more efficient use of the computing service.

In general, the increased use of computing technology in the agency's production processes has reduced personnel requirements and produced a broader range of outputs with greater timeliness and reliability. Management information now being developed will measure the impact of current and future investments on data processing and communications technology and the quality of service provided to the statistical activities.

F. Corporate Management Services

Objective

To provide central direction, management and administrative services in support of the agency's program.

Resource Summary

The Corporate Management Services Activity accounts for approximately 12% of the total program expenditures and 11% of total person-years for 1985-86.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Executive	2,824	42	2,808	42	2,575	41
Management Practices and Planning	2,177	23	2,127	23	1,829	29
Personnel	5,160	127	4,943	127	4,608	125
Finance	5,589	126	5,478	140	5,347	139
Administrative Support Services	9,150	167	9,439	167	12,298	169
	24,900	485	24,795	499	26,657	503

Description

The Corporate Management Services Activity consists of five sub-activities:

Executive: This sub-activity provides central direction and guidance to the program on strategy, planning and priorities. It includes the Chief Statistician, Deputy Chief Statistician, Assistant Chief Statisticians and their immediate support staff.

Management Practices and Planning: This sub-activity coordinates the development and review of strategic plans, policies and initiatives; coordinates the development of management information and performance indicators; and evaluates the efficiency and effectiveness of programs and plans.

Personnel: This sub-activity provides advice on the effective use of human resources and services in the following areas: organization structure and classification; staffing, staff relations, training and development; human resource planning, organizational development, internal communications, pay and benefits, affirmative action, official languages, and individual counselling for employees related to career development, grievances and harassment.

The increased application of technology to statistical operations will bring about a major re-alignment of skills in the agency. Requirements for clerical skills will diminish as technological requirements increase. Professional staff will be redeployed from operational management to analytical roles. These changes will be brought about through staffing, retraining and other established personnel processes.

Finance: This sub-activity provides financial policy, control, accounting and reporting services. It also coordinates operational planning processes and provides administrative services through a network of administrative officers.

Administrative Support Services: This sub-activity includes services which support the day-to-day operations of the agency; records management and mail, postage, telephone communications, tenant services, material management including capital acquisition and security services.

Performance Information/Resource Justification

Figures 25 and 26 show the ratio of Corporate Management Services to total Program person-years and expenditures.

Figure 25: Ratio of Corporate Management Person-Years to Total Program Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Statistical Activities	**3,987**	4,101	4,125
Corporate Infrastructure, Programs and Services	**485**	499	503
	4,472	4,600	4,628
Percentage of Total	**10.8**	10.8	10.9

Figure 26: Relationship of Corporate Management Expenditures to Total Program Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Statistical Activities	182,770	180,436	162,928
Corporate Infrastructure, Programs and Services	24,900	24,795	26,657
	207,670	205,231	189,585
Percentage of Total	12.0	12.1	14.1

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 27: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	144,426	140,018	132,695
Contributions to Employee Benefit Plans	20,220	18,202	19,321
Other Personnel Costs	175	168	161
	164,821	158,388	152,177
Goods and Services			
Postage	3,184	3,491	3,536
Other Transportation and Communications	7,354	6,928	6,668
Information	5,110	4,592	4,865
Enumerators	9,565	11,927	11,978
Other Professional and Special Services	12,706	12,986	6,468
Computer Rentals	2,360	2,819	2,279
Other Rentals	1,178	2,021	540
Purchased Repair and Upkeep	3,449	3,649	4,232
Utilities, Materials and Supplies	5,371	5,041	3,168
All Other Expenditures	12	13	12
	50,289	53,467	43,746
Total operating	215,110	211,855	195,923
Capital			
Construction and Acquisition of Machinery and Equipment	890	1,306	4,954
Transfer Payments	94	247	410
	216,094	213,408	201,287
Less: Receipts and Revenues Credited to the Vote	8,424	8,177	11,702
Total expenditures	207,670	205,231	189,585

2. Personnel Expenditures

Figure 28: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	91	83	73	50,530 - 96,300	66,181
Scientific and Professional					
Economics, Sociology and Statistics	700	689	695	14,570 - 65,080	44,948
Mathematics	145	132	123	16,150 - 68,070	43,778
Other	11	11	13		33,435
Administrative and Foreign Services					
Administrative Services	206	211	219	13,912 - 57,987	33,192
Computer Systems Administration	349	316	303	18,766 - 61,433	37,804
Financial Administration	39	36	36	13,853 - 57,980	37,622
Information Services	46	41	42	13,579 - 57,980	35,299
Personnel Administration	39	38	45	13,330 - 63,870	39,709
Program Adminstration	116	103	111	13,912 - 57,987	34,269
Other	17	20	20		35,996
Technical					
Social Science Support	747	773	774	12,635 - 57,764	34,060
Other	44	47	44		29,736
Administrative Support					
Data Processing	278	298	315	13,352 - 37,130	21,438
Clerical and Regulatory	1,433	1,556	1,589	12,932 - 31,743	21,253
Secreterial, Stenographic and typing	158	149	170	12,636 - 31,946	20,733
Other	17	27	42		18,013
Operational	36	35	37		21,814

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 29: Details of Grants and Contributions

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
To the Inter-American Statistical Institute	40,628	40,628	40,628
To the International Statistical Institute	1,706	1,706	1,706
To the International Association for Research in Income and Wealth	1,787	1,787	1,487
To the International Working Conference on Health Data Coding System	--	5,000	--
	44,121	49,121	43,821
Contributions			
To the Massachusetts Institute of Technology	50,000	50,000	50,000
New Employment Expansion and Development (need) Program	--	20,822	190,000
Summer Canada-Student Employment Program	--	126,973	127,160
	50,000	197,795	367,160
Total Grants and Contributions	94,121	246,916	410,981

B. Cost Analysis

The Statistics Canada 1985-86 Estimates include only authorities to be voted and statutory authorities. Consideration on a full cost basis must include services provided without charge. Details of such costs are outlined in Figure 30.

Figure 30: Net Cost of Program ($000)

1985-86 Program Expenditures	Add[1] Other Costs	Total Cost	Deduct[2] Revenue	**Net Cost**	Forecast 1984-85
216,094	31,976	248,070	9,910	**238,160**	236,761

1. Other Costs of $32.0 million include: ($000)

• Accomodation provided without charge by Public Works	28,090
• Employee Surgical - Medical Insurance (Treasury Board)	3,005
• Other services provided without charge by other departments:	
Department of Supply and Services	736
Labour Canada	137
Transport Canada	8
Total Other Costs	31,976

2. Total Revenues of $9.9 million consist of:

• Receipts and Revenue credited to the vote:	
Federal Government department and agencies	8,424
• Receipts credited to consolidated revenue	1,486
Total Revenue	9,910

C. Revenue Analysis

Figure 31: Revenue Analysis

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
From Federal Government Departments and Agencies	8,424	8,177	6,091
Census-Cost Sharing	--	--	5,611
	8,424	8,177	11,702
From Other Governments and Private Sector	1,236	790	1,180
Sale of Publications	250	290	221
	1,486	1,080	1,401
Total Revenue	9,910	9,257	13,103

D. Program Evaluation

This section details the results of two program evaluation studies. It also identifies new work currently underway, including work in operational efficiency.

International Trade: The International Trade sub-activity (see page 19, 22) processes some 10 million import and export transactions per year. It provides information about merchandise imports and exports to federal and provincial organizations involved in fiscal, monetary and trade policies, as well as to the private sector. Together, imports and exports make up about 30% of Canada's gross national product.

The evaluation study found that the statistics produced generally satisfy principal users. However, it concluded that one publication be eliminated and that joint plans be made with Revenue Canada, Customs and Excise to improve the quality of the administrative records that are the input to this sub-activity. This improvement will produce more reliable information and thus better decision-making.

Justice: The Justice sub-activity (see page 33, 36) is managed by the Canadian Centre for Justice Statistics and is the focal point for the provision of national justice information. The evaluation study found that it "must be considered a particularly successful approach to joint federal-provincial undertakings", specifically "to joint planning and decision-making among equals".

This study which focussed on the Centre's processes, generally supported the Centre's organization and statistical products. It concluded that the Centre's mandate be extended for five years and that program effectiveness be evaluated before the end of that period. The study also concluded that the joint sponsorships and independence of the Centre continue.

Current Studies: At present, evaluations of Financial Flows and of Population Related Health Status Statistics are in the final stages. Studies on Education Statistics, National Income and Expenditure Accounts, Service Producing Industry Statistics and Public Institutions have begun in the last few months.

Operational Efficiency: A strategy to improve operational efficiency, related to the evaluation program, has been instituted in selected areas of Statistics Canada. The goals are to review and if necessary improve operating procedures, and to ensure high productivity by balancing resources with work.

In selected areas this process will introduce

- improved operating systems and methods
- work standards and efficiency measurements
- work load and staffing plans, and
- a system to aid managers in resource planning, work scheduling and performance evaluation.

Statistics Canada has launched this program in two areas, External Trade and Agriculture Statistics, and in one critical support area, Production and Support Services. Several areas where the program will be applied in 1985 are Advisory Services, Regional Operations, Manufacturing and Primary Industries, and Merchandising and Services.

E. Sample Products and Uses

Figures 32 and 33 include information about the use by governments and businesses of representative statistical outputs.

Figure 32: Representative Statistical Information Outputs of Utility to Government

Outputs	Sample Uses
Gross National Product (GNP) Gross National Expenditure (GNE) Real Domestic Product (RDP)	Development of monetary and fiscal policy, preparation of budgets and forecasts, planning of regional development and industrial incentives programs
Federal, Provincial and Local Government Financial Statistics	Co-ordination of federal and provincial budgetary policies; calculation of provincial equalization entitlements
Balance of International Payments	Economic and monetary policies, interest and exchange rate policies, and export financing
Import/Export Data	Tariff negotiations, fiscal and monetary policy
Consumer Price Index	Indexation of income support programs in a variety of government legislation
Agricultural Statistics	Food production policies and marketing
Labour Force Statistics	Unemployment insurance and job creation programs; regional entitlements for unemployment insurance benefits
Population Census Statistics	Electoral boundaries, equalization payments and grants, monitoring the status of minority groups, housing policies, selecting locations for hospitals and schools and planning road networks
Individual and family income data	Taxation studies, income support programs
Health Statistics programs	Health care service and financing

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Figure 33: Representative Statistical Information Products of Utility to Business

Outputs	Sample Uses
Gross National Product	Assessing the impact of current and future levels of economic activity
Corporate Financial Statistics	Monitoring financial strength, tax burden and profitability of industries
Industrial Statistics	Forecasting, market research
Consumer Price Index	Widely used as a benchmark or for COLA clauses in wage and salary negotiations
Employment and Benefit Statistics	Forecasting, benefit programs
Agricultural Statistics	Determining demand for farm inputs and developing processing and marketing strategies
Census Population and Household Statistics	Market and site location analysis in retail trade and manufacturing
Import and Export Statistics	Marketing studies including import replacement

F. Legislated Requirements

The following is a list of Federal Acts which give the Chief Statistician or Statistics Canada responsibility for the collection or provision of specific information.

Family Allowance Act
Canada Pension Plan Act
Municipal Grants Act
Excise Tax Act
War Veterans Allowance Act
Unemployment Insurance Act
Old Age Security Act
Income Tax Act
Corporations and Labour Unions Returns Act
Banks and Banking Law Revision Act
Western Grains Stabilization Act
Supplementary Retirement Benefits Act
Canada Student Loans Act
Railway Relocation and Crossing Act
Railway Act
Pension Act
Official Languages Act
Judges Act
Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act
Electoral Boundaries Readjustment Act
Combines Investigation Act
Children of War Dead Act
Bankruptcy Act
Canada Council Act
Health Resources Fund Act
Winding-Up Act

G. International Commitments

The following is a list of International Organizations to which the Government of Canada has made commitments for statistical information.

United Nations Statistical Office
United Nations Economic Commission for Europe (ECE)
International Labour Organization (ILO)
Food and Agriculture Organization of the United Nations (FAO)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
International Civil Aviation Organization (ICAO)
World Health Organization (WHO)
International Monetary Fund (IMF)
Organization for Economic Co-operation and Development (OECD)
Commonwealth Secretariat
World Tourism Organization (WTO)
Inter-American Statistical Institute (IASI)

H. Regional Organization

Figure 34: Regional Organization Showing Location and 1984-85 Person-Year Allocation.

Location	P-Y Allocation
St-John's, Nfld.	26
Halifax, N.S.	48
Montréal, Qué.	56
Sturgeon Falls, Ont.	27
Toronto, Ont.	60
Winnipeg, Man.	46
Regina, Sask.	3
Edmonton, Alta.	47
Vancouver, B.C.	46
Total	359

Status of Women Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Status of Women
Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective as well as performance information that form the basis for the resources requested. Section II provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $2,599,000 in 1985-86 in support of the Status of Women - Office of the Coordinator. The remaining expenditures, estimated at $205,000 for pensions and other employee benefits will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Status of Women - Office of the Co-ordinator		
50	Program expenditures	2,599	2,590
(S)	Contributions to Employee Benefit Plans	205	189
	Total Program	2,804	2,779

Votes - Wording and Amount

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Status of Women - Office of the Co-ordinator	
50	Status of Women - Office of the Co-ordinator - Program expenditures	2,599,000

Program by Activity

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Office of the Co-ordinator	43	2,767	37	2,804	2,779

Section I
Program Overview

A. Highlights

Specific goals for Status of Women Canada in 1985-86, in addition to maintaining its regular operations, include the following:

- preparing and obtaining approval of a National Plan of Action on the status of women from 1985 to the year 1990 (see page 9);
- ensuring wide participation by governments, national women's organizations and the media in government and non-government preparatory activities of the 1985 United Nations World Conference on Women, and carrying out follow-up activities to this conference with the federal government, with provincial governments and with national women's non-government organizations (see page 9);
- preparing a report on total federal government funding to women's non-government organizations (see page 11); and
- preparing a report on the implementation of the Treasury Board policy on the Elimination of Sex Stereotyping in federal communications including recommendations for change if required (see page 11).

B. Financial Summary

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Status of Women, Office of the Co-ordinator	2,804	3,404	(600)
Authorized person-years	43	45	(2)

The 1984-85 forecast represents an increase of $625,000 and two person-years over the 1984-85 Main Estimates level of $2,779,000. This increase was authorized in Supplementary Estimates of that year for the Task Force on Child Care (see page 9).

The 1985-86 decrease over the 1984-85 forecast represents the net effect of an allowance for salary costs increases and the elimination of the one-year-only resources related to the Task Force.

C. Background

1. Introduction

Status of Women Canada is a federal agency as defined by the Financial Administration Act reporting to the Minister Responsible for the Status of Women. The agency was preceded by the establishment, in 1971, of the position of Co-ordinator, Status of Women in the Privy Council Office. The establishment of this position was in direct response to the Report of the Royal Commission on the Status of Women (1970). Also in 1971, a Cabinet Minister was assigned responsibility for the status of women. In 1976 it was decided that a separate agency outside PCO would be created. This agency, established by Order in Council was to be known as Status of Women, Office of the Co-ordinator, also called Status of Women Canada under the federal identity program.

Status of Women Canada provides advice and recommendations to the Minister Responsible for the Status of Women on all matters concerning the effective discharge of the Program's mandate, and provides information and liaison services in respect of government programs and policies concerning the status of women.

The agency should not be confused with other federal organizations relevant to women, including the Canadian Advisory Council on the Status of Women, the Women's Bureau of the Department of Labour and the Women's Program of the Department of Secretary of State. A brief description of each organization follows:

- the Canadian Advisory Council, as an independent organization funded by the federal government, acts as a conduit for information from women across Canada to the federal government on all issues of concern to women, conducts and publishes research studies and promotes an awareness of key issues facing women through public and media relations;

- the Women's Bureau carries out research and develops policies relative to the impact of the Canada Labour Code on women in the labour force; and

- the Women's Program is responsible for administering grants available to non-government women's organizations at the national, regional and local levels.

2. Legal Mandate

The legal mandate for the agency is provided by the Order in Council 1976-779.

3. Program Objective

The objective of the Program is to promote equal opportunities for women in all spheres of Canadian life.

4. Program Description

The role of the Program is to ensure that the federal government carries out its commitment to equality between women and men. This is achieved through:

- systematic analysis for the Minister of the impact on women of proposals, especially proposals for policy, legislative and program change;

- co-ordination of policy analysis on an inter-departmental, federal-provincial and international level so that policy recommendations to improve the status of women can be proposed to Cabinet by the Minister Responsible for the Status of Women; and

- communication with women's groups, non-government organizations and the general public on government priorities and issues of concern to women.

The Program is delivered by performing three functions which are reflected in its organization. They are: Policy Analysis and Development, External Relations and Public Information/Communications.

Policy Analysis and Development: This function involves the systematic analysis of the impact of existing government programs on women and the review of proposals for new or revised programs, policies and legislation with regard to

their impact on women. Policy analysis and development is carried out at the federal level as well as in cooperation with provincial governments and international bodies.

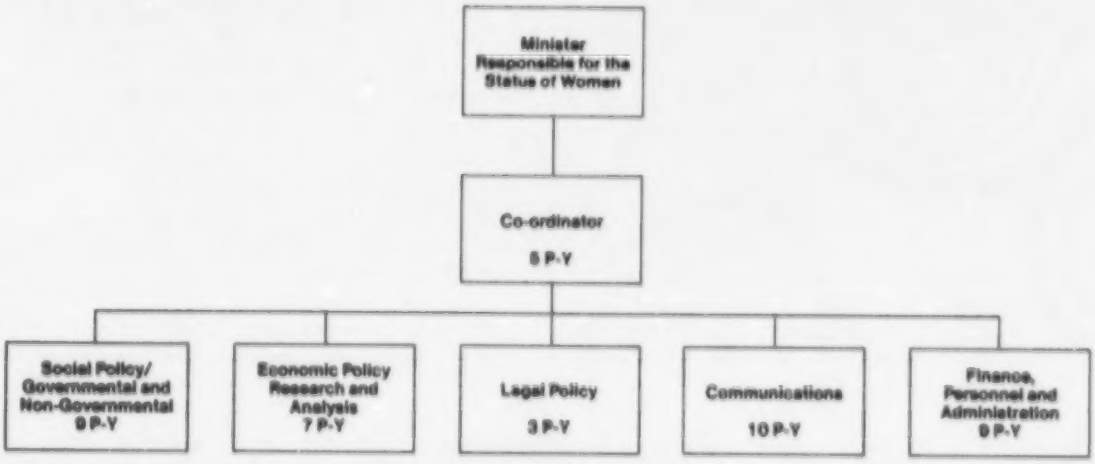
External Relations: This function consists of ongoing consultations with women's groups, academics and other groups and individuals at all levels interested in women's affairs in Canada and abroad, and is aimed at informing the Minister of the current environment and assisting these groups and individuals in their contacts with the federal government. Status of Women Canada also represents Canada on the United Nations Status of Women Commission, the Working Party on the Role of Women in the Economy of the Organization for Economic Co-operation and Development and the Organization of American States Status of Women Commission.

Public Information/Communications: This function informs women's groups and the general public of federal priorities and programs relating to the status of women by assisting the Minister in the preparation of speeches, correspondence, and media briefings. It also consists of media analysis, answering queries from the public and issuing publications dealing with women's issues and related areas of interest.

5. Program Organization for Delivery

Figure 2 displays the Program's resources distributed by organizational component.

Figure 2: 1985-86 Resources by Organization



The distribution of resources among the three main functions (excluding management and administration) on the basis of person-years is as follows: 33% for Policy Analysis and Development, 12% for External Relations and 23% for Public Information/Communications.

D. Planning Perspective

1. Environment

A number of factors whose scope and timing are often largely unpredictable influence the planning process of the agency. Included among these are political commitments, proposals of federal departments relating to women's needs and concerns, lobbying by non-government women's organizations and public response to government initiatives concerning women.

2. Initiatives

The efforts of Status of Women Canada in 1985-86 will be directed towards a continuation and expansion of initiatives undertaken in 1984-85 as discussed below. Specific goals planned for 1985-86 are identified under "Highlights" on page 5 of this document.

United Nations World Conference: Priority will be given to continuing preparations for Canadian participation in the 1985 UN World Conference on Women to be held in Nairobi through extensive interdepartmental, intergovernmental and non-government consultations.

Plan of Action: The development of a new plan of action on the status of women which will provide a timetable of relevant policy work for the next 5 years. This plan is the sequel to the 1979-1985 National Plan of Action on which a report was published in 1984 assessing the degree of its implementation and the progress made.

Task Force on Child Care: In June 1984, the Minister Responsible announced the setting up of a four member Task Force on Child Care. An amount of $625,000 and two person-years were approved for 1984-85 only to carry out the operations of this Task Force. The Task Force will report to the Minister Responsible before the end of fiscal 1984-85 and its report will be made public one month after it is received.

Communications Program: The communications capability within the Agency was implemented in 1984-85 and is now fully operational. Its purpose is to inform the general public and women's groups of federal activities in areas of interest to women.

3. Program Effectiveness

Status of Women Canada seeks to promote equal opportunities for women in all spheres of Canadian life. It plays a key role in ensuring that the federal government carries out its commitment to equality between women and men. This is accomplished by the systematic analysis of the impact of government actions on women with particular attention given to proposed changes to legislation, policies and programs and by the coordination of policy analysis at the interdepartmental, federal-provincial and international levels resulting in advice to the Minister and

subsequent recommendations to Cabinet for improving the status of women. The agency also communicates with women's groups, and the general public on government priorities and issues of concern to women and acts as a correspondence secretariat to the Minister in this regard.

The advice and recommendations resulting from research and consultation influence government policy, programs and legislation concerning women to varying degrees. Because government action in this area is influenced by a number of factors in addition to advice provided by Status of Women Canada it is difficult to establish clearly the relationship between the agency's work and specific changes to policies and legislation occuring in areas of concern to women and to assess the degree of its impact on such changes. Nonetheless, the agency has had considerable involvement in and influence on the following actions aimed at bringing about equality between women and men:

- additional unemployment insurance benefits for part-time employees and fishermen's wives;
- streamlining of unemployment insurance maternity benefits and extension to adoptive parents;
- child care expense deduction increased to $2000;
- improvement of benefits for surviving spouses of partially disabled veterans;
- amendments to the Canadian Human Rights Act concerning women;
- amendments to the Criminal Code concerning sexual offences;
- inclusion of Sections 15 and 28 in the Charter of Rights and Freedoms of the Constitutional Act;
- affirmative action in the federal public service;
- adoption of a federal government policy on the elimination of sex stereotyping in government communications;
- ratification of the United Nations Convention on the Elimination of all Forms of Discrimination Against Women;
- approval of the National Plan of Action on the Status of Women (1979-1985) comprising a timetable for policy development on status of women in the federal government and the subsquent preparation of a report on its implementation;
- creation of a Commission of Inquiry on Equality of Access to Employment;

- production of a supplement to the Green paper on Pensions entitled "Better Pensions for Canadians - Focus on Women";
- assistance to members of the Standing Committee on Health, Welfare and Social Affairs in its study on wife battering;
- Federal/Provincial/Territorial Report on Wife Battering released in May, 1984;
- Task Force on Child Care announced in May, 1984; and
- setting up the Special Committee to examine the problems of pornography and prostitution.

4. Performance Information/Resource Justification

Given the nature of the agency's work, only a few aspects of its endeavours can be quantified. Figure 3 provides some indication of workload trends over a three-year time span.

Figure 3: Workload Indicators

	1985-86 Projected	1984-85 Forecast	1983-84 Actual
Ministerial letters received and replied to	10,042	9,129	7,608
Letters initiated by the agency	325	295	246
Memoranda to the Minister	554	504	420
Ministerial speeches	47	42	35
Ministerial appearances (major presentations) before Special and Standing Committees	2	2	2
Briefing notes for Cabinet Committees	600	540	450

A significant level of the agency activities is carried out and managed on a project basis. In 1985-86 the agency is committed by Cabinet mandate to carry out research and analysis and consequently prepare reports on federal government activity in the matters of:

- federal funding to non-government women's organizations; and
- implementation of the Treasury Board policy on the elimination of sex stereotyping in federal communications.

In addition, the agency will represent the Government of Canada on two federal provincial territorial working groups, each of which will present a report to the June, 1985 meeting of Federal/Provincial/Territorial Ministers Responsible for Women. These working groups will specifically focus on the issues of wife battering and child care.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 4: Expenditures by Object ($000)

	Main Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,463	1,537	927
Other personnel	205	189	149
	1,668	1,726	1,076
Goods and services			
Transportation and communications	357	394	199
Information	266	252	9
Professional and special services	313	740	244
Rentals	45	42	35
Purchased repair and upkeep	20	20	10
Utilities, materials and supplies	98	137	96
	1,099	1,585	593
Total operating	2,767	3,311	1,669
Capital	37	93	77
Total expenditures	2,804	3,404	1,746

2. Personnel Expenditures

Figure 5: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2	50,350 - 96,300	52,306
Scientific and Professional	6	7	6	13,609 - 88,120	38,331
Administrative and Foreign Service					
Administrative Services	2	4	3	13,912 - 57,987	34,663
Financial Administration	1	-	-	13,853 - 57,980	37,830
Information Services	7	5	3	13,579 - 57,980	38,859
Program Administration	8	8	8	13,912 - 57,987	38,058
Administrative Support					
Clerical & Regulatory	7	8	8	12,932 - 31,743	18,999
Secretarial	8	9	5	12,636 - 31,947	19,906
Other	2	2	1	- -	31,500

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 6: Cost of Program for 1985-86 ($000)

	1985-86 Expenditures	Add Other Costs	**Total Cost**	Total 1984-85
Status of Women Canada	2,804	232	**3,036**	3,668

Other costs include accommodation provided without charge by the Department of Public Works ($229,000) and services provided by Supply and Services ($3,000).

Supply and Services Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Supply and Services
Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

There are three chapters in this document. The first provides an introduction to the Department. The other two present the Program Expenditure Plans for each of the Department's programs.

Chapters 2 and 3 begin with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

Each of the Program Expenditure Plans is divided into three sections. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within Section I of each Program Expenditure Plan, a financial summary provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

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Role and Responsibilities of Supply and Services Canada

Supply and Services Programs constitute 6% of the Services to Government Envelope Expenditures. Virtually all these resources are directed to the support of other departments and agencies of government.

The Department is made up of two administrations, Supply and Services. Figure 1 presents the organization of the Department.

Services Administration: Services provides a broad range of management and administrative services to the government as a whole and to individual departments and agencies under the Financial Administration Act and the Department of Supply and Services Act.

On behalf of the Minister, as Receiver General, the administration operates the Consolidated Revenue Fund, issues cheques for government payments, and maintains the government's central accounting system.

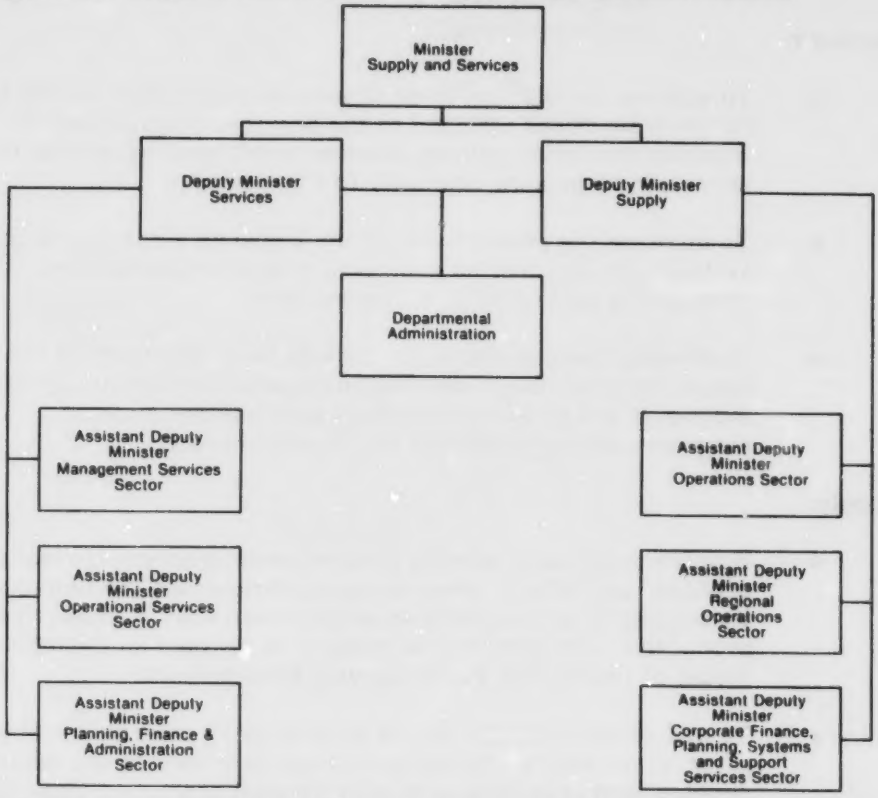
In accordance with the Department of Supply and Services Act, Services provides public service payroll and superannuation services, financial management reporting services, accounting and administrative support and central personnel record services. Advisory services in management consulting, auditing and computing are provided to departments and agencies on a fee-for-service basis. Further information pertaining to Services and its activities may be found in Chapter 2.

Services has adopted a new Operational Plan Framework for 1985-86 which more clearly relates the activities being carried out with the responsibilities assigned to Services by the Government and with the internal management of the Program and its accountability. This approach highlights the Receiver General functions.

Supply Administration: Supply provides goods and services in support of the programs of federal government departments and agencies while taking into account the contribution of Supply to national objectives. Supply operates as a revenue-dependent common service agency and under this arrangement, customer departments are charged for services according to rates approved annually by Treasury Board.

Supply Operations activities include Commercial Acquisitions; Science & Engineering Acquisitions; Regional Supply; Printing & Communications; Major Crown Projects; Export Supply and Program Administration. Further information about Supply Operations, Defence Production Operations and Procurement Support Initiatives can be found in Chapter 3.

Figure 1: Organization Structure - Supply and Services Canada*



* The Prime Minister announced January 8, 1985, there would be one Deputy Minister for the Department of Supply and Services. As a result of this announcement, there will be organizational changes to reflect the administrative integration of the two administrations, Supply and Services.

Figure 2: Net Resource Requirement by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Services Program	208,089	205,481	2,608	1.3	2-8
Supply Program					
Supply Revolving Fund	18,582	17,624	958	5.4	3-23
Defence Production Revolving Fund	2	(11,560)	11,562	100.0	3-43
Procurement Support Initiatives	29,949	28,866	1,083	3.8	3-45
	48,533	34,930	13,603	38.9	
Total Department	256,622	240,411	16,211	6.7	

Services Program is responsible for the joint administrative services for the whole Department.

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Departmental Priorities

Services:

- To achieve the planned level of service established for the full range of functions assigned to the Services Program and to improve service by gaining a better understanding of client needs and responding promptly to those needs.

- To increase the productivity of the Receiver General and other systems and improve its approach to data administration through the provision of on-line systems.

- To develop the current work force to meet the needs of the future, by providing a working environment which recognizes individual and group achievement and provides training programs and opportunities for job enrichment.

Supply:

- Supply's paramount priority is to promote greater efficiency, economy and effectiveness in its operations and the delivery of its outputs so as to create an environment that is supportive of productive management - in essence to become an Exemplary Model of Productive Public Service Management.

- To utilize the potential of the government's procurement buy to offer direct support to the government's economic and regional development priorities, primarily through promoting Canadian source development, productivity growth and competitiveness, and technological innovation.

- To nurture a value culture which exhibits a strong bias for action, a fundamental commitment to its clientele, and a respect of the individual.

Services Program
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1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $184,565,600 in support of the Services Program. The remaining expenditures, estimated at $23,523,400 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Services Program		
1	Operating Expenditures	178,627	183,901
5	Capital Expenditures	5,939	...
(S)	Minister of Supply and Services - Salary and Motor Car Allowance	42	41
(S)	Contributions to Employee Benefit Plans	23,481	21,539
	Total Program	208,089	205,481

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Services Program	
1	Services - Operating expenditures including recoverable expenditures on behalf of the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Supply Revolving Fund and authority to spend revenue received during the year.	178,626,600
5	Services - Capital expenditures	5,939,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates						1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Capital	Sub Total	Less Revenue Credited to the Vote	Total	
Receiver General Functions	2,785	142,150	3,377	145,527	19,732	125,795	126,916
Compensation Administration	1,354	52,396	1,017	53,413	4,452	48,961	46,041
Management and Administrative Services	958	72,447	1,133	73,580	61,891	11,689	12,179
Departmental Administration	374	20,142	258	20,400	8,308	12,092	11,299
Program Administration	135	9,398	154	9,552		9,552	9,046
	5,606	296,533	5,939	302,472	94,383	208,089	205,481

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Extract from Volume II of Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriation	Actual Use
	$	$	$
Vote 1 - Services Program expenditures including recoverable expenditures on behalf of the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Supply Revolving Fund and authority to spend revenue received during the year.	169,759,900	177,924,321	**172,168,957**
Statutory - Minister of Supply and Services - Salary and Motor Car Allowance	39,100	40,975	**40,975**
Statutory - Contributions to Employee Benefit Plans	20,920,000	23,284,000	**23,284,000**
Total Program	190,719,000	201,249,296	**195,493,932**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Services Program has established these 1985-86 goals:

- To complete the conversion of systems affecting some 2,800 computer programs, containing 3,400,000 lines of coding which impacts on some 12,000 data files to a single technology in order to improve the technological foundation for the development of common government systems and improve the approach to data administration. The cost of the project in 1985-86 will be approximately $3,705,000.

- In 1985-86 Services expects to issue about 137.4 million cheques on behalf of the government. These include an estimated:

  - 12.6 million pay cheques to government employees;

  - 2.8 million pension cheques to members of the various government superannuation plans;

  - 96.1 million social assistance payments on behalf of Health and Welfare Canada (HWC);

  - 2.6 million payments on behalf of Veterans Affairs Canada (VAC);

  - 1.8 million economic assistance payments (e.g., National Institutional Training Plan (NITP) payments);

  - 13.2 million rebates and refunds on behalf of Revenue Canada; and

  - 8.3 million other miscellaneous payments (e.g., suppliers accounts, etc.).

- Support to Health and Welfare Canada (HWC) is continuing to complete the decentralization of the Canada Pension Plan payment process from Ottawa to all participating provinces on a phased basis. Canada Pension Plan cheque issue will be decentralized on a phased basis by 1986-87. Resources allocated are $1,133,000 and 10 person-years for 1985-86.

- Support to Health and Welfare Canada (HWC) is continuing to provide services to their relocated offices for Family Allowance, Old Age Security and Canada Pension Plan Programs in Nova Scotia and Ontario amounting to $1,108,000 and 8 person-years for 1985-86.

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86			Forecast 1984-85	Change	For Details See Page
	Gross	Revenues	Net	Net	Net	
Receiver General Functions	145,527	19,732	125,795	120,927	4,868	2-22
Compensation Administration	53,413	4,452	48,961	47,334	1,627	2-26
Management and Administrative Services	73,580	61,891	11,689	14,272	(2,583)	2-31
Departmental Administration	20,400	8,308	12,092	13,468	(1,376)	2-35
Program Administration	9,552		9,552	9,480	72	2-38
	302,472	94,383	208,089	205,481	2,608	
Person-years			5,606	5,657	(51)	

Explanation of Change: The net increase of $2.6 million in 1985-86 requirements over 1984-85 forecast is primarily due to:

	($ millions)
• salary increases-net amount	7.0
• provision for conversion to single technology, single technology mainframes and key edit replacement	5.6
• reduction in net requirements for Centre for Service to the Public and Telidon Exploitation Program	(6.3)
• overhead and general restraint reductions	(6.6)
• other items	2.9

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 were:

- **Pay Systems Development:** an on-line input system has been developed and pilot operations have commenced to assess the effectiveness of this technological change. The actual financial requirement was $1.1 million or 24% lower than originally provided for in the 1983-84 Main Estimates.

- **Direct Funds Transfer:** the basic system for transferring payment data in machine readable form has been developed and pilot operations have been implemented. The total financial requirement was $527,000 of which 28% was higher than originally provided for in the 1983-84 Main Estimates. This variance was as a result of rescheduling planned activities from 1984-85 to 1983-84, which resulted in the utilization of two (2) person-years ($84,000) and an increase in Operation and Maintenance expenditures of some $30,000.

- In summary, Services has met as planned all performance targets in fulfillment of the Receiver General Functions and other responsibilities. System initiatives have been undertaken as planned and pilot projects have been implemented and evaluated. Conversion of data processing facilities from three technologies to one has achieved improved processing time.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates*	Change
Receiver General Functions	136,410	136,530	(120)
Compensation Administration	48,989	48,727	262
Management and Administrative Services	64,403	61,722	2,681
Departmental Administration	19,080	18,524	556
Program Administration	9,136	8,551	585
	278,018	274,054	3,964
Less: Receipts and Revenues Credited to the Vote	82,524	83,335	(811)
	195,494	190,719	4,775
Person-years	5,627	5,698	(71)

* The amounts have been restated to conform with the revised break-out by activity adopted for 1985-86. For details of actual expenditures based on the activity structure in place for 1983-84 see Figure 37, page 2-46.

The net increase of $4.8 million in actual expenditures over the Main Estimates was offset by Supplementary Estimates and was primarily the result of:

	($ millions)
• cost of establishing the Centre for Service to the Public and Telidon Exploitation Program	6.5
• purchase of replacement computer equipment	4.9
• salaries paid at lower rates than provided for in the Main Estimates	(6.8)
• other items	0.2

C. Background

1. Introduction

Services exists to provide central and common administrative services to the government in order to improve the government's administrative efficiency by providing services at lower cost. The delivery of most government programs is in some way dependent on the operations of Services.

The primary role of Services is related to the public purse. It involves administering the Consolidated Revenue Fund and performing the functions of the Receiver General for Canada. While ultimate control of public money rests with Parliament, and the general management of the Consolidated Revenue Fund is the responsibility of the Minister of Finance, the Minister of Supply and Services, as Receiver General for Canada, is responsible for three main functions:

- administering payments into, and expenditures from, the Consolidated Revenue Fund;
- maintaining the government's central accounting system; and
- controlling the government's payment process.

Services is also responsible for the administration of the public service payroll, superannuation and other employee benefit plans. The pay administration includes disbursement of pay for Parliament, the public service, the RCMP, other agencies and certain Crown corporations. The public service pension plan is administered for those public servants covered by the Public Service Superannuation Act and other retirement acts.

Services offers to other government departments and agencies a variety of management and reporting services. These services include administrative and advisory services, technical services in the area of personnel data systems, and the preparation of financial reports, management statements and supporting statistics.

2. Legal Mandate

Created on April 1, 1969, by the Government Organization Act, Services operates within a statutory framework established by the Financial Administration Act, the Department of Supply and Services Act of 1970 and a number of Orders-in-Council.

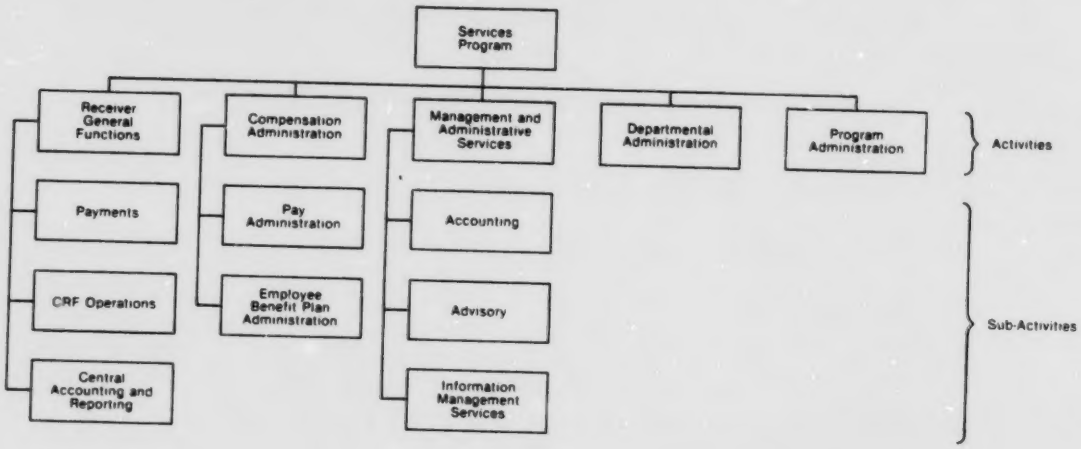
3. Program Objective

Services supports and contributes to federal government operations in an economic and efficient manner through the provision of Receiver General programs in the areas of payment and banking services, maintenance of the central government fiscal accounts and associated reporting; and other services in the areas of compensation, personnel, financial, administrative, management and advisory services.

4. Program Organization for Delivery

Activity Structure: The activity structure of the Services Program has been changed from seven activities to five as outlined in Figure 3. The change takes effect starting with the 1985-86 fiscal year structure which clearly and concisely identifies the activities mandated by the Government to the Services Program for the Receiver General functions. (Figures 35 and 36, page 2-45, show the relationship between the current and previous activity structures for the Program.)

Figure 3: Activity Structure



Organization Structure: Services is a decentralized program with regional offices across Canada as presented in Figure 4.

Figure 4: Services Administration Regional Operations

Services Administration is divided into three Sectors: Operational Services, Management Services, and Planning, Finance and Administration. Each Sector is headed by an assistant deputy minister to whom the directors general or directors of the branches or bureaux within that Sector report.

The roles of the major organizations reporting to the Deputy Minister of Services are summarized below:

Operational Services Sector: The Operational Services Sector operates a network of Regional and District Offices in major cities across Canada including St.John's, Charlottetown, Halifax, Fredericton, Quebec City, Montreal, Ottawa-Hull, North Bay, Toronto, London, Winnipeg, Regina, Saskatoon, Edmonton, Vancouver and Victoria, with computer centres linked to its main computers in Hull. Also in Europe, it operates a District Office at Lahr, West Germany. This Sector issues about 137 million cheques a year totalling about $125 billion. It issues cheques to suppliers of goods and services and to recipients of government socio-economic and grant programs such as Family Allowance, Old Age Security and Guaranteed Income Supplement, Canada Pension Plan, War Veterans Allowances, National Institutional Training Program and Agricultural subsidies. It also handles election warrant payments for the Chief Electoral Officer, census payments for Statistics Canada, customs and excise rebates, income tax refunds and provides the computer processes to support income security programs.

As paymaster for the public service, this sector not only issues cheques for salaries and wages, but also administers the pay account of each employee, ensuring that proper income tax, pension and other deductions are made and that credit is given for various benefits. Administration of public service pensions and insurance plans is carried out by this Sector mainly in Shediac, New Brunswick. The Operational Services Sector provides financial management and statistical reports and certain accounting functions to departments and agencies on request.

Management Services Sector: The Management Services Sector carries out a number of Receiver General functions and provides other services on a cost recovery basis in response to requests from client departments and agencies.

In carrying out the Receiver General functions, the Government of Canada Banking and Accounting Branch performs all the statutory responsibilities other than the payment issue processes. As well it carries out the cheque redemption function for all Receiver General cheques and Unemployment Insurance Benefit Warrants, at the Cheque Redemption and Control Division in Matane, Quebec.

In the field of consulting, the Bureau of Management Consulting provides a broad range of consulting services to government departments and agencies.

In the field of auditing the Audit Services Bureau is a major auditing organization in Canada and has offices in Vancouver, Edmonton, Winnipeg, Ottawa-Hull, Montreal, Toronto, Quebec City, and Halifax. The Bureau conducts financial audits of industries and organizations that contract with the federal government. It also performs internal financial audits on behalf of departments and agencies.

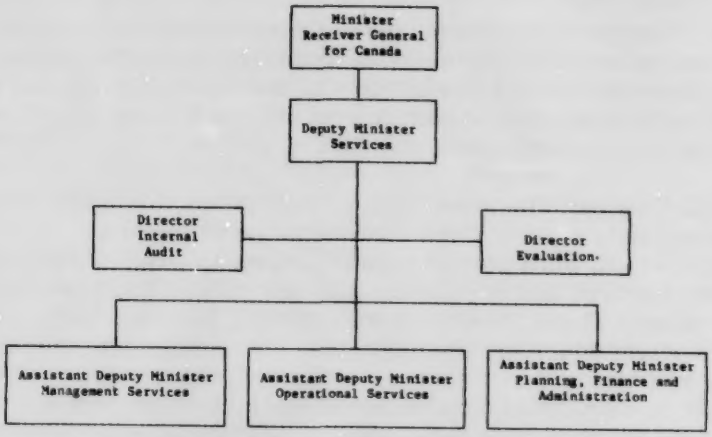
In addition the Advisory Bureau for Computing, designs and operates information systems in support of the personnel management function for central agencies and for other departments and agencies upon request.

Planning, Finance and Administration Sector: The Planning, Finance and Administration Sector provides a focal point for the provision of internal planning and financial services and for the co-ordination of management and control activities within Services. The Sector is responsible for advising on the effect of human rights programs in Services as well as privacy and access legislation, ensuring that appropriate response and co-ordination mechanisms are in place.

The Sector is also responsible for all aspects of the security, fire and emergency programs through its Services Security Branch, and for providing service to the public through a toll-free telephone referral service and production and distribution of an index to federal government programs. Through the Departmental Administrative and Advisory Services Branch, the Sector provides services to both the Supply and Services Administrations on internal management and functional guidance on administrative matters.

In addition, the Internal Audit Branch and the Evaluation Branch report to the Deputy Minister. Personnel, Information and Legal services are shared with the Supply Administration and these branches report directly to both Deputy Ministers. The relationship between the departmental organization and the activity structure, together with a breakdown of 1985-86 resources, is shown in Figure 5.

Figure 5: 1985-86 Resources by Organization/Activity* ($000 and Person-years)



ACTIVITY	Assistant Deputy Minister Management Services		Assistant Deputy Minister Operational Services		Assistant Deputy Minister Planning, Finance and Administration		ACTIVITY TOTAL	
	$	PY	$	PY	$	PY	$	PY
Receiver General Functions	24,596	543	120,931	2,242			145,527	2,785
Compensation Administration			53,413	1,354			53,413	1,354
Management and Admin. Services	56,795	739	13,290	215	3,495	4	73,580	958
Departmental Administration					20,400	374	20,400	374
Program Administration	921	16	1,175	16	7,456	103	9,552	135
GROSS AMOUNTS	82,312	1,298	188,809	3,827	31,351	481	302,472	5,606

* The Prime Minister announced January 8, 1985, there would be one Deputy Minister for the Department of Supply and Services. As a result of this announcement, there will be organizational changes to reflect the administrative integration of the two administrations, Supply and Services.

D. Planning Perspective

1. Environment

Services Administration provides a range of essential services to all other departments and many government agencies. Changes in their programs impact on activities of the Services Program. The following factors will be of most significance to Services during the period 1984-85 through 1986-87: changes in forecast demand for program goods or services, changing economic technological or social conditions and new government policies affecting the program.

Legislation: Changes to the Public Service Superannuation Act, which call for extension of superannuation for those determinate appointments under the Public Service Employment Act not now covered as well as legislation and standards arising from recent national pension reform proposals, may impact significantly on client data and payment administration.

Technological Change: The present decade continues to promise development of new and increasingly sophisticated configurations of electronic data processing, communications, and word processing equipment. Dramatic changes both in management practices and in procedures at the operational level have been and are being realized. Departments are experiencing increased acquisition of personal computers which are used primarily for management support and information purposes within their programs. With the development of software there is an increasing demand by departments to use their personal computers (PC's) to access Services data bases.

Services continues to see these changes both as an opportunity and challenge which has resulted in its ongoing investigation of the potential of the new technology with a view of improving its effectiveness. Pilot projects and exploratory studies are continuing to assess the feasibility of introducing and maintaining automated on-line and other systems for Services activities. As well, the skills needed within Services in the future are being assessed and a human resource plan prepared to develop the skills within the organization.

Economic Climate: The economic growth, fiscal climate and government restraint are being felt within Services activities. Emphasis is being placed on productivity, value for money and economical ways of maintaining existing Program activities. Changing technology configurations in the high tech field will, however, result in increased resource investments in order to keep pace with demands and should also result in meaningful productivity gains.

2. New Initiatives

There will be no new initiatives during the fiscal year 1985-86, however previously approved projects, see page 2-17, will continue.

3. Update on Previously Reported Initiatives

Conversion to Single Technology: Services is in the second year of its four-year project to convert its computer operations to IBM-compatible single technology. The equipment required for the first phase of the conversion has been installed and parallel testing on the central accounting system is in progress. The cost of the phase scheduled for 1985-86 is $3,705,000 with a projected savings of some 30 person-years and $1,444,000 in 1986-87.

Pay Systems Development: In accordance with a 5 year plan to achieve pay systems consolidation, on-line pay input and other systems improvements, pilot projects to assess the effectiveness of On-Line Pay are underway with the Department of Consumer and Corporate Affairs, Energy Mines and Resources and with the Operational Services Sector of Supply and Services. Implementation of On-Line Pay will be determined by the results of the evaluation of the pilot projects which will be available in 1984-85. Provision for this initiative is 17 person-years and $1,505,000 in 1985-86, 4 person-years and $938,000 in 1986-87, and a savings of 23 person-years and $690,000 in 1987-88.

Pension Systems Development: To automate the operation of the various superannuation systems, a phased development of the superannuation systems is underway. Redesign of the Public Service and Canadian Forces Superannuation systems is proceeding as planned, with implementation anticipated in 1985-86. The Canadian Forces Superannuation enhancement cost is 21 person-years and $630,000 in 1984-85, and 18 person-years and $548,000 in 1985-86. Full implementation of the system will result in an overall saving of 25 person-years and $695,000 in 1986-87.

Direct Funds Transfer (DFT): This refers to the transmission of payment data in machine readable form to financial institutions for the deposit of payments into individual accounts. DFT is an alternative method of payment for the Receiver General to improve service levels. This payment method has been extended to a pilot population of recipients of Public Service Superannuation as of April 30, 1984. (The projected cost for 1984-85 is 7 person-years and $224,000, and 4 person-years and $135,000 in 1985-86 to continue the pilot applications.) Another pilot is also underway in the Public Service Pay system with one third of the External Affairs population.

Conversion of earlier pilots, External Affairs Foreign Services Allowances, Interest on Student Loans and Department of National Defense (DND) Pay Allotments, to the new standard system is planned for 1984-85.

Employee Benefit Statements: As part of a pilot project, Employee Benefit Statements were issued to all members of the management category across the public service, and subsequently to all employees of Services at a cost of 2 person-years and $48,000 in 1984-85. The pilot is now being evaluated by the Treasury Board Secretariat to determine the feasibility of extension to the rest of the public service.

4. Program Effectiveness

The effectiveness of the Services Program is measured in two main areas: the Receiver General Functions and Cost Recovery Services.

Receiver General Functions: The major aim of this function is to ensure that the financial transactions of the Government of Canada are carried out under stringent accounting controls, ensuring visibility, accountability and accuracy in the Public Accounts of Canada. Other financial statements and custom designed reports are prepared to meet client department and agency needs, from the Receiver General central data banks.

The function consists of processes for payment of government personnel, employee benefit plans, certain social programs and government accounts; operation of the Consolidated Revenue Fund i.e., receipt and deposit of public money, management of government bank accounts, and reconciliation of Receiver General cheques and warrants with the cash and bank balances of Canada; maintaining the central accounts of Canada; preparing and producing Public Accounts and reports to departments and government on financial and related operations, and the safekeeping and administrative services related to securities. (Key measures are reflected in Figure 6.)

There are several factors to consider in measuring the effectiveness of this function. For instance, how effectively are the Consolidated Revenue Fund (CRF) and funds on deposit with chartered banks being operated. Other measurements are the availability of reports within prescribed schedules for government departments and agencies, the public and Parliament. Payment services covers the payment of government personnel employee benefit plans, certain social programs and government accounts (see Section II, A, for details on operations), for which the key measure of effectiveness is the percentage of payments issued on time as indicated in Figure 6.

Figure 6: Service Delivery

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Volume of payments	137,371,000	135,736,000	129,048,000
Achievement of target - percentage of payments issued on time (%)*	100	100	99.9
Operations of the CRF			
Average time for transfer of receipts via bank facilities (1 working day excluding clearing day. Actual day(s) shown)	0.8	0.8	0.8

* See figure 12 for detailed breakdown.

Figure 6: Service Delivery (Cont.)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Financial Reporting			
Month-end departmental statements for which final delivery was on or before the 8th working day of the following month (%)	97.0	97.0	97.0
Issue monthly the Statements of Financial Operations of Government (average number of days after General Ledger of Canada completed)	16	16	15
Issue Public Accounts by November 30	Nov. 30	Nov. 30	Oct. 21

Cost Recovery Services: Services recovers the cost of providing certain administrative services in support of departmental activities as directed by legislation such as the Canada Pension Plan and Unemployment Insurance Acts and those services provided on request to departments and agencies. Departmental requests cover a wide range and include financial, data processing and auditing. The services for which costs are recovered are reflected in practically all activities of the program.

The measure of effectiveness is the delivery of a planned level of service requested, within a forecasted cost (see Figure 7). Quality and efficiency are however measured through a combination of ongoing and increases in service demands and client satisfaction.

Figure 7: Service Delivery ($000)

	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Planned cost of recoverable services	96,925	83,335	76,011
Actual expenditure for the service	89,594	82,524	77,123

Figure 8: Summary of Resources by Activities ($000) and Person-Years

Activity	Estimates 1985-86	
	$	P-Y
A. Receiver General Functions	145,527	2,785
B. Compensation Administration	53,413	1,354
C. Management and Administrative Services	73,580	958
D. Departmental Administration	20,400	374
E. Program Administration	9,552	135
	302,472	5,606
Less: Receipts and revenues credited to the vote	94,383	
	208,089	5,606

Forecast 1984-85		Actual 1983-84		For Details See Page
$	P-Y	$	P-Y	
142,471	2,741	136,410	2,743	2-22
51,732	1,366	48,989	1,384	2-26
69,819	999	64,403	954	2-31
21,573	393	19,080	391	2-35
9,480	158	9,136	155	2-38
295,075	5,657	278,018	5,627	
89,594		82,524		2-44
205,481	5,657	195,494	5,627	

A. Receiver General Functions

Objective

To provide a timely payment and banking service, maintain central government fiscal accounts and provide associated financial, statistical and other reports to government, central agencies and departments in a manner and form they can use.

Resource Summary

This activity accounts for approximately 48% of total 1985-86 Services Program expenditures and 50% of total person-years.

Figure 9: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Payments	101,868	1,885	100,105	1,838	96,974	1,868
CRF Operations	16,826	403	16,239	403	14,970	392
Central Accounting and Reporting	26,833	497	26,127	500	24,466	483
	145,527	2,785	142,471	2,741	136,410	2,743
Less: Receipts and Revenues Credited to the Vote	19,732		21,544		18,209	
	125,795	2,785	120,927	2,741	118,201	2,743

* Activity dollars and person-years for 1983-84 Actual and Estimates have been pro-rated to sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

The $4.9 million net increase between the 1984-85 forecast and 1985-86 Estimates is as a result of:

	($ millions)
• economic price increases	2.4
• support of Health and Welfare Canada's decentralization, and establishment of a Services Office in North Bay	1.5
• conversion to single technology, single technology mainframes and key edit replacement	3.5

- decrease in revenues for items applicable to 1984-85 only 1.6
- overhead and general restraint reductions (6.4)
- other increases in expenditures 2.3

Figure 10: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	87,849	60	83,871	59	80,725	59
Postage	26,333	18	29,381	21	29,546	22
Transportation and communications	4,361	3	4,192	3	3,635	3
Professional services	4,088	3	4,498	3	3,474	3
Computer rentals	8,644	6	6,154	4	4,707	3
All other	14,252	10	14,375	10	14,323	10
	145,527	100	142,471	100	136,410	100

Past Financial Performance

Figure 11: 1983-84 Financial Performance ($000)

	1983-84		
	Actual*	Main Estimates*	Change
Payments	96,974	97,059	(85)
CRF Operations	14,970	14,983	(13)
Central Accounting and Reporting	24,466	24,488	(22)
	136,410	136,530	(120)

* Activity dollars and person-years for 1983-84 Actual and Estimates have been pro-rated to sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

Description

This activity involves three sub-activities, including reporting services based on the use of a centralized data base. The data is captured through Receiver General activities and the Public Service Pay and Benefit Systems. These sub-activities are payments, Consolidated Revenue Fund (CRF) operations and central accounting and reporting.

The payment function involves processes for payment of government personnel, employee benefit plans, certain social programs and government accounts and the provision of associated accounting, financial and statistical data in support of the government programs.

The Consolidated Revenue Fund operations deal with all the cash flows and balances related to the banking responsibilities of the Receiver General. This includes the authorization, control, establishment and operation of the Receiver General bank facilities and transfer accounts; receipt, transfer, holding and disbursement of public money in Canada and abroad; the distribution of Receiver General balances between banks by daily drawdowns and re-deposits and all disbursements of public money made to redeem Receiver General cheques and warrants. In addition, a reconciliation is made of the Receiver General cheques and warrants issued with the bank balances.

The central accounting and reporting function involves the maintenance of the central accounts of Canada, covering revenues, appropriations, expenditures, assets and liabilities. The centralized Receiver General's data base provides the information to prepare the Accounts of Canada, produce the annual Public Accounts, publish the monthly statement of the government's financial operations, provide special reports to central agencies and provide budgetary and financial statements to departments and agencies. In addition, as a derivative of the public service payroll payment process, a broad range of services are provided to central agencies and departments related to the application of computers to personnel management. The function also provides for the safekeeping and administrative services related to securities.

Performance Information/Resource Justification

The payment process, pertaining to employee, recipient and supplier payments, amounts to $101,868,000 and 1,885 person-years of this activity's resources in 1985-86 (see above for the sub-activity description, and Figure 12, page 2-25 for the Workload by Major Outputs under the heading, Payments).

The Consolidated Revenue Fund's banking responsibilities of the Receiver General, amounts to $16,826,000 and 403 person-years of this activity's resources in 1985-86 (see above for the sub-activity description and Figure 12, page 2-25 for the Workload by Major Outputs under the heading CRF operations).

The Central Accounting and reporting function, involving the maintenance of the central accounts of Canada, amounts to $26,833,000 and 497 person-years of this activity's resources in 1985-86 (see above for the sub-activity description and Figure 12 for the Workload by Major Outputs under the heading, Central Accounting and Reporting).

Figure 12: Workload by Major Outputs

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Service Delivery Targets	Achievement (%)
Payments					
Pay payments	12,619,271	12,594,571	11,618,467	Within 15 days of receipt of request.	98
Pension payments	2,782,434	2,680,470	2,625,655	Within 45 days of retirement and monthly thereafter.	98
Social payments	98,709,974	97,295,374	93,443,031	Family Allowance: 20th of the month; Old Age Security and CPP: monthly by 3rd last banking day.	100
Supplier's payments	6,732,028	6,800,822	6,831,044	85% of cheques issued within 3 working days. Balance within 5 working days.	100
Other payments	16,526,800	16,364,800	15,316,182	National Revenue Refunds and Rebates: 3 working days, or 5 with explanation on stub, after receipt of documents from Revenue Canada.	92
Consolidated Revenue Fund Operations					
Number of bank facilities and transfer accounts	7,500	7,250	7,025	Workload indicator only.	
Cheques and warrants reconciled	172,000,000	168,000,000	166,000,000	Reconciliation of cheques and warrants issued within 7 days of receipt in Cheque Redemption and Control Division, Matane.	100
Central Accounting and Reporting					
Number of central accounts	4,000	3,550	3,612	Workload indicator only.	
Number of input transactions to the Central Accounting System holding files and data banks	65,000,000	58,500,000	52,700,000	Workload indicator only.	
Number of departments and agencies receiving reports	102	98	97	Workload indicator only.	
Issue Public Accounts	Nov. 30	Nov. 30	Oct. 21		

B. Compensation Administration

Objective

To provide the administrative services to carry out the pay function for government employees and those services required to administer the government employee pension benefit and insurance plans.

Resource Summary

This activity accounts for approximately 18% of total 1985-86 Services Program expenditures and 24% of Program person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Pay Administration	32,614	831	31,796	838	29,794	836
Employee Benefit Plan Administration	20,799	523	19,936	528	19,195	548
	53,413	1,354	51,732	1,366	48,989	1,384
Less: Receipts and Revenues Credited to the Vote	4,452		4,398		4,155	
	48,961	1,354	47,334	1,366	44,834	1,384

* Activity dollars and person-years for 1983-84 Actual and Main Estimates have been pro-rated to the sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

There are no significant changes in the net expenditures between the 1984-85 forecast and 1985-86 Estimates for this activity.

Figure 14: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	42,241	78	40,888	79	39,865	81
Transportation and communications	2,573	5	2,435	5	2,208	5
Computer rental	2,507	5	2,040	4	1,156	2
All other	6,092	12	6,369	12	5,760	12
	53,413	100	51,732	100	48,989	100

Past Financial Performance

Figure 15: 1983-84 Financial Performance ($000)

	1983-84		
	Actual*	Main Estimates*	Change
Pay Administration	29,794	29,635	159
Employee Benefit Plan Administration	19,195	19,092	103
	48,989	48,727	262

* Activity dollars and person-years for 1983-84 Actual and Main Estimates have been pro-rated to the sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

Description

This activity covers the administrative and support services required to administer the pay, pension and other benefit functions for the public service, the Canadian Forces and the Royal Canadian Mounted Police.

As part of the administration of pay, Services accepts data from the employing department for the maintenance of payroll records for the public service and Royal Canadian Mounted Police and the post-audit of some elements of pay for the Canadian Forces.

Services also administers the employee pension and other benefit plans for all public servants who are covered by the Public Service Superannuation Act, for members of the Canadian Forces and the Royal Canadian Mounted Police, members of Parliament, judges, and for the employees of some Crown agencies. The services provided include maintenance of records of contribution and eligibility, the calculation of benefits (with the exception of the Canadian Forces Superannuation and Judges' Pensions), and the preparation of statistical and other reports. These functions are carried out in the regional offices with the bulk of the administration services performed by the Shediac, New Brunswick, office.

Performance Information/Resource Justification

The two major workloads of this activity account for 98% of the total activity resources. The workload volumes are displayed in Figure 16.

Figure 16: Workload by Major Outputs

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Service Delivery Target	Achieved (%)
Pay Administration					
Accounts:				Update Master File upon receipt of data from departments.	
House of Commons	4,300	4,100	3,850		
Public Service	323,155	322,840	310,525		
RCMP	19,600	19,400	21,047	a) Critical Pay Transaction within 15 days.	98
	347,055	346,340	335,422	b) Other Pay Transactions within 30 days.	100
Volume Transactions[1]	6,791,000	6,912,000	7,271,000		
Employee Benefit Plan Administration-Pensions					
Contributor Accounts[2]:					
Public Service	324,891	321,679	322,134	Record and maintain up-to-date files for working life of contributor and life of the pensioned employee and life of the survivors.	Will meet
RCMP	16,910	16,910	16,807		
Members of Parliament	310	310	277		
Judges					
	342,111	338,899	339,218		
Recipients Accounts:					
Public Service	151,947	145,701	137,889	Update Master File within 45 days of retirement and monthly thereafter.	95
RCMP	5,810	5,542	5,106		
Members of Parliament	327	327	277		
Judges	407	392			
Canadian Forces	79,381	76,697	72,317		
	237,872	228,659	215,589		

[1] Volume transactions represent public service pay only.

[2] No measure available for contributors.

The Complexity of salary contract settlements and pension legislation has a pronounced effect on the resources required for administration. Thus, resources required for this activity do not vary directly with changes in volume. The most meaningful indicator of resources required to carry out this activity is the volume of individual transactions required to process the payments involved and to maintain accurate and up-to-date individual pay and pension accounts.

Pay Administration: This sub-activity records the processing of all data received from employing departments for the maintenance of payroll records. As illustrated in Figure 16, priority is given to all critical pay transactions (new and departing employees) which are usually processed within fifteen days of receipt from a department. All other pay transactions (amendments to existing payroll records) are processed within thirty days of receipt.

Resource levels are determined for the most part by the expected transaction level. Marginal decreases are expected in transaction levels in 1985-86. The use of transactions as the primary measure of resource requirements commenced in 1982-83 and is considered to be the best indicator available. Time standards were used in 1983-84 to further test the relationship of transaction volumes to resource needs in a variety of work situations. The results indicate further development is required before a definitive link is achieved.

Employee Benefit Plan Administration: This sub-activity includes the maintenance of superannuation contributor records of superannuation benefits. The number of recipients is expected to increase marginally in 1985-86.

In 1985-86, the person-year resources for this sub-activity will decline by approximately 0.9 per cent. Reductions in person-year requirements are a result of improved productivity. These reductions are partially offset by an increased person-year requirement to improve and enhance the Canadian Forces Superannuation System.

C. Management and Administrative Services

Objective

To provide common and other services on request to client departments or to the government as a whole as directed by central agencies in such areas as finance, management, advisory and administrative services.

Resource Summary

This activity accounts for approximately 24% of total 1985-86 Services Program expenditures and 17% of total person-years.

Figure 17: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Accounting	33,475	484	22,935	444	27,618	468
Advisory	31,802	330	37,402	371	30,674	348
Information Management Services	8,303	144	9,482	184	6,111	138
	73,580	958	69,819	999	64,403	954
Less: Receipts and Revenues Credited to the Vote	61,891		55,547		52,439	
	11,689	958	14,272		11,964	954

* Activity dollars and person-years for 1983-84 Actual and Main Estimates have been pro-rated to the sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

The net decrease of $2.6 million between 1984-85 Forecast and 1985-86 Estimates is primarily the result of the following factors:

	($ millions)
• salary increases	1.7
• reduction in net requirements for the Centre for Service to the Public and Telidon Exploitation Program	(6.3)
• net increase in demands for Management Services, mainly for accounting services	1.5
• other increases in expenditures	0.5

Figure 18: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual* 1983-84	
	$	%	$	%	$	%
Personnel	41,549	56	40,501	58	36,354	56
Transportation and communications	6,259	9	5,602	8	5,022	8
Professional services	18,457	25	17,943	26	17,136	27
All other	7,315	10	5,773	8	5,891	9
	73,580	100	69,819	100	64,403	100

Past Financial Performance

Figure 19: 1983-84 Financial Performance ($000)

	1983-84		
	Actual*	Main Estimates*	Change
Accounting	27,618	26,468	1,150
Advisory	30,674	29,397	1,277
Information Management Services	6,111	5,857	254
	64,403	61,722	2,681

* Activity dollars and person-years for 1983-84 Actual and Main Estimates have been pro-rated to the sub-activity levels, based on a detailed analysis carried-out for the 1984-85 Main Estimates.

Description

This activity covers accounting, advisory and information management services impacting on such fields as auditing, finance, personnel and consulting, as well as mechanisms that improve service to the public, accounting and other services that are provided on request to departments and agencies. This activity also involves developing, updating and maintaining files on recipient records for social programs; and other information management services which are derivatives of Receiver General functions.

Performance Information/Resource Justification

The resource needs in this activity are directly related to the requests made by departments and agencies for services or the provision of services to the government as a whole as directed by central agencies. The level of service is determined by the recipient department or central agency. The costs of providing the requested services are recovered from departments while central agency requests are funded by appropriations. Figure 20 presents workload information for this activity.

Figure 20: Workload by Major Outputs

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
No. of audit assignments completed[1]	3,000	3,000	3,048
No. of consulting assignments	450	430	658
No. of departments and agencies receiving financial and/or related services[2]	52 to 60	50 to 60	54 to 64
No. of Files maintained in support of Information Management Systems[3]	29,185,250	28,079,950	24,718,330

[1] in previous years, basis was number of audit assignments completed plus those in progress during the year.

[2] not all clients take every service.

[3] includes Family Allowance, Old Age Security and Canada Pension Plan files.

In 1985-86 the planned level of services provided to departments and agencies on a fee-for-service basis is $61.9 million. This includes performing 3,000 audit assignments on behalf of about 50 departments and agencies by a professional staff of some 300 auditors and about 450 consulting assignments in some 60 departments and agencies by a professional staff of about 110. The scope of the audit assignments encompasses the areas of internal audit of the operations of the clients (36%), external audit of grants and contributions (16%), external audit of government contracts (30%) and audits of federal-provincial agreements and other work (18%). The in-house staffs are supplemented by private sector firms when warranted.

This activity includes $3.3 million for mechanisms that improve service to the public which covers the toll-free telephone services to the public and the production and distribution of an index to federal government programs and services. In addition, this activity includes the maintenance of recipient files in support of information management systems for social programs such as Family Allowance, Old Age Security and the Canada Pension Plan.

D. Departmental Administration

Objective

To provide the administrative support and associated services common to the Services and Supply programs at minimum overall cost.

Resource Summary

The Departmental Administration activity accounts for approximately 7% of the total Services Program expenditures and 7% of the total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Departmental Administration	20,400	374	21,573	393	19,080	391
Less: Receipts and Revenues Credited to the Vote	8,308		8,105		7,721	
	12,092	374	13,468	393	11,359	391

The net decrease of $1.4 million between 1984-85 forecast and 1985-86 Estimates is the result of the following factors:

	($ millions)
• salary increases	0.7
• planned person-year reduction	(0.5)
• reduction in tenant services and other minor items	(1.2)
• other	(0.4)

Figure 22: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	13,586	66	13,346	62	12,501	66
Postage	2,170	11	2,330	11	2,047	11
Transportation and communications	1,494	7	1,764	8	1,135	6
Professional services	1,182	6	1,805	8	1,209	6
All other	1,968	10	2,328	11	2,188	11
	20,400	100	21,573	100	19,080	100

Past Financial Performance

Figure 23: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Departmental Administration	19,080	18,524	556

Description

This activity includes the office of the Minister and all administrative, personnel and information services that support the operational programs of Supply and Services. Certain aspects of the United Way Campaign are also part of this activity.

This is the area in which the central support for the entire Department is housed. It includes the functional direction of all personnel services and administration within the Department. Support is also provided to both Programs in respect to accommodation, communications, mail, transcribing, library services, records and materiel management. There is also a small internal advisory group that supports all the operational units responsible for providing common services across the government.

Performance Information/Resource Justification

Figures 24 and 25 show the ratios of Departmental Administration person-years and costs to the total departmental operating resource level. In both instances the ratios remain relatively constant over the three year period.

Figure 24: Relationship of Departmental Administration Person-Years to Total Departmental Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Department	10,445	10,562	10,506
Departmental Administration	374	393	391
Percentage of Total	3.6	3.7	3.7

Figure 25: Relationship of Departmental Administration Expenditures to Total Departmental Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Department*	590,311	578,074	534,105
Departmental Administration	20,400	21,573	19,080
Percentage of Total	3.5	3.7	3.6

* This represents the operating expenditures of the Department; i.e. gross expenditures for both the Supply and Services programs.

E. Program Administration

Objective

To manage the Program and to ensure that plans, financial and other management controls are provided to subordinate managers to ensure a clear program focus.

Resource Summary

This activity accounts for approximately 3% of the Services Program's expenditures and 2% of the total person-years.

Figure 26: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Program Administration	9,552	135	9,480	158	9,136	155

There are no significant changes in the net expenditures between the 1984-85 forecast and 1985-86 Estimates for this activity.

Figure 27: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel	6,392	67	6,716	71	6,365	70
Professional services	2,320	24	2,089	22	1,908	21
All other	840	9	675	7	863	9
	9,552	100	9,480	100	9,136	100

Past Financial Performance

Figure 28: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Program Administration	9,136	8,551	585

Description

This activity includes the offices of the Deputy Minister and the three assistant deputy ministers and their staff groups. The responsibilities of these groups cover planning, financial management, internal audit, evaluation, security, human rights and the personnel functions of staffing and classification.

Performance Information/Resource Justification

Figures 29 and 30 show the ratios of Program Administration person-years and costs to the total Services resource level. In both instances the ratios remain relatively constant over the three year period.

Figure 29: Relationship of Program Administration Person-Years to Total Services Program Person-Years

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Services Program	5,606	5,657	5,627
Program Administration	135	158	155
Percentage of Total	2.4	2.8	2.8

Figure 30: Relationship of Program Administration Expenditures to Total Services Program Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total Services Program	302,472	295,075	278,018
Program Administration	9,552	9,480	9,136
Percentage of Total	3.2	3.2	3.3

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The gross expenditures for 1985-86 have increased by $6.9 million from the forecast for 1984-85.

Figure 31: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	167,866	163,332	152,145
Contributions to employee benefit plans	23,481	21,539	23,284
Other personnel	270	451	413
	191,617	185,322	175,842
Goods and services			
Postage	29,078	32,211	32,096
Other transportation and communications	14,368	13,733	11,715
Information	2,418	2,999	1,289
Consultants mainly on behalf of other government departments and agencies	14,513	10,812	8,976
Other professional and special services	13,776	17,648	16,250
Computers and terminals	14,915	10,564	8,337
Other rentals	1,194	1,349	1,089
Purchased repair and upkeep	6,005	6,256	5,005
Cheques and envelopes	2,584	2,335	2,143
Other Utilities, materials and supplies	5,958	5,815	6,893
All other expenditures	107	85	37
	104,916	103,807	93,830
Total operating	296,533	289,129	269,672
Capital	5,939	5,946	8,346
Total expenditures	302,472	295,075	278,018
Less: Receipts and revenues credited to the vote	94,383	89,594	82,524
Total expenditures (net)	208,089	205,481	195,494

2. Personnel Expenditures

Figure 32: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management*	128	120	101	50,530-96,300	62,480
Scientific and Professional					
Auditing*	212	231	227	27,934-68,070	44,605
Other	17	17	16		49,526
Administrative and Foreign Service					
Administrative Services	805	810	729	13,912-57,987	36,191
Computer Systems Administration	437	400	409	18,766-61,433	38,535
Financial Administration	290	314	318	13,853-57,980	41,000
Organization and Methods	134	135	126	13,520-57,980	43,744
Personnel Administration	98	102	98	13,330-63,870	38,149
Other	21	42	35		35,244
Technical	15	10	5	10,719-63,173	33,708
Administrative Support					
Clerical and Regulatory	2,249	2,299	2,128	12,932-31,743	22,444
Data Processing	601	649	655	13,352-37,130	23,579
Secretarial, Steno and Typing	193	188	201	12,636-31,946	20,295
Other	92	102	97		19,544
Operational	52	47	49	12,307-48,317	20,668
Casuals and Others	262	251	504		20,964

* The conversion of Senior Auditing (AU) positions into the Senior Management category received retroactive approval in June 1984 and impacts on the "Authorized Person-Years" levels.

Note: The person-year column displays the forecast distribution of the authorized person-years for the program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 33 shows the total cost of each of the activities of the Program. "Other Costs" shown cover the cost of accommodation ($25,950,000), group surgical medical plan and provincial health insurance ($3,767,000) and employee compensation payments ($107,000). These costs represent services provided without charge by other government departments. Revenues comprise recoveries from Canada Pension and Unemployment Insurance Funds as required by legislation and from departments and agencies for services provided to them on request. See page 2-44 for details.

Figure 33: Net Cost of Program by Activity ($000)

	Expenditures 1985-86	Deduct Revenue	Main Estimates 1985-86	Other Costs	**Net Cost**	Total Forecast 1984-85
Receiver General Functions	145,527	19,732	125,795	14,816	**140,611**	135,170
Compensation Administration	53,413	4,452	48,961	7,203	**56,164**	54,432
Management and Administrative Services	73,580	61,891	11,689	5,097	**16,786**	19,463
Departmental Administration	20,400	8,308	12,092	1,990	**14,082**	15,510
Program Administration	9,552		9,552	718	**10,270**	10,302
	302,472	94,383	208,089	29,824	**237,913**	234,877

C. Revenue Analysis

The figure below shows a comparison of the actual revenues received in 1983-84 and the anticipated revenues for the following two fiscal years. The revenues are categorized as those required to be collected by legislation, from revolving funds and from departments that are provided services on request.

Figure 34: Revenue by Type ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Legislation			
Canada Pension Plan	14,129	14,062	11,993
Unemployment Insurance	9,370	9,168	8,349
Revolving Fund			
Supply Program	13,240	11,880	12,064
Departmental Requests			
Accounting Services	30,562	24,382	22,259
Data Processing Services	9,253	9,946	9,619
All Other	17,829	20,156	18,240
	94,383	89,594	82,524

Legislation requires the government to recover from the appropriate fund the cost of certain services provided in support of the administration of the Canada Pension Plan and Unemployment Insurance Funds. These services include payment services to employees, suppliers accounts and the issuing of Canada Pension Plan (CPP) cheques.

In accordance with Treasury Board regulations the Services Program may recover the cost of administrative services provided to the Supply Program from its Revolving Fund. Figure 34 also includes Supply's share of the centralized Departmental Administration Activity, which supports both the Supply and Services Programs.

Recoveries for departmental requests cover mainly auditing and consulting services and provision of data processing services such as file maintenance for Family Allowance and Old Age Security.

D. Relationship of Former Activities to New Activities

Figures 35 and 36 show the relationship between the former activities used during 1984-85 and the new activity structure as set out in Section II.

Figure 35: Comparison of Former Activities to New Activities - $000

Former Activities \ New Activities	Receiver General Functions	Compensation Administration	Management and Administrative Services	Departmental Administration	Program Administration	TOTAL
Departmental Administration				19,800		19,800
Program Administration					9,000	9,000
Public Service Compensation Administration	31,400	46,100				77,500
Social and Economic Assistance Payment Administration	43,700	200	6,500			50,400
Accounts Payable and Other Payment Administration	27,100	700				27,800
Accounts of Canada and Reporting Services	44,700	3,400	8,500			56,600
Management, Financial and Other Services			61,300			61,300
TOTAL	146,900	50,400	76,300	19,800	9,000	302,400

Figure 36: Comparison of Former Activities to New Activities - Person-Years

Former Activities \ New Activities	Receiver General Functions	Compensation Administration	Management and Administrative Services	Departmental Administration	Program Administration	TOTAL
Departmental Administration				374		374
Program Administration					133	133
Public Service Compensation Administration	872	1,290				2,162
Social and Economic Assistance Payment Administration	420		135			555
Accounts Payable and Other Payment Administration	593	26				619
Accounts of Canada and Reporting Services	944	64	176			1,184
Management, Financial and Other Services		1	689			690
TOTAL	2,829	1,381	1,000	374	133	5,717

Figure 37 shows the former activities used during 1983-84 and their expenditures.

Figure 37: Comparison of Former Activities 1983-84 Expenditures - ($000)

	1983-84		
	Actual	Main Estimates	Change
Departmental Administration	19,080	18,524	556
Program Administration	9,136	8,551	585
Public Service Compensation Administration	80,105	74,770	5,335
Social and Economic Assistance Payment Administration	46,954	45,471	1,483
Accounts Payable and Other Payment Administration	26,343	26,070	273
Accounts of Canada and Reporting Services	45,778	52,654	(6,876)
Management, Financial and Other Services	50,622	48,014	2,608
	278,018	274,054	3,964

Supply Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $29,949,000 in support of the Supply Program. Under separate statutory authorities, the Supply Revolving Fund is expected to require an amount of $18,582,000 and the Defence Production Revolving Fund is expected to require an amount of $2,000.

Parliament has previously authorized a total drawdown of $200,000,000 for the Supply Revolving Fund. In addition, the total drawdown previously authorized by Parliament for the Defence Production Revolving Fund is $100,000,000.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Supply Program		
10	Program expenditures	29,949	28,866
(S)	Supply Revolving Fund	18,582	6,772
(S)	Defence Production Revolving Fund	2	(7,669)
	Total Program	48,533	27,969

Vote - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Supply Program	
10	Supply - Program expenditures and contributions including expenditures on behalf of government departments and agencies for unsolicited research and development proposals and authority to make commitments during the current fiscal year of $18,000,000 in respect of such proposals	29,949,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates							1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Capital	Transfer Payments	Sub-Total	Less: Revenues credited to the vote	Total	
Procurement Support Initiatives		28,507		1,442	29,949		29,949	28,866
Supply Operations	4,839	613,388	13,234		626,622	608,040	18,382	6,772
Defence Production		10,467			10,467	10,465	2	(7,669)
	4,839	652,362	13,234	1,442	667,038	618,505	48,533	27,969

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

		Main Estimates	Total Appropriations	Actual[2] Use
		$	$	$
Statutory[1]	Supply Revolving Fund.	16,762,000	9,595,000	9,594,898
Statutory[1]	Defence Production Revolving Fund.	28,718,000	(777,000)	(776,591)
Vote 5	Supply--Program expenditures including expenditures on behalf of government departments and agencies for unsolicited research and development proposals and authority to make commitments during the current fiscal year of $18,000,000 in respect of such proposals.	28,349,000	28,349,000	26,607,070
	Total Program	73,829,000	37,167,000	35,425,377

Note 1: For statutory items, the figures for total appropriations and actual use are the same amount because of the non-lapsing or continuing nature of the authority.

Note 2: The actual use excludes a statutory expenditure of $679,230 for a federal court judgement.

Section I
Program Overview: Supply Revolving Fund

A. Plans for 1985-86

1. Highlights

The Supply Administration has established the following plans for 1985-86:

- the Supply Revolving Fund projects a surplus of $1.371 million for 1985-86 (see page 3-23);
- the proposed person-year requirement of 4,839 for 1985-86 decreased from the 1984-85 level due to the continued implementation of the Corporate Performance Improvement Plan (see page 3-7);
- a further 2% rate reduction on acquisition services will be implemented each year, 1986-87 and 1987-88. This is additional to the reduction of 3% achieved in each year 1983-84 to 1985-86 respectively (see page 3-13);
- a new directorate, the Allocations Management Directorate, has been established to develop criteria related to the allocations process used in the Supply Administration. The aim of this project is to encourage yet higher efficiency and more economy in our operations by providing the Department with a new basis upon which to match our resources with the demands made upon us by our customers (see page 3-16);
- the production costs of the Canada Gazette will be transferred to Supply Administration from the Privy Council Office effective April 1, 1985 (see page 3-46); and
- A Major Crown Project Activity has been established as part of the Supply Administration Operational Plan Framework to provide enhanced management and control of the resources allocated to carrying out this activity and to assist in the measurement of results (see page 3-36).

2. Financial Summary

Figure 1: Summary of Financial Requirements (modified cash basis in $000)

	1985-86 Estimates			1984-85 Forecast		For Details See Page
	Total Expen-ditures	Revenue	Financial Require-ments	Financial Require-ments	Change	
Supply Operations	626,622	608,040	**18,582**	17,624	958	3-23
Defence Production Operations	10,467	10,465	**2**	(11,560)	11,562	3-43
Procurement Support Initiatives	29,949		**29,949**	28,866	1,083	3-45
	667,038	618,505	**48,533**	34,930	13,603	
Authorized person-years			**4,839**	4,905	(66)	

Explanation of Change: For Supply Operations, the increase of $958,000 is caused by additional working capital requirements. The change of $11,562,000 in Defence Production Operations is caused by the significant reduction of working capital in the previous year. The net increase of $1,083,000 is mainly attributable to the transfer-in of the Canadian Unity Information Office and the production costs of the Canada Gazette.

Explanation of 1984-85 Forecast: Forecast financial requirements are $6.961 million higher than the 1984-85 Main Estimates (Page 3-4). The main reasons for the increase are:

- additional capital expenditures of $7 million and additional working capital requirements of $3.852 million (Supply Operations); and
- decrease of $3.891 million in working capital requirements (Defence Production Operations).

B. Recent Performance

1. Highlights

The 1983-84 Program Expenditure Plan set out a number of objectives. Highlights of performance realized against these objectives are as follows:

- the Supply Revolving Fund achieved a surplus of $6.965 million as compared to $.843 million included in the Plan (see page 3-25);

- actual person-years utilized 4,879 (see page 3-10);

- work on the Procurement and Acquisition Support System (PASS) is intended to improve customer service by providing the customer with better access to acquisition information and to streamline the acquisition process in both the Supply Administration Headquarters and Regional line organizations. It is estimated that the saving of some $7 million over the next two fiscal years will be facilitated by PASS and other related productivity initiatives (see page 3-19);

- the Pricing and Charging Committee, originally set up to review the pricing and charging procedures and practices related to acquisition services, has now become a permanent body comprised of representatives from the Supply Administration, customer departments and the Treasury Board Secretariat. Its mandate is to review rates, charging principles and practices associated with all Supply Administration services. Customer departments wishing to make proposals or resolve rate issues may appear at the Committee for such purposes;

- a Management Call Program was initiated. It consists of Supply Administration managers meeting, on a regular and frequent basis, with their counterparts in customer departments. The intent of these discussions is to provide an opportunity for both parties to review Supply Administration policies and procedures with a view to considering ways and means to improve the levels of service and also to cover particular points of importance to the customers (see page 3-19);

- the first Annual Procurement Plan and Strategy was released in 1983-84. This document supports and actively encourages an open and wide-ranging exploration of procurement opportunities for the development of Canada's economic base. The 1984-85 APPS, which has been released, built upon the experiences and initiatives of the first plan (see page 3-21);

- in 1983-84, the Supply Administration re-allocated $275 million of procurement from its headquarters directorates to regional offices. In 1984-85 an additional $100 million of business is targeted for transfer. This initiative will be continued in 1985-86 (see page 3-19);

- work is continuing, as planned, on a number of Major Crown Projects (see page 3-17 to 3-19) such as:

  - the Canadian Patrol Frigate - CPF (DND);
  - CF 18 (Hornet) - (DND);
  - Radar Modernization Program - RAMP (Dept. of Transport);
  - Low Level Air Defence - LLAD (DND);
  - 2 1/2 Ton Medium Logistics Vehicle - MLVW (DND);
  - ILTIS 1/2 Ton Utility Vehicles (DND);
  - Tribal Update Modernization Program (DND);
  - Light Armoured Vehicle - LAV (DND); and
  - the Mobile Satellite Program - MSAT (Dept. of Communications);
  - Polar 8 Icebreaker (DOT);
  - Recovery, Assist, Secure and Traverse Systems - RAST (CCC);
  - Small Arms Replacement Project - SARP (DND); and

- new projects on which major work commenced in 1984-85 include:

  - the 5 Ton Military Operations Support Trucks - MOST (DND); and
  - Bell Helicopter (DND).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Requirements (modified cash basis in $000)

	Actual			Main Estimates	
	Total Expen-ditures	Revenue	Financial Require-ments	Financial Require-ments	Change
Supply Operations	551,931	542,336	9,595	16,762	(7,167)
Defence Production Operations	25,866	26,643	(777)	28,718	(29,495)
Unsolicited Proposals	14,985	-	14,985	15,000	(15)
Free and Subsidized Publications	3,499	-	3,499	3,349	150
Source Development	8,058	-	8,058	10,000	(1,942)
Public Awareness	65	-	65	-	65
	604,404	568,979	35,425*	73,829	(38,404)
Authorized person-years			4,879	4,859	20

* Excluding a statutory expenditure of $679,230 for a federal court judgement.

Explanation of Change: The net decrease in financial requirements of $38,404,000 was caused mainly by favourable operational variances in the following two areas:

- Supply Operations financial requirements was $7,167,000 lower than originally projected which is due to favourable changes of $11,632,000 in working capital, $3,344,000 in capital expenditures, $6,122,000 in operating surplus but offset by $13,818,000 in payable at year end (PAYE) and other transactions.

- The Defence Production Operation's contribution of $29,495,000 in reduced financial requirements is caused mainly by a reduction in working capital requirements resulting basically from the elimination of stockpiling defence supplies and payable at year end transactions.

C. Background

1. Introduction

The Supply Program includes all the operations of the Supply Administration of the Department of Supply and Services. The Supply Administration is a common service agency responsible for the provision of goods and related services to all federal departments and agencies listed in Schedules A and B of the Financial Administration Act. In this capacity, the Supply Administration acquires or provides a wide range of goods and services used for civilian and military purposes that vary in complexity from simple, readily-available, low dollar value items to unique, custom-made products costing millions of dollars. The Supply Administration currently offers this wide range of supply services to 114 customers under the authority provided by the DSS Act and subsequent Governor-in-Council decisions. During 1983-84 the Supply Administration issued 350,232 contractual documents for approximately $10.6 billion worth of goods and services. These services were delivered to over 20,000 different locations in Canada and abroad.

The Supply Administration also manages two other types of activities. The first relates to the acquiring, transporting and stockpiling of defence supplies and strategic materiel. The second relates to supporting, through the procurement process, the attainment of the government's objectives that deal with the mission-oriented science and technology requirements of the government; the development of sources of supply in Canada and the printing and publishing of parliamentary papers and government publications.

2. Legal Mandate

The principal elements of the statutory framework within which the Supply Program operates are the Department of Supply and Services Act, the Defence Production Act and the Surplus Crown Assets Act. A number of Orders-in-Council also apply as well as several Memoranda of Understanding.

3. Program Objective

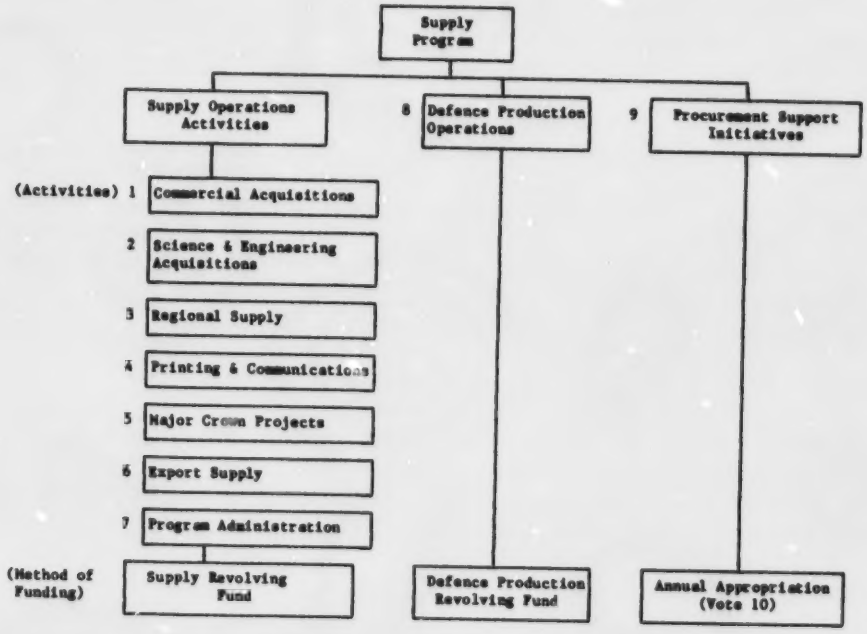
The Supply Program objective is to acquire and provide goods and/or services required by departments and agencies, taking into account the contribution of supply to the realization of national objectives, and to provide services for the disposal of Crown-owned materiel, all in the most economical manner.

In fulfilling its role, the Supply Administration serves three client groups; its customers, its suppliers and the Canadian people. To customer departments and agencies, the Supply Administration has the responsibility of demonstrating sensitivity and responsiveness to their needs and requirements. In regards to suppliers, the Administration must provide fair and equal opportunities to private business to compete for government work. Respecting the Canadian people, the Administration must ensure economy and efficiency (productivity) in its operations, the exercise of prudence and probity and sustained support of national objectives through supply.

4. Program Organization for Delivery

Activity Structure: The Supply Program is currently structured into nine activities, each having its own objectives. The Supply Revolving Fund is divided into seven activities: Commercial Acquisitions, Science and Engineering Acquisitions, Regional Supply, Printing and Communications, Major Crown Projects, Export Supply and Program Administration (see page 3-24). The Defence Production Revolving Fund (see page 3-42) and the Procurement Support Initiatives (see page 3-45) are linked to the contracting process and do not as such have person-years assigned to them as the work is carried out by Supply Revolving Fund staff.

Figure 3: Activity Structure



Revenue Dependent Method of Financing: The Supply Operations Activities are the largest component of the Supply Program. These activities are operated through the Supply Revolving Fund (SRF). The SRF provides a $200 million non-lapsing authority to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions, and temporary financing of operating deficits. The Supply Revolving Fund is managed on a "full-cost" revenue dependent basis. Under this system, Supply Operations are financed by charging users for the services provided in accordance with rates approved annually by Treasury Board. For certain higher dollar acquisitions (generally those over $50 million) and project management services, rates are established through negotiations with client departments and agencies. In this context, the essential financial management principles of the Supply Administration's revenue dependency system are that the full costs of services provided to other agencies should be exposed and that the rates applicable to the provision of such services are in line with the effort applied by the Supply Administration and are fair, equitable and stand the test of comparison with other similar services.

The objective of the Supply Revolving Fund is to break even on an annual basis. Where the Supply Administration receives revenues in excess of expenditures, that excess is termed "surplus". Conversely, any shortfall of revenues against expenditures is a "deficit". It is considered that this approach to Supply Revolving Fund management is most conducive to the achievement of continuing productivity improvements.

The Defence Production Operations Activity is also funded by a non-lapsing statutory appropriation. This authority applies to two separate financial accounts, the Defence Production Revolving Fund and the Defence Production Loan Account. The authority provides for a maximum combined draw-down of $100 million from the Consolidated Revenue Fund.

Revisions to the Rate Structure: As a result of a continuing review of the charging principles and practices associated with the Acquisition and Non-Acquisition Services, several significant changes have been incorporated in the FY 1985-86 rate structure on rates applicable to Supply Administration services. A reduction in acquisition charges for 1985-86 by 3% will be implemented as planned. In addition, a 2% reduction in acquisition charges has been planned for both 1986-87 and 1987-88. A series of changes to the rates set for the non-acquisition services will further reduce this component of Supply Administration revenues by 3% in 1985-86 when adjusted for inflation.

Organization Structure: In line with the activity re-alignment, the organization of the Supply Administration was also changed, effective March 20, 1984. The Deputy Minister (Supply) remains the manager accountable for the administrative performance of the Supply Program in total. To carry out this responsibility, the Supply Administration is organized into the following three sectors: Operations; Regional Operations; and Corporate Finance, Planning, Systems and Support Services; and a directorate, Supply Management. Each sector is headed by an Assistant Deputy Minister to whom directors general or directors of directorates or branches report. The Director General, Supply Management, reports directly to the Deputy Minister, Supply.

The roles of these components are:

Operations Sector: responsible for the day-to-day management and direction of all headquarters supply operations, namely, the delivery of required goods and services on a timely basis, satisfactory to the Supply Administration's customers. The directorates of the Sector are organized along lines of commodity expertise.

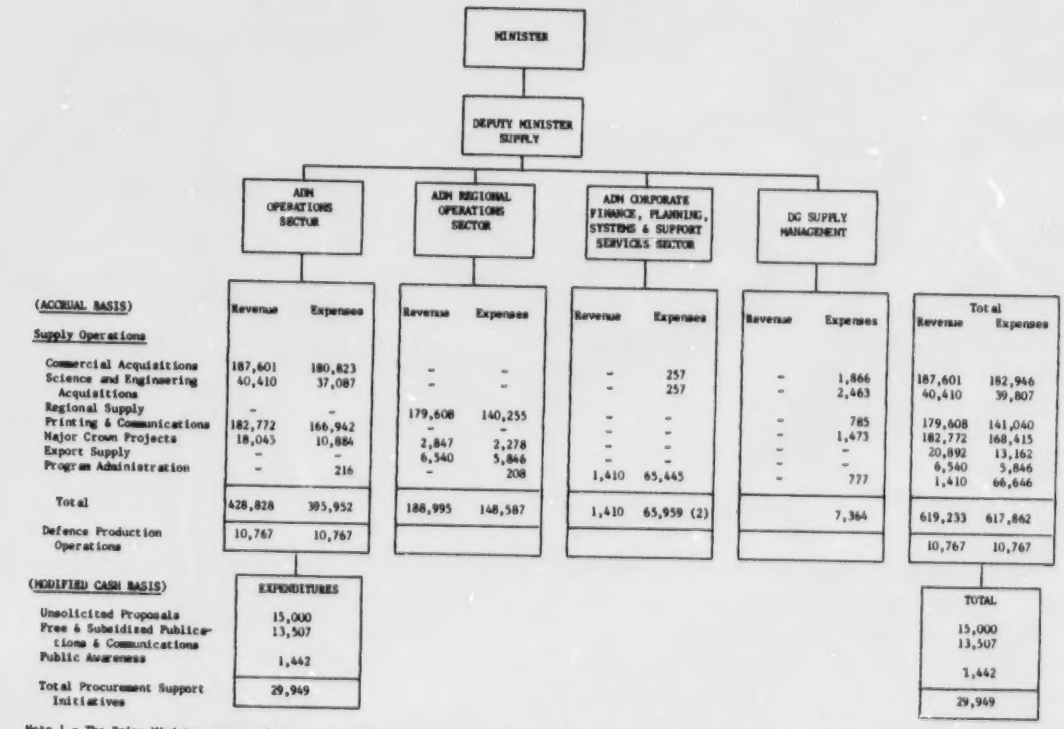
Regional Operations Sector: responsible for the day-to-day management and direction of all domestic (Canadian Operations Directorate) and international (Export Supply Directorate, Washington and European Offices) operations, namely the delivery of the required goods and services on a timely basis satisfactory to Supply Administration's customers.

Corporate Finance, Planning, Systems and Support Services Sector: responsible for all aspects of financial planning, systems development and support, corporate planning, human resources management, corporate relations, security and contracts settlement.

Supply Management Directorate: responsible for formulating the Supply Administration's general objectives, policies, plans and strategies in support of operations and has the additional responsibility for quality assurance.

In addition to the components outlined above, the Director General Program Evaluation and Audit, the Director General Allocations and the Corporate Secretary report to the Deputy Minister.

Figure 4: Relationship between Departmental Organization and Activities (1985-86 Main Estimates in $000 - Note 1)



(ACCRUAL BASIS)	ADM Operations Sector Revenue	ADM Operations Sector Expenses	ADM Regional Operations Sector Revenue	ADM Regional Operations Sector Expenses	ADM Corporate Finance, Planning, Systems & Support Services Sector Revenue	ADM Corporate Finance, Planning, Systems & Support Services Sector Expenses	DG Supply Management Revenue	DG Supply Management Expenses	Total Revenue	Total Expenses
Supply Operations										
Commercial Acquisitions	187,601	180,823	-	-	-	257	-	1,866	187,601	182,946
Science and Engineering Acquisitions	40,410	37,087	-	-	-	257	-	2,463	40,410	39,807
Regional Supply	-	-	179,608	140,255	-	-	-	785	179,608	141,040
Printing & Communications	182,772	166,942	-	-	-	-	-	1,473	182,772	168,415
Major Crown Projects	18,045	10,884	2,847	2,278	-	-	-	-	20,892	13,162
Export Supply	-	-	6,540	5,846	-	-	-	-	6,540	5,846
Program Administration	-	216	-	208	1,410	65,445	-	777	1,410	66,646
Total	428,828	395,952	188,995	148,587	1,410	65,959 (2)		7,364	619,233	617,862
Defence Production Operations	10,767	10,767							10,767	10,767

(MODIFIED CASH BASIS)	EXPENDITURES	TOTAL
Unsolicited Proposals	15,000	15,000
Free & Subsidized Publications & Communications	13,507	13,507
Public Awareness	1,442	1,442
Total Procurement Support Initiatives	29,949	29,949

Note 1 - The Prime Minister announced January 8, 1985, there would be one Deputy Minister for the Department of Supply and Services. As a result of this announcement, there will be organizational changes to reflect the administrative integration of the two administrations, Supply and Services.

Note 2 - Includes expenses of $4,377,000 for the Deputy Minister's office, Program Evaluation and Audit and $11,655,000 for the Supply Administration's share of common departmental services.

D. Planning Perspective

1. Environment

The main factors affecting the Supply Program planning assumptions for the period 1985-86 to 1987-88 are:

Regional Strengths: A major opportunity for increasing employment exists through the expansion of Canada's industrial and resource sectors throughout the country. It is government policy to increase its presence in the regions so as to ensure that all regions participate in and benefit from government programs. In this context, the Supply Administration has and will continue to put in place the necessary mechanisms to ensure that increased business is transacted in the regions close to the point of use and consistent with a cost effective approach to supply. In support of these initiatives, the Supply Administration has indicated its intention to significantly increase the delegated Local Purchasing Authority to client departments from its current level of $500 to a higher threshold.

Economic Restraint: In view of a slow but steady economic recovery and the government's commitment to link its expenditure increases to real GNP growth, the Supply Administration anticipates that expenditure restraint will continue during the forecast period. Total annual business volume is not likely to diminish as general spending reductions will be more than offset by the continuing defence re-equipment program. Additionally, the search for government-wide economies could lead to the establishment of new services within the Supply Program, or the privatization of other currently provided services, resulting in a change in Supply Administration activities.

Technological Change: It is anticipated that an increasingly rapid application of emerging office technology will play a major role in supply business. This evaluation will have a major impact on operational productivity and levels of service to customers. Also, as new technologies are introduced and more data are electronically stored and tele-transmitted, requirements for certain activities (i.e. filing, record-keeping, etc.) may lessen. Such developments will permit a redeployment of some resources engaged in these activities to other areas. A key management challenge in realizing these positive benefits will be to provide for the implementation and use of technology in a cost-effective manner while maintaining the flexibility necessary to achieve technological integration in the longer term. In addition, a significant part of our management philosophy is to ensure that systems integration work is performed in a manner which takes into account the requirements to achieve an effective person/machine interface and in full consideration of the vital requirement to maintain high quality employer-employee relations.

Supplier Performance: Although the current economic situation is improving, the long term effects of the recession have affected the ability of a number of firms to respond to government tenders, to undertake the type of new investment necessary to improve productivity, create lasting and rewarding jobs and to stimulate the expansion of business and to upgrade our competitiveness internally and on world markets. The Supply Administration will play an active role to ensure that suppliers are not prevented from competing for government business due to business complexity, administrative burden or geographic location.

2. Initiatives

The following are major Supply Program initiatives for 1985-86:

Operational Initiatives

- The Annual Procurement Plan and Strategy (APPS) is intended to identify at an early stage emerging supply needs of customer departments so that demands can be linked with Canadian sources of supply and encourage a broader interdepartmental search for new economic and regional development opportunities and additional expenditure discretion within the totality of federal purchases of goods and services and ensure that these opportunities are brought to Cabinet's attention as appropriate in the context of strategic alternatives. The 1984-85 Plan was prepared in consultation with private industry and departments of the federal government. Building on the experience of the previous two plans, the 1985-86 Plan will reflect input received from the private and public sector at the regional, national and international level and identify procurement opportunities which will contribute to a stronger industrial base for Canada.

- The Supply Administration plans to hold a series of consultations and briefings in all regions as part of a comprehensive Regional Communications Plan. The objective of this plan is to provide firms in the regions with a clear understanding of business opportunities and to explain to them how to do business with the federal government.

- The Allocations Directorate was recently established to develop criteria related to the allocations process used in the Supply Administration. The criteria will allow all incoming requisitions to be categorized in terms of the complexity of the requirements and the level of effort that must be expended to acquire the item. The aim is to encourage yet higher and more consistent levels of customer service and more economy in our operations by providing the Supply Administration with a new basis upon which to match our resources with the demands made upon us by our customers.

- An extensive series of Procurement Outlook conferences has been planned. These conferences will be directed at specific sectors of the Canadian supply base and will contribute to greater supplier understanding of future procurement requirements of government departments, particularly with respect to product innovation and technological transfers.

- In support of government restraint and greater economy in delivering government programs, a further 2% rate reduction in acquisition revenue dependency charges will be implemented in each year, 1986-87 and 1987-88. This figure is in addition to the original plan to reduce those charges by 3% in 1983-84 to 1985-86 respectively. Also, progress has been and will continue to be made towards the achievement of the Supply Administration's Corporate Productivity Improvement Target of reducing the person-year complement by 258 over the period of 1984-85 to 1986-87. The Supply Administration will take all reasonable measures to ensure that any impact on employees resulting from the achievement of these targets will be minimized.

- To provide additional support towards the objective to lighten the burden of controls on public sector operations, the Supply Administration plans to significantly increase the delegated Local Purchase Authority to departments. The Local Purchase Authority will be raised from the current level of $500 to a higher threshold. Additionally, steps have been taken to reduce administrative burdens within the procurement process. In this regard, the Supply Administration has proposed to Treasury Board that it delegate to the Supply Administration authority to contract beyond the current limits.

Major Crown Projects

- The Tribal Class Destroyers Update and Modernization Project (TRUMP) is to carry out a mid-life refit and modernization of the four (4) DDH 280 Class Destroyers at an estimated cost of $650 million. Contract award for the Definition Phase was awarded in July 1984. The Implementation Phase is scheduled for contract award in mid-1985 with the first ship entering dry-dock for update 15 months later.

- The Polar 8 Icebreaker received Treasury Board approval for the contract Definition Phase in October 1983, including preparation of a construction proposal. Contracts are being negotiated with three Canadian shipbuilding firms and Implementation Proposals and Offers have been submitted. Construction of the Polar 8 Icebreaker, if approved, will take 54 months to complete at a cost of $485 million and provide an estimated 4,350 person-years of work.

- The Small Arms Replacement Project (SARP) consists of the establishment of a Canadian facility to produce the Canadian Armed Forces requirement for a new rifle and carbine as well as a capability to manufacture spare parts for a light machine gun. The Program is funded at $231 million (1983 $). A contract was awarded to DIEMACO Inc., Kitchener, in January 1984 for the establishment of this facility and the supply, under licence of COLT, U.S.A., of rifles, carbines and accessories with an estimated value of $107.8 million. The balance of the $231 million will cover licencing agreements with Fabrique Nationale Herstal, Belgium, for the supply of light machine guns.

- The Drone Systems Project involves the development and pre-production of a vehicle-launched airborne surveillance system valued in excess of $193 million for which Canadair is the prime contractor. The development of the CL 289 system has achieved successful completion of the Customer Evaluation/Troop Trails flight test trials conducted by the Federal Republic of Germany and arrangements are being made for a Canada/Germany production phase.

- The Infra Red Search Track and Designation Project (IRSTD) is a joint Canada/U.S.A. project to develop and supply three Engineering Development Models (EDMs) of an IRSTD system, plus associated documentation and test support. Two EDMs are to be delivered to the U.S. Navy and one to Department of National Defence for operational tests in FY 1988-89. Project costs are shared 67/33 between the U.S. and Canada respectively. The Canadian share is borne by DND and Department of Regional Industrial Expansion and the prime contractor is SPAR Aerospace Ltd. The estimated value of the project is $85 million.

- A requirement has been identified for a number of Medium Oversnow Vehicles (MOSV). A MOSV is an articulated oversnow personnel carrier consisting of a front and rear cabin and four tracks. At the present time, the requirement consists of 90 vehicles to support the Canadian Forces in Europe. These vehicles are required to be operational by the start of the winter season 1985 and the cost of this procurement is estimated at $18.5 million. This procurement will form the first phase of a Major Crown Project which will result in the procurement of approximately 800 to 1,000 vehicles during the 1988-1990 timeframe.

3. Update on Previously Reported Initiatives

The following are highlights of the Supply Program's past performance:

Major Crown Projects

- The Low Level Air Defence (LLAD) project to upgrade the Canadian Armed Forces capabilities is proceeding on schedule. A Request for Proposal was released in February 1984. Bidders had until August 31,

1984 to propose a system that would meet operational requirements. After evaluation of those bids, there will be a contract definition phase with plans toward the contract in early 1986. Delivery will be expected within 24 months of the contracts being awarded.

- The Canadian Patrol Frigate Program was awarded to St. John Shipbuilding and Dry Dock Co. Ltd., Saint John, N.B. at a target cost of $2.845 billion, a target price of $3.269 billion and a ceiling of $4.001 billion. The project will generate 32,000 person-years of employment spread across several regions of Canada.

- The Radar Modernization Project (RAMP) is a program to replace Canada's air traffic control systems across the country. Contracts for the radar site package Definition Phase were awarded in September 1983, and, after extensive evaluation, Raytheon Canada was awarded a contract valued at $391 million. Proposals for the display site packages were requested from Canadian industry in May 1984. The estimated total cost of the RAMP in budget year dollars is $810 million. RAMP is on schedule, within budget and meeting its industrial benefits requirements.

Operational Initiatives

- The Procurement and Acquisition Support System (PASS) is intended to provide much more rapid interchange of acquisition information between the Supply Administration and its clients. The system will enable client and Supply Administration staff to monitor acquisition progress from the time the requisition is sent until the contract is closed out, ensuring a high level of customer service. It is expected that the system will move from the pilot stage to the implementation of specific aspects of the Contract Information and Allocations Process on a corporate wide basis.

- A Management Call Program which consists of meetings held on a regular and frequent basis between managers of the Supply Administration and their counterparts in client departments was initiated the past year. Discussions are intended to centre on Supply Administration policies and procedures with a view to considering ways and means to improve the level of service and cover particular points of importance to the customers. Prompt attention is given to areas of concern. The success of the Program will continue to be a top priority in 1985-86, so as to ensure that the Department continues to provide a highly responsive service to its customers.

- In 1983-84, the Supply Administration re-allocated $275.2 million of procurement from its headquarters to the regional offices, a further $100 million was re-allocated in 1984-85. This initiative will continue in 1985-86, as part of the Supply Administration's efforts to more effectively respond to the needs of its regionally-dispersed clients.

Finally, changes were made to the Supply Administration Operational Plan Framework which provide clearer lines of management accountability for the results-oriented planning elements which link results to both resources utilized and program objectives.

4. Program Effectiveness

The effectiveness of the Supply Program is measured in three ways: efficiency and economy in operating and product costs, customer satisfaction and contribution to national objectives.

Efficiency and Economy in Operating and Product Costs: The Supply Administration embarked on a series of cost cutting measures which yielded a 3% reduction in acquisition rates in both 1983-84 and 1984-85 respectively. A further minimum 3% acquisition rate reduction will be implemented in 1985-86. To continue this downward pressure on costs for 1986-87 and 1987-88, an additional rate reduction of 2% in each of these years has been planned. Methods of supply reviews are also anticipated to yield significant economies. Current studies include procurement of drugs, film, fuel and software. This program is expected to yield substantial operational savings. In order to effect this reduction in expenditures, a corporate productivity improvement target was set, which involved the overall reduction in Supply Administration person-years by 258 PYs over the years 1984-85 to 1986-87. Progress to date against this goal is being made and the goal should be achieved without recourse to lay-offs. This reduction in acquisition rates and person-years will be accomplished while continuing to deliver estimated business volumes of approximately $6 billion with improved levels of service.

Customer Satisfaction: The measurement of customer satisfaction is determined in two forms: quantitative and qualitative. Quantitative measurement of customer satisfaction is conducted through performance measures established in each of the activities which monitor time and cost standards. For example, in the acquisition services, performance is monitored on both the number of days to award a contract and also on the cost of issuing a contract. Through continual pressure to improve these standards, increasing levels of customer satisfaction and productivity will be realized. Details as to specific standards and results achieved are provided in Section II (Analysis by Activity).

With respect to qualitative measures of customer satisfaction, the Supply Administration has embarked on a two-part program to improve customer relations. Senior officials have commenced a structured visitation program with counterparts of client departments to identify any service areas that require attention and/or resolution. The second part of the program is the preparation of annual customer reports in which the Supply Administration provides an overview of the business conducted over the past year and identifies significant achievements and problem areas. Through the visitation program and annual reports, significant feedback will be received which will permit an ongoing evaluation of the service provided to customers and allow for rapid adjustment as required.

In addition to the visitation program, Program Evaluation is carried out on components of the Supply Program on a regular and frequent basis. Surveys of customers contacted as part of these evaluations reflect a generally high level of satisfaction with the services provided. The recommendations based on the findings of these studies provide the Supply Administration with another means of providing a better, more responsive service.

Contribution to National Objectives: With regard to the aspect of program effectiveness dealing with contribution to national objectives, the Supply Administration has procurement policies and activities which support certain economic and regional development objectives of the government. These objectives aim at achieving three main goals.

The first is to procure as much of the federal government requirement as possible from Canadian suppliers thereby increasing domestic industrial development. This is primarily achieved within the Supply Program by limiting calls for tenders to Canadian-based firms, provided that there are at least three sources of supply to guarantee competition. In 1983-84, 90.9% of the annual value of Supply Program contracting was placed with Canadian-based suppliers as compared to 87.3% in 1982-83. The typical contracts with firms outside Canada are for high-dollar-value, high technology defence-related equipment. In these cases, benefits for Canadian industry result from offset clauses negotiated by the Supply Administration with foreign prime contractors which generate large sub-contracts for Canadian industry. Additionally, bilateral defence agreements with NATO countries such as the Defence Production Sharing Arrangement with the United States, give Canadian firms prime contracting opportunities with foreign governments that would otherwise not exist.

The second goal of the government socio-economic program is to contribute to regional economic development. In this context, the Supply Administration will continue to put in place the necessary mechanisms to ensure that increased business is transacted in the regions, close to the point of use. This action, particularly if supported by parallel steps by client departments to decentralize their material management and purchasing functions, can significantly support regional development and increase employment opportunities in the various regions of Canada. In 1983-84, the Supply Administration re-allocated $275 million of procurement from its headquarters directorates to regional offices, in 1984-85 an additional $100 million is targeted.

Finally, the Supply Administration supports a number of other government programs including support to small business, rehabilitation of inmates and sheltered workshops for the severely handicapped.

A recent aspect of the Supply Administration's efforts towards the contribution of national objectives is the introduction (in 1983-84) of the Annual Procurement Plan and Strategy (APPS). This document is formulated prior to the beginning of the fiscal year and is intended to: identify at an early stage emerging supply needs of customer departments so that demands can be consolidated across programs and linked with Canadian sources of supply and

encourage a broader interdepartmental search for new economic and regional development opportunities and additional expenditure discretion within the totality of federal purchases of goods and services; and to ensure that these opportunities are brought to Cabinet's attention as appropriate in the context of other strategic alternatives. This exercise has become an important element in assessing the effectiveness of the Supply Program, and the experience and knowledge gained through the development of these plans has been translated into the goals and policies of the Department.

With regard to the other components of the Supply Program in 1983-84, the Unsolicited Proposals Fund supported 220 contracts valued at $33.5 million and the Source Development Fund (SDF) expended $3.73 million on 17 different projects in support of development of Canadian sources of supply. The following positive impacts of the SDF were noted in a joint DSS/DRIE evaluation of 31 projects: the minimum level of sales of supported products through 1987 is estimated to be $154 million; the number of person-years of new jobs created over the same period is 1,160; of the 27 new products generated, 12 are direct substitutions for products previously imported to Canada and 15 of these products contribute directly to client departments productivity. In addition, 63% of the products supported by the SDF have been developed by small businesses.

Section II
Analysis by Activity

A1. Supply Operations Activities - Overview

This sub-section provides an overview of the seven Supply Program activities financed by the Supply Revolving Fund. Because their operations are carried out within the Supply Revolving Fund, these activities differ in two major respects from those funded by annually lapsing appropriations. First, for financial purposes, they are treated as a separate entity and an overall objective applies with respect to financial performance. Secondly, in order to measure attainment of this objective, methods of accounting similar to those in the private sector are used.

Financial Objective

The overall financial objective is to break even on an annual basis.

Planned Financial Performance

Figure 5: Supply Operations Activities - Summary of Planned Financial Performance (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change
Revenue	619,233	592,051	27,182
Expenses			
Product costs	330,023	308,363	21,660
Operating costs	287,839	282,999	4,840
	617,862	591,362	26,500
Surplus (Deficit) for the year	1,371	689	682
Resources Required (Provided From)			
Surplus for the year	(1,371)	(689)	(682)
Depreciation	(3,177)	(2,989)	(188)
Working capital changes	9,896	9,643	253
Capital expenditures	13,234	11,659	1,575
Financial requirement	18,582	17,624	958

Explanation of change in surplus: The key changes expected to affect the planned financial surplus for 1985-86 are as follows:

- an increase of 4.6% or $27.2 million in revenue is caused by:
  - an increase of $23.7 million due to inflation,
  - a net increase of $11.3 million in business volume, and
  - a net reduction of $7.8 million due to rate structure changes arising mainly from the 3% rate reduction for acquisition services.
- the increase of 7% or $22.3 million in product costs is mainly attributable to inflation; and
- the 1.7% or $4.8 million net increase in operating costs is caused by inflation less savings in person-years included in the Corporate Performance Improvement Plan.

Figure 6 shows how each of the seven activities included in the Supply Revolving Fund is expected to contribute to the overall financial performance planned for 1985-86.

Figure 6: Supply Operations by Activity (accrual basis in $000)

	1985-86 Estimates			1984-85 Forecast			
	Revenues	Expenses	Contribution (Reduction) to Surplus	Revenues	Expenses	Contribution (Reduction) to Surplus	For Details See Page
Commercial Acquisitions	187,601	182,946	4,655	183,309	174,111	9,198	3-26
Science and Engineering Acquisitions	40,410	39,807	603	41,660	38,762	2,898	3-28
Regional Supply	179,608	141,040	38,568	173,797	136,205	37,592	3-30
Printing and Communications	182,772	168,415	14,357	164,448	157,174	7,274	3-33
Major Crown Projects	20,892	13,162	7,730	21,160	14,299	6,861	3-36
Export Supply	6,540	5,846	694	6,321	5,640	681	3-38
Program Administration	1,410	66,646	(65,236)	1,356	65,171	(63,815)	3-40
	619,233	617,862	1,371	592,051	591,362	689	3-23

Past Financial Performance

Figure 7: Supply Operations Activities - Overview of 1983-84 Financial Performance (accrual basis in $000 - Note 1)

	Actual	Main[2] Estimates	Change
Revenue	562,193	553,953	8,240
Expenses			
Product costs	300,305	284,762	15,543
Operating costs	254,923	268,348	(13,425)
(Note 3)	555,228	553,110	2,118
Surplus for the year	6,965	843	6,122
Resources Required (Provided From)			
Surplus for the year	(6,965)	(843)	(6,122)
Depreciation	(2,836)	(2,954)	118
Working capital changes	(4,281)	7,351	(11,632)
Capital Expenditures	5,028	8,372	(3,344)
Payable at year end (PAYE) and other transactions	18,649	4,836	13,813
Financial Requirement	9,595	16,762	(7,167)

Note 1: The elimination of internal revenues and product costs is not reflected.

Note 2: The 1983-84 Main Estimates were reduced by the discontinuance of centralized billings in Printing Operations.

Note 3: Section III C. page 3-54 provides further details by activity of financial performance for 1983-84.

A.2 Commercial Acquisitions

Objective

To acquire and deliver on a timely basis satisfactory to the Supply Administration's customers and in the most economical manner, commercially available goods and services such as office technologies, traffic management and industrial products required by departments and agencies, taking into account the contribution of supply to the realization of national objectives.

Description

The provision of goods and services of a general commercial nature usually procured in the production and manufacturing market, including acquisition planning, sourcing, tendering, contract negotiation, contracting, contract administration, project management and contract close out and audit; and the provision of traffic and transportation services.

Resource Summary

This part of Supply Operations accounts for 30% of revenues and 30% of expenses.

Figure 8: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	187,601	183,309	4,292	170,536
Expenses				
Product costs	152,225	143,735	8,490	132,592
Operating costs	30,721	30,376	345	29,555
	182,946	174,111	8,835	162,147
Contribution margin	4,655	9,198	(4,543)	8,389
Person-Years	580	588	(8)	622

Explanation of Change: Changes in revenue are due to inflationary factors in traffic management services offset by rate decreases in acquisition fees and also in traffic management services. A reduction in person-years is reflected in operating costs.

Performance Information/Resource Justification

Business Volume: Business volume consists of contracting value for acquisitions and the number of activities for traffic management.

Figure 9: Summary of Business Volume

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Acquisitions:			
Contracting ($ Millions)	1,782	1,755	1,405
Traffic Management:			
Number of trips	221,186	225,700	239,832
Number of moves	5,000	5,000	4,015
Number of freight invoices	475,000	463,945	437,539
Number of overseas shipments	1,500	1,500	1,623
Number of vehicles and equipment managed	22,200	22,200	22,232

Performance Information: Contracts will be awarded within 66 calendar days for low complexity contracts through to 154 calendar days for high complexity contracts 75% of the time in the aggregate and in the most economical manner.

Significant Events: In the past, purchases of aviation and naval fuel were on the basis of a discount from the posted prices. This resulted in a number of price changes during a 12 month period. A new pricing formula has been adopted which permits bids on fixed pricing basis for the first six months of the agreement and identifies increases for the second six month period. This new pricing will bring stability to the prices paid by the Government and enhance the competitive nature of the bid process.

Contribution to National Objectives: During the year 1983-84, 132 Master Standing Offers for electronic data processing professional services were awarded to 96 firms, 89 of which are Canadian-owned and all work is performed in Canada. These standing offers provide an estimated 625 person-years of employment across Canada. This method of supply is cost efficient, allowing the Crown to obtain maximum benefit for the dollar, while maintaining an efficient level of service, which is easily accessed by the client departments, with a minimum of administrative overhead.

A.3 Science and Engineering Acquisitions

Objective

To acquire and deliver, on a timely basis, satisfactory to the Supply Administration's customers and in the most economical manner, complex, unique, custom-made goods and services such as science and professional, aerospace and armament, marine, electronics and industrial systems required by departments and agencies, taking into account the contribution of supply to the realization of national objectives.

Description

The provision of scientific, research and development, professional services and technically complex engineering products and services including acquisition planning, sourcing, tendering, contract negotiation, contracting, contract administration, project management and contract close out and audit.

Resource Summary

This part of Supply Operations accounts for 7% of revenues and 6% of expenses.

Figure 10: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	40,410	41,660	(1,250)	44,238
Expenses				
Product costs	-	548	(548)	1,827
Operating costs	39,807	38,214	1,593	36,941
	39,807	38,762	1,045	38,768
Contribution margin	603	2,898	(2,295)	5,470
Person-Years	671	689	(18)	687

Explanation of Change: Changes in revenue are due to rate decreases in acquisition fees.

Performance Information/Resource Justification

Business Volume: The activity for this acquisition service is reflected by the output of contractual value awarded.

Figure 11: Summary of Business Volume

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contracting Value ($ Million)	2,348	2,417	2,299

Performance Information: Contracts pertaining to Science and Engineering Acquisitions will be awarded within 86 days for low complexity contracts through to 302 days for high complexity contracts 75% of the time in the aggregate and in the most economical manner.

Significant Events: A contract valued at $3.2 million was awarded to Bell Canada for the design, installation, operation and maintenance of a leased satellite data circuit. This is the first commercial service of this type under a recently signed transborder agreement and paves the way for further utilization of Canadian satellite technology.

The Canadian General Standards Board (CGSB) celebrated its 50th Anniversary in 1984, having been established in 1934 by the Royal Commission on Price Spreads. To mark its Golden Anniversary, CGSB sponsored an international essay contest on the subject of "Standards in International Trade". The successful author was Mr. Walter Cropper of Sante Fe, New Mexico who received the David Wolochow award for his paper entitled "International Standards in a Global Economy".

Contribution to National Objectives: During 1983-84 a total of 79% of the annual value of contracts was placed with Canadian based suppliers. This is marginally down from last year by a half of one percent.

A.4 Regional Supply

Objective

To acquire, deliver and/or dispose as appropriate, on a timely basis satisfactory to Supply Administration's customers and in the most economical manner, a wide range of goods and services available locally and of a commercial nature and also including printing products, stocked items, maintenance and repair, warehousing and disposal services and assets management systems and/or services required by departments and agencies, taking into account the contribution of regional supply to the realization of national objectives.

Description

The procurement, locally, of goods and services usually procured in the retail and wholesale market; the repair and maintenance of office equipment and furniture; the provision of warehousing services; the issuance of stocked items through supply centres and self-service stores; the provision of disposal services for surplus material in the custody of government departments, agencies and Crown corporations; the provision of generally low-value, short-run, non-specialized printing services; exhibition and audio-visual display services; and assets management services, including the provision of advice on the management of moveable assets to government departments and agencies, the provision of management services related to the maintenance of Crown-owned production assets, and the care, maintenance and custody of standby defence plants.

Resource Summary

This part of Supply Operations accounts for 29% of revenues and 23% of expenses.

Figure 12: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	**179,608**	173,797	5,811	153,871
Expenses				
Product costs	**71,842**	68,031	3,811	63,493
Operating costs	**69,198**	68,174	1,024	63,112
	141,040	136,205	4,835	126,605
Contribution margin	**38,568**	37,592	976	27,266
Person-Years	**1,347**	1,375	(28)	1,381

Explanation of Change: The increase in revenue of $5.8 million or 3.3% is due primarily to growth in Regional Acquisitions as a result of increased regionalization of business volume from Headquarters offset by rate decreases in acquisition fees. Increase in operating costs of $1.0 million or 1.5% is due primarily to inflation, offset by decreases in person-year requirements.

Performance Information/Resource Justification

Business Volume: The output for the Regional Supply activity is measured by the all-inclusive production units. This composite weighted output indicator reflects the complexity and related effort of the diverse results as outlined in the description of activity.

Figure 13: Summary of Business Volume

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
No. of Production Units	1,882,520	1,878,130	1,821,000

Performance Information: The performance measurement developed for this service represents output per direct person-year.

	1985-86	1984-85	1983-84
Productivity in production units per direct person-year	1,610	1,583	1,547

Significant Events: The Regional Operations Sector, headed by an Assistant Deputy Minister, was created on March 20, 1984. This decision reflects the importance with which the Supply Administration views the need for further decentralization of its supply activities in order to promote regional economic development.

In an effort to improve customer service, facilitate small business dealings with the Federal Government and enhance Federal Government presence in the Regions, the Supply Administration has opened new district offices in Charlottetown, PEI (Sept, 4, 1984) and Thunder Bay, Ontario (Oct. 1, 1984). An office in Pembroke, Ontario, is planned to be opened in January, 1985. The possibility of opening additional offices during FY 1985-86 will also be studied.

The Supply Administration will continue to actively pursue the identification of opportunities for shifting some Regional services to the private sector where it is consistent with economy and efficiency.

Contribution to National Objectives: To support the government's socio-economic program by contributing to regional economic development, $275 million of business volume was transferred from Headquarters to the Regional Supply Offices during FY 1983-84. An additional $100 million of business volume is planned to be transferred for FY 1984-85.

Regional Supply Contracting

	1985-86	1984-85	1983-84
No. of Contractual Documents	303,104	298,324	291,566
Value of Contractual Documents ($000)	1,634,821	1,813,243	1,316,771

Reasons for the change in business volume from 1983-84 to 1984-85 is partly due to the transfer of business to Regions from Headquarters and in large part due to the Washington Office commencing to report business volume as part of the Regional Supply planning element in 1983-84. In addition, in 1984-85, there has been a significant increase in business volume for the office as a result of DND purchases of weaponry for the CF-18 and the Canadian Patrol Frigate. This business volume should stabilize to more historical levels in 1985-86.

A.5 Printing and Communications

Objective

To produce and/or provide on a timely basis satisfactory to the Supply Administration's customers and in the most economical manner, printing, publishing, advertising and expositions services required by departments and agencies, taking into account the contribution of supply to the realization of national objectives.

Description

The supply of generally high volume, specialized printing services to Parliament and government departments and agencies through operation of multi-faceted government printing facilities; publishing and marketing in Canada and abroad priced publications which federal departments and agencies make available; providing a range of exhibit and associated audio-visual services required for exhibition and display purposes; and the provision of advertising services including acquisition, advisory services, auditing, payment and billing services.

Resource Summary

This part of Supply Operations accounts for 30% of revenues and 27% of expenses.

Figure 14: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	182,772	164,448	18,324	170,807
Expenses				
Product costs	104,629	94,962	9,667	102,286
Operating costs	63,786	62,212	1,574	57,022
	168,415	157,174	11,241	159,308
Contribution margin	14,357	7,274	7,083	11,499
Person-Years	1,399	1,356	43	1,365

Explanation of Change: Business volume in Printing Production declined in 1984-85 due to the federal election. However, the 1985-86 Estimates represent normal business volume for this activity.

Performance Information/Resource Justification

Business Volume: Business volume reflects revenues from printing, publishing, advertising, expositions, and film and video activities.

Figure 15: Summary of Business Volume ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenues from activities	182,772	164,448	170,807

Performance Information: The performance indicators developed for these activities are described in terms of time and cost. In the case of the time standards described in Figure 16, the goal for 1985-86 is to achieve an overall performance level of 90%.

Figure 16: Performance Indicators

ACTIVITIES	TIME STANDARD	COST STANDARDS
PUBLISHING	Order throughput time is an average of 5.4 calendar days	OPERATING COST PER $100 SALES $45.00
ADVERTISING	Pay invoices to capture all available prompt payment discounts	COST PER INVOICE PROCESSED $40.00
EXPOSITIONS	Meet customer delivery dates for exhibit services	OPERATING COST PER $100.00 SALES $25.00
PRINTING PRODUCTION	A) Short Run - - within one working hour B) Medium Run - within two working days C) Longer Runs - or more complex jobs - deadline negotiated. D) Meet customer delivery date/time for parliamentary and confidential government requirements to customer deadlines.	OPERATING COST PER $100 SALES $62.00
FILM AND VIDEO	Meet Customer deadlines for film and video services	OPERATING COST PER $100 SALES $28.00

Significant Events: The Sponsored Film Division and the Canadian Government Photo Centre, formerly of the National Film Board, were integrated with the Communications Services Directorate. The transfer, which became effective on October 1, 1984, resulted from recommendations made in the document entitled "National Film and Video Strategy".

The Communications Services Directorate participated on the Review of Printing Task Force which was established to examine customer service for all printing requirements as well as the make/buy guidelines and their application. In addition, the Task Force will be seeking ways of improving the effectiveness and efficiency of this service.

A review of the publishing services provided to departments by the Canadian Government Publishing Centre was conducted during 1984-85. As a result, a series of meetings were held with all the major publishing departments to increase their awareness of the services provided by the Centre, as well as to ensure compliance with the co-publishing and depository services program.

Contribution to National Objectives: A major project for the Canadian Government Expositions Centre in 1985 is the development of the Canadian Pavilion at EXPO '85 in Tsukaba, Japan. It is anticipated that twenty million people will visit the exhibit, providing an opportunity for Canada to promote Tourism, Science and Technology and EXPO '86. The theme of EXPO '85 is "Dwellings and Surroundings - Science and Technology for Man at Home".

A series of seminars are to be held across Canada. The aim of these seminars is twofold:

- to familiarize the Canadian printing industry with Federal Government national and regional printing requirements thereby encouraging their full participation in federal government printing business; and

- to improve the industry's access to new technology in the field of printing operations.

A.6 Major Crown Projects

Objective

To manage those projects defined as Major Crown Projects by the Treasury Board, as prescribed in individual project briefs and approved interdepartmental Memoranda of Understanding in an efficient, effective and economical manner satisfactory to Supply Administration's customers.

Description

The effective, efficient and economical management on behalf of departments and agencies of Major Crown Projects including project definition work, project planning, tendering, contract negotiation, contracting, contract administration and contract close out and audit.

Resource Summary

This part of Supply Operations accounts for 3% of revenues and 2% of expenses.

Figure 17: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	**20,892**	21,160	(268)	14,865
Expenses				
Product Costs	**1,327**	1,087	240	107
Operating costs	**11,835**	13,212	(1,377)	10,222
	13,162	14,299	(1,137)	10,329
Contribution margin (Reduction in surplus)	**7,730**	6,861	869	4,536
Person-Years	**175**	193	(18)	144

Explanation of Change: The number of approved projects and projects in the preliminary stage necessitates continuous review during a fiscal year for this activity. The Treasury Board Policy on Major Crown Projects directs the Supply Administration, as a common service organization, to be involved at the earliest possible moment following the identification of a client's requirement. The role of Supply Administration with respect to management and control of these projects applies to both approved and preliminary projects.

Business Volume: Major Crown Projects (MCP) consist of any project where:

- the expenditure consists of public funds;
- estimated cost is at least $100 million; and
- the federal government is the owner or major user.

The activity for this output is reflected by the number of projects managed. In 1985-86, 19 fully approved projects and 12 projects in the planning stage have been identified.

Figure 18: Summary of Business Volume

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contracting Value ($ million)	3,148	1,868	4,691

Performance and Resource Justification Information: Performance is established on a project basis and includes both cost and time schedule considerations agreed with customer departments.

Description of individual Major Crown Projects: Summary and details of individual Major Crown Projects are included in Section I, Pages 3-9, 3-17, 3-18 and 3-19.

A.7 Export Supply

Objective

To acquire and deliver on a timely basis and in the most economical manner, whatever goods and services are required by the Canadian Commercial Corporation (CCC) to meet foreign governments' and international agencies' requirements.

Description

The acquisition of goods and services required by the Canadian Commercial Corporation on behalf of foreign countries, including contract arrangement and contract management, as well as business development and comprehensive financial services.

Resource Summary

This part of Supply Operations accounts for 1% of revenues and 1% of expenses.

Figure 19: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	**6,540**	6,321	219	6,340
Expenses Operating costs	**5,846**	5,640	206	5,279
Contribution margin	**694**	681	13	1,061
Person-Years	**97**	98	(1)	98

Explanation of Change: Adjustments were made to the method of assessing Export Supply Branch operating costs during 1984-85 resulting in a reduction of revenue from Canadian Commercial Corporation (CCC).

Performance Information/Resource Justification

Business Volume: The output reflects contracting value for acquisitions. Export Supply Branch (ESB) must cater to a non-captive market in order to maintain its share and develop new opportunities. Changing world socio-economic and political circumstances affect this trade. The resources available and the ability to deal with these factors are major determinants in the achievement of business volumes and the measurement of performance.

Figure 20: Summary of Business Volume

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Contracting Value in $Million	900	750	610

Performance Information:

- ESB will, as market conditions and resources permit, increase the number of bids and offers submitted by 20%;
- bid processing will be turned around in 3 working days for 80% of the volume;
- ESB will continue to contain its operating costs at less than 1% of business volume; and
- ESB will make payments to suppliers in Canada within 30 days and "optimize" investments for maximum interest returns.

Contribution to National Objectives: ESB/CCC business volume will contribute directly to job preservation and creation. These exports will stimulate economic recovery by the influx of foreign exchange as well as provide practical opportunities for increasing Canadian sources and capabilities.

A.8 Program Administration

Objective

To provide direction and control for the Supply Administration.

Description

The provision of direction and control for the efficient and effective delivery of the Supply Revolving Fund, Defence Production Revolving Fund and Vote 10, also including the provision of support services, e.g. development and operation of financial management systems and development, maintenance and enhancement of other systems in support of operations; development of strategic plans; allocation and monitoring of resources; formulation and maintenance of policies; development of standards; coordination of effective customer and supplier relations; human resources planning and development; and security.

Resource Summary

This part of Supply Operations accounts for 11% of expenses.

Figure 21: Statement of Operations (accrual basis in $000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Revenue	**1,410**	1,356	54	1,536
Expenses Operating costs	**66,646**	65,171	1,475	52,792
Contribution margin (Reduction in surplus)	**(65,236)**	(63,815)	(1,421)	(51,256)
Person-Years	**570**	606	(36)	582

Explanation of Change: Program Administration costs, in real terms, have declined due to reduced person-year requirements.

Performance Information/Resource Justification

Performance Information: Program Administration is planning to maintain its operating costs equal to 20% of the total Supply Administration 1985-86 operating expenditure excluding Centralized Audit and Interest Expense.

Figure 22: Cost Components of Program Administration for 1985-86 Fiscal Year

Components	($000)	Person-Years
Program Executive	5,287	62
Supply Management	777	8
Finance Planning & Systems	40,344	500
Departmental Administration	11,655	-
Assessment for Department of Justice	930	
Centralized Audit	2,848	-
Interest Expense	4,805	-
Operating Costs	66,646	570

Significant Events: The Operational Plan Framework was modified for the Supply Administration and approved by the Treasury Board on December 6, 1984 and provides the basis for the change in the 1985-86 activity structure.

B. Defence Production Operations

Objective

To assist in carrying out the responsibilities specified in the Defence Production Act related to the acquisition, transportation and stockpiling of strategic materiel and defence supplies.

Description

This Activity finances as required, on a cost reimbursable basis, the acquisition of defence supplies for eventual delivery to clients, and finances the stockpiling of strategic materiel or defence supplies.

The Activity is funded by the Defence Production Revolving Fund. Rates are set to enable recovery of the full cost of service provided. These costs include:

- the costs of acquisition, storage, maintenance and transportation in relation to approved rates;
- interest charges based on the draw-down from the Consolidated Revenue Fund; and
- the write-off of normal inventory losses.

The Activity operates without any direct person-years. The acquisition and other support services needed to carry out its operation form part of the Supply Operations Activities.

Resource Summary

Figure 23: Statement of Operations (accrual basis $000)

	Estimates 1985-86	Forecast 1984-85	Change
Revenue	10,767	15,632	(4,865)
Expenses	10,767	15,632	(4,865)
Surplus for the year	-	-	-
Resources Required (Provided From)			
Surplus for the year	-	-	-
Repayment of Long Term Receivables	(300)	(231)	(69)
Other working capital changes	302	(11,329)	11,631
Financial Requirement	2	(11,560)	11,562

Explanation of Change: The change of $11,562,000 for the Defence Production Revolving Fund is attributed to these two factors:

- a decrease of $69,000 in repayment of long-term receivables caused by the direct financing of the Department of National Defence; and
- an increase of $11,631,000 in the other working capital requirements.

Past Financial Performance

Figure 24: Overview of 1983-84 Financial Performance (accrual basis in $000)

	1983-84		
	Actual	Main Estimates	Change
Revenue	28,519	87,061	(58,542)
Expenses	28,519	87,061	(58,542)
Surplus for the year	-	-	-
Resources Required (Provided From)			
Surplus for the year	-	-	-
Repayment of Long Term Receivables	(307)	(300)	(7)
Payable at year end	(11,051)	-	(11,051)
Working capital changes	10,581	29,018	(18,437)
Financial Requirement	(777)	28,718	(29,495)

Explanation of Change: The change of $29,495,000 for the Defence Production Revolving Fund is caused basically by the following factors:

- a decrease of $18,437,000 in working capital requirements such as accounts receivable, progress payments to customers and accounts payable; and
- a decrease of payable at year end transactions.

C. Procurement Support Initiatives

Objective

To encourage research and development in the private sector which contributes to departmental programs; to help finance certain costs incurred on government contracts resulting from the use of those contracts to support industrial research or industrial development objectives in Canada, including the expansion of Canadian technology and Canadian content in federal government purchases; to provide free and subsidized distribution of government publications and Parliamentary papers thereby enhancing public access to such documents; and to promote greater public awareness of the role, impact and potential of science and technology.

Description

The review and provision of bridge funding of unsolicited proposals from the private sector which meet the mission oriented science and technology requirements of government departments; the funding, as prescribed, of proposals involving incremental costs on contracts used to create or maintain sources of supply in Canada; the evaluation and support of proposals which will increase public awareness of science and technology; and the funding of the subscription to and distribution of certain government publications and Parliamentary papers.

Resource Summary

Figure 25: Distribution of Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change	Actual 1983-84
Unsolicited Proposals	15,000	15,000	-	14,985
Free & Subsidized Publications & Communications	13,507	3,866	9,641	3,499
Source Development Fund	-	8,500	(8,500)	8,058
Public Awareness Program	1,442	1,500	(58)	65
	29,949	28,866	1,083	26,607

Explanation of Change: The net increase of $1,083,000 is mainly attributable to the transfer-in of the Canadian Unity Information Office and the production costs of the Canada Gazette. Funding of Source Development Fund for 1985-86 and future years is subject to Cabinet review.

Performance Information/Resource Justification

Unsolicited Proposals: The temporary funding of research and development projects assists in increasing departmental awareness of the capabilities of Canadian industry. It also helps to:

- increase private sector capability, particularly industrial research and development;
- increase private sector business opportunities in the form of new or improved products and services for commercial markets;
- increase credibility of new products and services in domestic and foreign markets;
- promote technology transfer to and from government laboratories; and
- increase opportunities for interaction of researchers from government, industry and universities.

Public Awareness Program: This activity provides financial contributions to projects which:

- increase the general public awareness of scientific and technological achievements and potential, particularly those of Canadian origin or application;
- stimulate greater public interest in, and understanding of, the role and impact of science and technology in contemporary society;
- improve communication between scientists and non-scientists, between the creators and users of technology and to those who generate technological change and those affected by it;
- help to understand the impact of technology on the workplace and on society;
- provide information on opportunities for technological growth; and
- provide information on current and historical aspects of Canada's technological strengths.

Significant Events: Canadian Unity Information Office was transferred to Supply in September, 1984. The responsibility of production costs associated with the Canada Gazette will be transferred to Supply from the Privy Council Office effective April 1, 1985. These costs are reflected in the sub-activity of Free and Subsidized Publications and Communications (see page 3-45).

Section III
Supplementary Information

A. Analysis By Object

1. Expenditures By Object

Figure 26: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	158,681	155,313	144,347
Contribution to Employee Benefit Plan	25,157	23,341	19,903
	183,838	178,654	164,250
Goods and Services			
Transportation and communication	168,392	159,765	146,428
Information	63,835	63,705	76,523
Professional and special services	66,924	58,263	44,609
Rentals	30,806	29,803	26,328
Purchased repair and upkeep	8,599	7,290	8,293
Utilities, materiels and supplies	120,849	127,588	132,030
Transfer Payments	1,442	1,500	65
All other	9,119	12,760	12,539
Total operating	653,804	639,328	611,065
Capital			
Construction and acquisition of machinery and equipment	13,234	11,659	5,028
Total expenditures	667,038	650,987	616,093
Less: Receipts credited to the Appropriation Authority	618,505	616,057	584,200
Net expenditures charged to Appropriation Authority	48,533	34,930	31,893

2. Personnel Expenditures

Figure 27: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	128	129	113	50,350 - 96,300	63,617
Scientific and Professional	13	16	16	19,219 - 63,974	45,450
Administrative and Foreign Service					
Administrative Services	166	174	151	13,912 - 57,987	35,487
Financial Administration	103	108	98	13,853 - 57,980	43,417
Information Services	76	54	52	13,579 - 57,980	35,469
Purchasing and Supply	1,222	1,245	1,199	12,766 - 57,980	40,420
Computer Systems	94	78	84	18,766 - 61,433	34,840
Other	72	70	71	14,099 - 60,076	39,222
Technical	143	105	106	14,431 - 47,079	35,068
Administrative Support					
Clerical and Regulatory	1,207	1,195	1,246	12,932 - 31,743	21,674
Secretarial, Stenographic and Typing	184	194	227	12,636 - 31,946	21,237
Data Processing	73	63	75	13,352 - 37,130	23,373
Other	30	63	3	14,015 - 28,548	19,718
Operational					
General Labour and Trades	101	145	109	14,776 - 40,676	22,543
General Services	240	218	248	13,253 - 39,988	21,398
Printing Operations	987	1,048	1,081	15,340 - 39,895	25,034

Note: The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. **Person-Year Requirements**

Figure 28: Person-Years by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Commercial Acquisitions	580	588	622
Science & Engineering Acquisitions	671	689	687
Regional Supply	1,347	1,375	1,381
Printing & Communications	1,399	1,356	1,365
Major Crown Projects	175	193	144
Export Supply	97	98	98
Program Administration	570	606	582
	4,839	4,905	4,879

4. Capital Expenditures

Figure 29: Capital Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Equipment and Furniture	4,554	3,929	4,288
Leasehold improvements	1,680	730	740
Electronic and data processing equipment	7,000	7,000	-
	13,234	11,659	5,028

Equipment and furniture and leasehold improvement capital expenditures are required to maintain a normal service level.

The annual depreciation is calculated on the basis of the straight-line method on the equipment life span ranging from 5 to 10 years.

5. Revenue - Summary of Rate Structure

Consistent with Revenue Dependent Method of Financing, the Supply Revolving Fund is managed on a "full-cost" revenue dependent basis. Under this system, Supply Operations is financed by charging client departments and agencies for the services provided in accordance with the rates approved annually by the Treasury Board. The overriding criterion in the establishment of the rates and rate structure is for the Supply Revolving Fund to break even on an annual basis.

The following is a typical example of the 1985-86 rates and rate structure for the respective services provided to client departments and agencies.

Figure 30: Example of Proposed 1985-86 Rates and Rate Structure

Activity	Service Provided			
SCIENCE & ENGINEERING ACQUISITIONS	ACQUISITIONS * (Scale of rates applied to $ Business Volume by Value Class Interval - VCI)	Value Class Interval $ (VCI)	Base Charge $	Rate % (1)
		1 - 249	20	0.0
		250 - 2,499	20	5.0
		2,500 - 9,999	133	4.0
		10,000 - 49,999	433	3.5
		50,000 - 199,999	1,833	2.25
		200,000 - 999,999	5,208	1.5
		1,000,000 - 4,999,999	17,208	1.0
		5,000,000 - 50,000,000	57,208	0.5
		50,000,001 Plus	negotiated charge	
		(2) non-core	0	0.5
	PROJECT MANAGEMENT	Negotiated charge per project		
	MARINE INSPECTION	$364/Person-day utilized		
	MARINE & SPECIALIZED ENGINEERING DESIGN & CONSULTING - Maximum rate per chargeable person-hour plus direct travelling costs	$40.50/Person-hour		

(1) Rate percentage applied to contract value in excess of immediately lower VCI break-point.

(2) The non-core rate covers the following commodity areas: bulk foods; printing production paper; petroleum products excluding packaged products and special oils and lubricants; guard services; Race Track Surveillance, Canada Student Loan Collection and Photo Finish Services.

Note: The above rate structure also applies to all Positive Value Amendments.

* The acquisitions rate also applies to Commercial Acquisitions and Printing Acquisitions.

B. Use of Revolving Fund Authorities

1. Supply Revolving Fund

Figure 31: Projected 1985-86 Use of Authority ($000)

Authority		200,000
Drawdown:		
Balance April 1, 1985	121,313	
Total Estimates (Net Cash required)	18,582	
Less: Balance March 31, 1986		139,895
Unused Authority as at March 31, 1986		60,105

This fund operates under the continuing authority of the Adjustment of Accounts Act (S.C. 1980, c.17).

Figure 32: Supply Revolving Fund Statement of Fund Position ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Assets			
Accounts receivable	177,205	161,656	163,278
Inventory	24,392	19,227	18,139
Capital and other assets	34,014	25,780	17,309
	235,611	206,663	198,726
Liabilities			
Accounts payable and accrued liabilities	80,345	70,661	74,072
Equity of Canada	155,266	136,002	124,654
Equity of Canada - made up of:			
Appropriation Authority used from Consolidated Revenue Fund	139,895	121,313	103,689
Retained Surplus	15,371	14,689	20,965

2. Defence Production Revolving Fund

Figure 33: Projected 1985-86 Use of Authority ($000)

Authority		100,000
Drawdown:		
Balance April 1, 1985	3,720	
Total Estimates (Net cash required)	2	
Less: Balance March 31, 1986		3,722
Unused Authority as at March 31, 1986		96,278

This fund operates under the continuing authority of the Adjustment of Accounts Act (S.C. 1980, c.17).

Figure 34: Defence Production Revolving Fund Statement of Fund Position ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Assets			
Accounts receivable	2,692	2,300	11,997
Inventory	-	-	-
Other assets	2,324	2,624	9,495
	5,016	4,924	21,492
Liabilities			
Accounts payable and accrued liabilities	840	750	5,758
Equity of Canada	4,176	4,174	15,734
Equity of Canada - made up of:			
Appropriation Authority used from Consolidated Revenue Fund	3,722	3,720	15,280
Retained Surplus	454	454	454

C. Summary of 1983-84 Actual Compared to Planned Performance - Supply Operations Activities

1. Financial Summary by Activity

Figure 35: Statement of Operations (accrual basis $000)

Revenues			Activities	Expenses		
Actual 1983-84	Main Estimates 1983-84	Change		Actual 1983-84	Main Estimates 1983-84	Change
170,536	165,460	5,076	Commercial Acquisitions	162,147	153,749	8,398
44,238	43,130	1,108	Science & Engineering Acquisition	38,768	38,319	449
153,871	162,198	(8,327)	Regional Supply	126,605	138,092	(11,487)
170,807	159,712*	11,095	Printing & Communications	159,308	149,814*	9,494
14,865	15,128	(263)	Major Crown Projects	10,329	10,634	(305)
6,340	6,775	(435)	Export Supply	5,279	5,619	(340)
1,536	1,550	(14)	Program Administration	52,792	56,883	(4,091)
562,193	553,953*	8,240	Total	555,228	553,110*	2,118

* 1983-84 Main Estimates were reduced by the discontinuance of centralized billings in Printing of approximately $133 million in revenues and expenses. In addition, they have been recast in the 1985-86 structure. As a result, the comparison of planned to actual financial performance for 1983-84 (Figure 35) is based on the 1985-86 activity structure. Operational performance information as reported in the 1983-84 Estimates Part III Expenditure Plan were discontinued and replaced by performance indicators related to the new activity structure.

Explanation of Significant Variances Between 1983-84 Main Estimates and Actual: There are no activities where the variance between actual and planned financial results are 10% or greater.

2. Relationship of Revised Activity Structure to 1984-85 Activity Structure

The 1983-84 Main Estimates were prepared on the basis of 13 activities. Effective April 1, 1983, these were changed to the 7 activities used in the 1984-85 Main Estimates and the figures for 1983-84 were restated accordingly. In 1985-86, a minor revision was made to this structure by deleting Assets Management as an activity, and creating a new one, Major Crown Projects.

Figure 36 illustrates the effect of this restatement on 1983-84 financial figures by comparing the actual operating expenditures, under the 1984-85 structure and the 1985-86 revised structure.

Figure 36: Comparison of 1984-85 Activity Structure to Revised 1985-86 Structure (1983-84 Operating Expenses in $000)

REVISED ACTIVITIES / 1984-85 ACTIVITIES	Comm. Acq.	Science & Eng. Acq.	Regional Supply	Printing & Comm.	Major Crown Projects	Export Supply	Program Admin.	TOTAL
Commercial Acquisitions	28,948				629			29,577
Science & Eng. Acquisitions		33,812			9,531			43,343
Regional Supply			61,609		62			61,671
Printing & Comm.				56,686				56,686
Assets Management			1,503				853	2,356
Export Supply						5,279		5,279
Program Administration	607	3,129		336			51,939	56,011
TOTAL	29,555	36,941	63,112	57,022	10,222	5,279	52,792	254,923

Supreme Court of Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Supreme Court of Canada

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the Program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The Table of Contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $4,143,000 in 1985-86 in support of the Supreme Court of Canada. Additional expenditures, estimated at $1,654,000 for Judges' Salaries, Allowances and Annuities, and Annuities to Spouses and Children of Judges as well as $297,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Supreme Court of Canada		
40	Program expenditures	4,143	3,956
(S)	Judge's salaries, allowances and annuities; and annuities to spouses and children of Judges	1,654	1,520
(S)	Contributions to employee benefit plan	297	249
	Total Program	6,094	5,725

Votes- Wording and amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Supreme Court of Canada	
40	Supreme Court of Canada - Program expenditures	4,143,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
		Budgetary			Total	
	Authorized person-years	Operating	Capital	Transfer payments		
Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Judges	.....	1,063	.....	591	1,654	1,520
Administration	69	4,313	127	.....	4,440	4,205
	69	5,376	127	591	6,094	5,725

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Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Budgetary			
Vote 40 - Program Expenditures	3,560,000	3,560,000	3,551,150
Statutory - Judges' Salaries Allowances and Annuities; and Annuities to Spouses and Children of Judges	1,417,000	1,446,989	1,446,989
Statutory -Contributions to Employee Benefit Plans	246,000	274,000	274,000
Total Program	5,223,000	5,280,989	5,272,139

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

In 1985-86 highlights of the Supreme Court of Canada Program will be:

- maintenance of Court services through a budget of $6,094,000 and 69 person-years (see Figure 1); and
- for the first time Canadians will have access to the Court through use of a new closed-circuit television system installed in 1984-85. Motions for leave to appeal can now be heard by means of video facilities in cities and locations outside of Ottawa (see page 8).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast * 1984-85	Change	For Details See Page
Administration	4,440	4,205	235	14
Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Judges	1,654	1,520	134	18
	6,094	5,725	369	
Authorized person-years	69	68	1	

* There is no change from the 1984-85 Main Estimates (Extracts from Part II of the Estimates, page 4).

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Explanation of Change: The financial requirements for 1985-86 are 6.4% or $369,000 higher than the 1984-85 forecast expenditures. This increase is due primarily to:

	($000)
• a general increase in salaries and contributions to employee benefit plans	253
• a net increase under statutory authority for judges' salaries, judges' operating costs and annuities to Judges and Spouses of Judges	134

B. Recent Performance

1. Highlights

- The number of motions for leave to appeal increased significantly in 1983-84. 553 motions were heard representing an increase of 31% over 1982-83.

- The Main Court room was refurbished and video facilities were installed. The installation of modern equipment will enlarge the scope of the Court and will make it more accessible and available to all Canadians. The implementation cost is forecast at $500,000 in 1984-85.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Administration	3,825	3,806	19
Judges' Salaries Allowances and Annuities; and Annuities to Spouses and Children of Judges	1,447	1,417	30
	5,272	5,223	49

There were no material variances. The increase over Main Estimates was funded by increases to statutory authorities.

C. Background

1. Introduction

The Canadian judicial system is a hierarchial system with levels of courts in the provinces ranging from County or District Courts to Provincial Courts (called a Supreme Court of the province, or the Superior Court of Quebec, or the Court of Queen's Bench, as in Manitoba, Saskatchewan, Alberta and New Brunswick) and to a Provincial Court of Appeal, the highest court in a province.

Appeals heard by the Supreme Court arise from judgments rendered in various Appeal Courts. Appeals may arise from the Federal Court of Canada (Appeal Division) or provincial courts of appeal. Appeals that arise from a Provincial Court of Appeal will normally have been previously heard by a County, District or other Provincial Court.

The Supreme Court of Canada stands at the apex of the Canadian judicial system. It is the final court of appeal in all causes, the last judicial resort of litigants or of governments of Canada. As a general court of appeal for both criminal and civil cases its jurisdiction embraces the civil law of Quebec as well as the common law of the nine common law provinces.

In most cases leave to appeal may be granted by the Supreme Court itself, or a Court of Appeal.

Also, in a few defined situations the Supreme Court is required to hear matters referred to it by the Government of Canada. Examples are important questions of law or fact concerning the interpretation of the Constitution Act, 1982, interpretation of federal or provincial legislation and the powers of Parliament.

2. Legal Mandate

Although the Supreme Court of Canada is not specifically mentioned in the British North America Act, 1867 authority to establish such a final court with a wide national jurisdiction was reposed in the Parliament of Canada by Section 101 of the Act, enabling Parliament to provide for "the constitution, maintenance and organization of a general Court of Appeal for Canada".

The Court operates under the Supreme Court Act.

3. Program Objective

The objective of the Supreme Court of Canada is "to provide a general Court of Appeal for Canada".

4. Program Organization for Delivery

Activity Structure: The Supreme Court of Canada Program is composed of two activities:

- Administration; and
- Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Judges.

These activities are described in Section II of the Plan. It should be noted that all person-year resources of the Program relate to the Administration Activity.

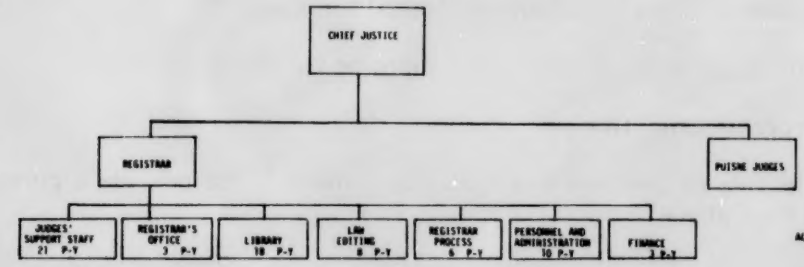
Organization Structure: The Court, which is located in Ottawa, is composed of the Chief Justice and eight puisne Judges, all of whom are appointed by the Governor in Council to consider motions for appeals and to hear appeals.

The Registrar, who is also appointed by the Governor in Council, is responsible for the administration of the Court and reports to Parliament through the Minister of Justice. He has authority to exercise the jurisdiction of a Judge sitting in chambers as may be conferred upon him by general rules or orders made under the Supreme Court Act and undertakes other duties and responsibilites which may be assigned to him by the Chief Justice. The Registrar is assisted by a Deputy Registrar, appointed by the Governor in Council, who may exercise and perform all the powers and duties of the Registrar in the event that the Registrar is absent or unable to act.

Others reporting to the Registrar are the Chief Librarian, the Assistant Registrar Process, a Chief Law Editor, a Finance Officer and a Personnel and Administrative Officer. The Judges' support staff includes secretaries and attendants to the Chief Justice and the Puisne Judges.

The distribution of resources available to the Supreme Court is illustrated in Figure 3.

Figure 3: Resources by Organization/Activity ($000)



									ACTIVITY TOTAL
ADMINISTRATION 69 P-Y	692	714	1,224	615	200	904	91		4,440
JUDGES' SALARIES ETC.	-	-	-	-	-	-	-	1,654	1,654
	692	714	1,224	615	200	904	91	1,654	6,094

D. Planning Perspective

1. Environment

The direction and nature of the Administration of the Supreme Court is determined by the content of the Supreme Court Act and the Judges' Act. Consequently, changes in either of these Acts could have significant impact upon the Program.

Issues that come before the Supreme Court are based on laws enacted by Parliament and provincial legislatures, therefore particular or special items of legislation will eventually affect the Program. As an example, 30% of the increase in the number of appeals heard in 1983-84 is attributable to the Charter of Rights and Freedoms.

The new modern technology is without question one of the factors which will influence the Program in the near future. In fact, the geographic barrier will not exist anymore as the Court will be able to hear motions to appeal as well as appeals from remote locations through video facilities.

Influences such as economic and social situation may also have a significant impact upon the Program since it intensifies the concerns of the people. Consequently, their need for submission for legal decision and judicial resort will be increased.

The Court operates in a milieu which is particular and unique. The expectations of the public, the legal community and the governments towards the Court are very important as the Court is the final court of appeal in Canada. Nevertheless, the Court must act within a rigid prescribed framework.

2. Initiatives

One initiative related to the Library (see page 16) is to be pursued in 1985-86 as follow:

- To review and evaluate the Library functions in order to appraise the effectiveness and efficiency of the library's operations. The audit will be performed by the Audit Services Bureau at an estimated cost of $26,000.

3. Update on Previously Reported Initiatives

- The complexity of cases now heard by the Court has increased the need of legal research. As a result, in 1983-84 three additional Law Clerks were employed under contract at a cost of $63,000 in order to provide an adequate level of research capability to current workload.

- The transfer of the security account from the Bank of Montreal to the Consolidated Revenue Fund is to be completed during 1984-85. The government will now benefit from the use of this fund.

- Technical and administrative support capabilities to ensure that the Court can provide prompt, simultaneous bilingual reports on reasons for judgments have been improved. The cost of the publications for 1984-85 is estimated at $334,000.

- The Library will continue planning for the implementation of an automated information retrieval system. The limited resources available for this project have necessitated that the time frame over which the project would be accomplished be extended.

- Studies to solve space and environmental concerns related to the protection of the library collection have been undertaken by Public Works Canada. The project is now at the design stage. There will be no cost incurred by the Court in 1985-86.

4. Program Effectiveness

The quality of administrative services provided by the Program to applicants, and subsequently, appellants and defendants, contributes to the overall effectiveness of the Court. A key indicator, although certainly not absolute, is the responsiveness of the Process Division to applicants, appellants and defendants. The Court's operations are organized to ensure that, when an applicant, appellant or defendant provides the appropriate documentation to the Court, the next stage in the appeal process will be scheduled.

Each motion for leave to appeal must be heard by a panel of three Judges which either dismisses the appeal, reserves judgment or grants leave to appeal. Consequently there is a direct effect upon the operation of the Court when applications or motions for leave to appeal are filed.

The Court holds three sessions during the year. The first begins on the fourth Tuesday in January and ends just before Easter, the second begins on the fourth Tuesday in April and continues until the end of June, and the third begins on the first Tuesday in October and ends shortly before Christmas.

All motions for leave to appeal received by the Court's Process Division prior to a hearing date are scheduled for the next hearing date unless the applicant requests a delay. Motions for leave to appeal are heard twice a month

when the Court is in session. If the Court is unable to hear all outstanding motions on scheduled hearing days, additional time is scheduled prior to the end of the session. Thus all motions for leave to appeal are heard prior to the end of a session.

The determination of the scheduled date for hearing an appeal is largely dependent upon the time taken by the appellant and defendant to file the necessary documentation.

The Assistant Registrar Process, after consultation with the Chief Justice, endeavours to satisfy appellants' requests for specific hearing dates.

The extensive reference material available in the Supreme Court Library is accessible to litigants and their legal representatives to assist them in the preparation and presentation of their appeals.

Section II
Analysis by Activity

A. Administration

Objective

To manage the operations of the Supreme Court efficiently and economically in accordance with the requirements of the Supreme Court Act and Judges' Act.

Resource Summary

The Administration Activity represents 72.9% of the Supreme Court expenditures for 1985-86 and 100% of the person-years.

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	4,440	69	4,205	68	3,825	68

1983-84 Financial Performance: Actual financial requirements for 1983-84 were only .5% or $19,000 higher than planned. Refer to Figure 2 on page 8.

Description

The activity is composed of the following four functions:

Editing and Publication: This function encompasses all the tasks necessary to produce the Supreme Court Reports which contain the final published version of judgments rendered by the Court. The reports are produced in both official languages in bound form as a permanent record of the appeals. Qualified legal staff prepare a headnote summary, which receives the approval of the Court, edit and standardize the text of each judgment. The Canadian Government Printing Office, Supply and Services Canada undertakes publication and distribution of the Reports; proofreading however is done at the Court. The Reports for each calendar year consist of two volumes of six parts each.

Library: The library contains an extensive collection of approximately 200,000 volumes covering both common law and civil law systems, including Commonwealth materials and European civil law publications. These volumes constitute one of the most important collections in Canada of legal literature.

The Library is mainly responsible for supporting the research of the Court and counsel appearing before the Court. It is also open to members of the legal community and the public at large for reference use of materials not available elsewhere.

Process Registry: This function is responsible for receiving, checking and processing all applications for leave to appeal and other motions to be heard before the Court or in Judges' chambers as well as the appeals themselves. It is also responsible for finalizing documentation after judgments have been rendered as well as providing advice and assistance to litigants concerning rules of procedure before the Court.

Personnel, Finance and Administration: This function includes all aspects of personnel and financial administration as well as the provision of materiel management, records management and communication services required to support the operation of the Court.

Performance Information/Resource Justification

The workload of the Court is difficult to predict with any degree of accuracy because the operations of the Court are largely dependent upon external factors which are not under the control of the program. Consequently, the workload experienced by the Administration Activity when providing the services necessary to ensure the efficient operations of the Court is also hard to predict. The planning for the administration activity must ensure that a minimum resource level is available to cope with anticipated workload. These required services are of a standby nature and do not necessarily vary directly with the number of motions to appeal or appeals heard.

Editing and Publication: The Court distributes its reasons for judgment in two forms. The first distribution is prepared for release on the day the Court renders its decision; it includes the reasons and the summary in both official languages. The formal bilingual report constitutes the second distribution which is published at a later date. Prior to the publication of these reports, the texts are subjected to extensive editing and review to ensure that content and references are correct. The need for accuracy is essential because these reports are official and used as reference documents by Judges who are hearing cases and by lawyers who are preparing cases to be heard in courts throughout the land.

Figure 5: Publication Costs - Supreme Court Reports

	1983-84	1982-83	1981-82
Number of pages completed	1,940	1,562	1,519
Total cost (including salaries)	$493,239	$412,896	$330,828
Cost/page	$254.24	$264.33	$217.80
Person-Years	7.5	6.4	5.5

A bulletin of proceedings taken in the Supreme Court is also published on a regular basis. During Court sessions the bulletin is issued weekly and contains information on motions before a Judge, the status of motions for leave to appeal and appeals filed as well as summaries of cases, a weekly agenda and changes to the Court list of appeals to be heard. Cumulative indexes of appeals and motions for leave to appeal are also provided. Approximately 35 issues containing an average of 50 pages per issue are published annually.

Library: The Library provides a variety of services to the Supreme Court, to counsel appearing before the Court, to the legal community, to other libraries and to the public at large. Hence the Library must maintain a current comprehensive collection in order to have access to all major common and civil law jurisprudence. The staff, therefore, provide three types of service, namely: Technical, Reference and Research Services. The Research Service which consists of preparing research memos is available only to the judges of the Supreme Court. The workload for Technical Services and Reference Services is illustrated in Figure 6 below.

Figure 6: Technical and Reference Services

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Technical Services			
Additions to collection			
Volumes	8,000	7,000	7,000*
Microforms	8,000	8,000	7,617
Titles catalogued	5,800	2,500	2,223
Books bound or repaired	4,600	4,600	4,506
Reference Services			
Circulation			
Intra Court	3,500	3,500	3,349
Inter library	1,500	1,500	1,315
In library use (volumes consulted)	50,000	50,000	4[illegible],694
Reference inquiries	15,000	15,000	12,988
Person-Years	18	17	17

* This is an estimation of the actual acquisitions for 1983-84.

As reported in 1984-85, the library is planning for the automation of some of its operations. The first phase of the project is scheduled to start in 1985-86. The cost for 1985-86 is estimated at $137,000. This improvement, and the initiative described on page 11 (total cost of $26,000 in 1985-86), are expected to better serve the library in 1985-86 and future years particularily in respect to the level and quality of services.

Process Registry: The Process Registry workload is mainly associated with the number of applications for leave to appeal and appeals requested. Therefore, a change in any factors affecting the number of applications will also have an impact on the workload of the Process Registry, law support and administrative staff.

Figure 7: Cost of Processing Motions for Leave to Appeal and Appeals

	1983-84	1982-83	1981-82
Number of New Dockets	986	586	400
Number of Motions for Leave to Appeal	553	419	409
Number of Notices of Appeal	153	128	102
Direct cost of processing*	$186,000	$154,381	$145,909
Person-Years	6.5	6.0	5.7

*Salaries of process registry staff, secretarial and legal support.

B. Judges' Salaries, Allowances and Annuities; and Annuities to Spouses and Children of Judges

Objective

To pay salaries, allowances and annuities to Judges of the Supreme Court of Canada and annuities to spouses and children of Judges as authorized by the Judges' Act; to pay gratuities to spouses or such dependants of Judges who die while in office.

Resource Summary

Expenditures of $1,654,000 for this activity will account for 27.1% of the Supreme Court's total program expenditures in 1985-86.

Figure 8: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Judges Salaries, Allowances and Annuities	**1,654**	1,520	1,447

1983-84 Financial Performance: Actual financial requirements for 1983-84 were 2% or $30,000 higher than planned. Refer to Figure 2 on page 8.

Performance Information/Resource Justification

Estimated expenditures in 1985-86 for this activity are made, with the exception of gratuities paid to spouses or such dependants of judges who die while in office, under statutory authority and are distributed as follows:

Judges' salaries	$ 997,000
Allowances	66,000
Pensions	591,000
Total	1,654,000

The administrative resources required to administer the activity and to provide for the disbursements to nine active Judges, five retired Judges and spouses of five Judges are less than one person-year.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 9: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	3,119	2,855	2,649
Contributions to employee benefit plans	297	249	274
	3,416	3,104	2,923
Goods and Services			
Transportation and communications	214	216	225
Information	348	423	274
Professional and special services	659	612	540
Rentals	132	96	96
Purchased repair and upkeep	60	28	35
Utilities, materials and supplies	538	586	568
All other expenditures	9	1	7
	1,960	1,962	1,745
Total operating	5,376	5,066	4,668
Capital	127	143	113
Transfer Payments	591	516	491
Total expenditures	6,094	5,725	5,272

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2. Personnel Expenditures

Figure 10: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2	50,350-96,300	69,165
Scientific and Professional					
Law	7	5	6	20,523-88,120	39,308
Library Science	3	3	2	19,782-50,712	35,088
Administrative and Foreign Services					
Administrative Services	6	5	6	13,912-57,987	35,375
Other	2	2	2		
Technical					
Social Science Support	4	3	3	12,635-57,764	31,379
Administrative Support					
Clerical	18	19	19	12,932-31,743	22,672
Secretarial	15	17	16	12,636-31,946	24,718
Operational					
General Services	11	11	11	13,253-39,988	23,072
Other	1	1	1		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 11: Annuities to Judges and to Spouses and Children of Judges ($000)

	1985-86	1984-85	1983-84
Annuities to Judges and to Spouses and Children of Judges	591	516	491

B. Cost Analysis

Figure 12: Program Cost by Activity ($000)

	1985-86 Expenditures	Add Other Costs	**1985-86 Total Cost**	1984-85 Total Cost
Administration	4,440	2,031	**6,471**	7,896
Judges' Salaries, Allowances and Annuities	1,654		**1,654**	1,520
	6,094	2,031	**8,125**	9,416

Costs added to expenditures to obtain the total cost for 1985-86 include accommodation provided without charge by the Department of Public Works ($1,979,000) and services provided without charge by other departments ($52,000).

Tariff Board

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Tariff Board

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Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into three sections. Section I presents an overview of the Program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

Section I is preceded by extracts from Part II of the Estimates in order to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section and a financial summary in Section I provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $2,430,000 in support of the Tariff Board. The remaining expenditures, estimated at $268,000 will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Tariff Board		
35	Program expenditures	2,430	2,125
(S)	Contributions to employee benefit plans	268	224
	Total Program	2,698	2,349

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Tariff Board	
35	Tariff Board - Program expenditures	2,430,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Appeals	9	560	....	560	529
References	26	1,715	....	1,715	1,416
Administration	6	410	13	423	404
	41	2,685	13	2,698	2,349

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 30 - Program expenditures	1,544,000	1,544,000	1,428,230
Statutory - Salaries of the Members of the Tariff Board (Tariff Board Act)	494,000	443,419	443,419
Statutory - Contributions to Employee Benefit Plans	214,000	239,000	239,000
Total Program	2,252,000	2,226,419	2,110,649

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86 the Tariff Board has the following goals:

- to continue investigations into safeguard petitions under Reference 158, pertaining to the General Preferential Tariff, to complete the public inquiry and investigation into the Harmonized System of Customs Classification (Reference 163), and to undertake a public review of a further extension of the Orders-in-Council excluding colour television receiving sets (Reference 160) and rubber footwear (Reference 161) from the General Preferential Tariff (see page 14);

- to process and/or adjudicate approximately 170 appeals registered with the Board from rulings made by the Deputy Minister of National Revenue for Customs and Excise (see page 12); and

- to maintain a hearing turnover rate so as to increase the ratio of appeals heard within six months of date of appeal to total appeals (see page 13).

2. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Appeals	560	529	31	12
References	1,715	1,416	299	14
Administration	423	404	19	16
	2,698	2,349	349	
Authorized person-years	41	41	-	

*There has been no change from the 1984-85 Main Estimates (see extracts from Part II of the Estimates on page 4).

Explanation of Change: The financial requirements for 1985-86 are $349 thousand or 15% greater than the 1984-85 forecast expenditures. The increase is required for the public inquiry and study by the Board of the draft schedule of a new system of classifying imports for customs duty purposes. This new tariff classification would replace the current system in operation under "An Act Respecting the Duties of Customs", called the Customs Tariff and its Schedules. The new schedule under study is based on the Harmonized Commodity Description and Coding System, approved by the Customs Cooperation Council, of which Canada is a member.

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B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 are:

- The completion of Reference 159 "Customs Valuation", the continuation of the Board's inquiry into "Made/Not Made in Canada", Reference 157 and into "General Preferential Tariff Safeguard Petitions", Reference 158. Also, the beginning of its investigation into "Woollen and Worsted Yarns and Fabrics", Reference 162, and the "Harmonized System of Customs Classification", Reference 163 (see page 14);

- Adjudicated 50 appeals from rulings made by the Deputy Minister of National Revenue for Customs and Excise (see page 13); and,

- Added capacity to courtroom facilities allowed for the processing of a larger number of appeals, thus reducing the backlog of unheard appeals. This permitted appellants to be heard within a shorter period of time (see page 10).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Appeals	408	497	(89)
References	1,132	1,367	(235)
Administration	571	388	183
	2,111	2,252	(141)

Explanation of Change: Lower levels of activity in appeals and references made funds available for utilization in administration for lower priority projects.

C. Background

1. Introduction

The Tariff Board, made up of a Chairman and six members, carries out one program consisting of two functions: to act as an independent commission of inquiry into matters on tariffs and trade, and to act as a quasi-judicial court of appeal. As required by law, three members constitute a panel for the purpose of appeal hearings and the Chairman may appoint any member or members for the purpose of an inquiry.

In its role as a commission of inquiry, the Board undertakes specific trade and tariff studies at the request of the Minister of Finance. In conducting an inquiry, the Board invites the submission of briefs and holds public hearings at which the views of importers, manufacturers and consumers can be heard. Based upon those hearings and the work of its own research staff, the Board makes such recommendations on these matters as it deems appropriate.

In its role as a court, the Board hears appeals resulting from rulings by National Revenue, Customs and Excise on tariff classification, valuation of goods for customs purposes, and the federal sales tax. The Board's powers also include the hearing of appeals on charges levied on petroleum and petroleum products and on the exportation of any oils. Its rulings are appealable to the Federal Court and the Supreme Court.

2. Legal Mandate

The Tariff Board was established in 1931. Its authority to carry out inquiries and to hear appeals is provided for under the Tariff Board Act. Its role as a quasi-judicial court of appeals is further specified in the Customs Act, the Excise Tax Act, and Anti-dumping Act and the Petroleum Administration Act.

3. Program Objective

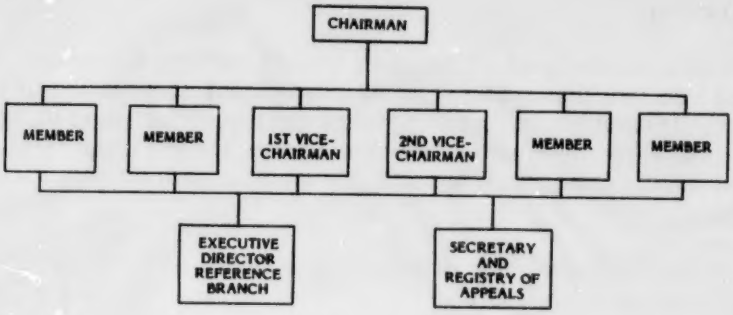
The statutory responsibility of the Board is to adjudicate upon appeals from customs and excise rulings made by the Department of National Revenue and to conduct studies of the Customs Tariff structure as directed by the Minister of Finance.

4. Program Organization for Delivery

Activity Structure: The Tariff Board has one program consisting of three activities which parallel its organizational structure.

Organization Structure: The Board has a total staff of 41 person-years. The members of the Board are appointed by the Governor in Council. The operations are entirely centralized in Ottawa although hearings and appeals are heard in other centres throughout Canada as appropriate.

Figure 3: 1985-86 Resources by Organization/Activity ($000)



			Activity Totals
Appeals		560	560
References	1,715		1,715
Administration		423	423
($000)	1,715	983	2,698
Person-years	26	15	41

D. Planning Perspective

1. Environment

The number of appeals received is a function of various factors, all of which are beyond the control of the Board. The following developments are expected to increase the growth of received appeals in the years to come:

- the federal sales tax legislation;
- the Customs Act legislation in respect of valuation for duty; and
- the adoption of the new Harmonized System of Customs Classification (also called the Customs Co-operative Council Nomenclature) which will involve a complete change in Canada's tariff classificaiton schedule and its import classification system.

2. Initiatives

No new initiatives are planned.

3. Update on Previously Reported Initiatives

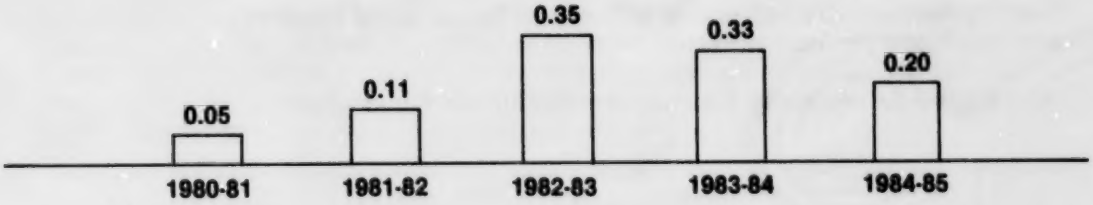
In order to improve its administrative efficiency in appeals, the Board recently increased its capacity of hearing appeals by operating two courtrooms instead of

one. The Board is now scheduling two simultaneous hearings whenever necessary. During 1983-84 both courtrooms were used simultaneously 29% of the time.

4. Program Effectiveness

The number of appeals heard within six months compared to the total number of appeals received is one indicator of the level of service provided by the program. Figure 4 illustrates this ratio. The 1984-85 ratio is based on the first eight months of the year.

Figure 4: Ratio of Appeals Heard Within Six Months to Total Appeals Received



Insofar as the inquiry role is concerned, a measure of effectiveness is the timeliness of the submission of reports to the Minister of Finance and the acceptance of its recommendations.

Another indicator of the effectiveness of the Board's reference operation is the extent to which its recommendations to the government have been implemented. A study of this covering the period 1954 to 1979 revealed that between 80-90% of the Board's recommendations had been positively acted upon. Implementation of the proposals made more recently with respect to the General Preferential Tariff (Reference 158), customs valuation (Reference 159 -Part I), and rubber footwear and colour television sets (References 160 and 161) indicate that the earlier level is being maintained.

Section II
Analysis by Activity

A. Appeals

Objectives

To process all appeals registered with the Board from rulings made by the Department of National Revenue, Customs and Excise and to adjudicate upon all those that are not withdrawn.

Resource Summary

The Appeals Activity represents 21% of the Tariff Board's budget for 1985-86, of which 86% are personnel-related costs.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Appeals	560	9	529	9	408	9

Past Financial Performance

Figure 6 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 6: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Appeals	408	497	(89)
	408	497	(89)

Explanation of Change: The change is due to funds lapsed because the number of appeals actually heard was less than those scheduled. The ratio of the number of appeals that are heard to the numbers received and withdrawn varies from year to year.

Description

In its role as a court of appeal, panels of three members of the Board hold public hearings and declare on appeals from rulings of National Revenue, Customs and Excise.

An appeal to the Board may be made from a ruling by the Deputy Minister, National Revenue, Customs and Excise on tariff classification or value for duty under section 47 of the Customs Act. The Board also hears as an appeal a reference by the Deputy Minister, under section 49 of the Customs Act. A ruling by the same Deputy Minister on the normal value and import price of goods may be appealed to the Board under section 19 of the Anti-dumping Act.

The Board may declare on what rate of federal sales tax is payable on an article or on transportation by air, or on whether or not the article or transportation by air is exempt from tax under section 59 of the Excise Tax Act. The Board may also declare on whether any charge is payable or the amount of the charges payable on any petroleum or petroleum products or on the exportation of any oils under the Petroleum Administration Act.

A declaration of the Tariff Board is final and conclusive, subject only to appeal to the Federal Court of Canada. There are no court costs or charges assessed to parties appearing before the Tariff Board. Although many appellants are represented at a hearing by counsel or by a customs consultant, an appellant may appear on his own behalf and conduct his own case.

The rules of the Board are informal in order to keep it a court of easy access. The Board publishes "An Informal Guide for Parties in Appeals Before the Tariff Board", which is available without charge from the Secretary. Appeals are usually heard in the Board's courtroom in Ottawa. The Board hears appeals in Western Canada in the fall session and in the Atlantic provinces in the spring session.

Performance Information/Resource Justification

Resources can be justified by the number of appeals received, the number of appeals heard, and the average lapse of time from the receipt of an appeal to the Board's declaration. This information is provided in Figure 7.

Figure 7: Number of Appeals Received and Heard and Turnaround Time

	1985-86*	1984-85*	1983-84	1982-83
No. of appeals received	170	180	160	119
No. of appeals heard and declared	80	70	50	82
Turnaround (in months)	7	8	11	16

*Projected figures.

B. References

Objectives

To undertake inquiries into tariffs and trade matters as referred by the Minister of Finance.

Resource Summary

The References Activity represents 63% of the Tariff Board's budget for 1985-86, of which 88% are personnel-related costs.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
References	1,715	26	1,416	26	1,132	24

Past Financial Performance

Figure 9 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 9: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
References	1,132	1,367	(235)
	1,132	1,367	(235)

Explanation of Change: The change is due to the reference operations in that year requiring fewer person-years than approved and hence less expenditures on salaries than forecast.

Description

This activity comprises the compilation of data and information, of which the non-confidential portion is distributed in background papers to interested parties prior to the hearing to encourage informed discussions of the subject matter under review. It also consists of independent statistical research and economic analysis by the staff. It includes, furthermore, analysis of submissions from interested parties and the formulation of questions for examining these parties at the public hearing. Public inquiries also involve the preparation of reports appraising and evaluating all evidence brought before the Board and gathered by means of independent investigations, which are provided to all interested parties prior to the final hearing.

On completion of the inquiry, a report is prepared containing the Board's conclusions and recommendations on rates of duty, the wording of tariff items and any other matters referred to the Board by the Minister. The report of the Board is printed and forwarded to the Minister of Finance who is required by law to table it in Parliament, if in session, within fifteen days, or if not in session, within fifteen days of the first day of the next session. At this point the report becomes a public document which can be obtained by any interested person.

Hearings of the Board or inquiries are conducted on an informal basis to ensure the fullest public participation and openness in presenting viewpoints. People making oral submissions or presenting briefs do not need to be represented by counsel.

Performance Information/Resource Justification

As every reference differs in its complexity, it is not possible to measure performance on this basis. Resources can, however, be justified on the basis of the number of references completed, ongoing and started in one year. Figure 10 displays the trend.

Figure 10: Statistics on References

	1985-86*	1984-85*	1983-84	1982-83
Total person-years	26	26	24	24
On-going references at beginning of fiscal year (F-Y)	4	5	2	6
References started in F-Y	1	3	4	2
Total references	5	8	6	8
References completed during F-Y	3	4	1	6

*Projected figures.

C. Administration

Objective

To provide administrative, personnel and financial services to the Tariff Board.

Resource Summary

The Administration Activity represents 16% of the Tariff Board's budget for 1985-86, of which 65% are personnel-related costs.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Administration	423	6	404	6	571	6

Past Financial Performance

Figure 12 summarizes the major changes in financial requirements which occurred in 1983-84.

Figure 12: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Administration	571	388	183
	571	388	183

Explanation of Change: Lower than normal levels of activity in appeals and references made funds available for utilization in Administration for lower priority projects which would have been otherwise postponed. The change is also due to the procurement of requirements for a second courtroom and ancillary accommodation for which DPW provided funds for design and construction only.

Description

Administrative Services: administration, design and maintenance of office support systems.

Financial Services: administration, design and maintenance of financial system; provision of financial services and advice.

Personnel Services: administration, design and maintenance of personnel system; provision of personnel services and advice.

Performance Information/Resource Justification

A measure of the performance of this activity is the percentage of dollars spent on this activity in relation to the total budget of the Program. The trend is displayed in Figure 13.

Figure 13: Comparison of Administration Expenditures and Program Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Administration	423	404	571
Total Program	2,698	2,349	2,111
Percentage	16	17	27

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 14: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	1,917	1,720	1,487
Contributions to Employee benefit plans	268	224	239
Goods and Services			
Transportation and communications	170	159	108
Information	68	53	48
Professional and special services	182	111	157
Rentals	23	21	23
Purchased repairs and upkeep	11	7	10
Materials, utilities and supplies	40	36	20
All other expenditures	6	5	3
Total operating	2,685	2,336	2,095
Capital	13	13	16
Total expenditures	2,698	2,349	2,111

2. Personnel Expenditures

Figure 15: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	8	8	8	50,350 - 96,300	75,354
Scientific, professional and administration	12	12	10	14,570 - 63,870	56,671
Technical	6	6	6	12,635 - 57,691	33,388
Administrative support	14	14	14	12,636 - 31,946	22,352

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 16: Program Cost by Activity for 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Costs*	Total Cost 1985-86	Total 1984-85
Appeals	560	83	643	609
References	1,715	255	1,970	1,627
Administration	423	55	478	457
	2,698	393	3,091	2,693

*Other costs represent services provided without charge by other departments, mainly accommodation from the Department of Public Works.

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Tax Court of Canada

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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1985-86 Estimates

Part III

Tax Court of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the Program including a description, information on its background, objectives and planning perspective, as well as performance information that form the basis for the resources requested. Section II provides further information on costs and expenditures by object which the reader may require to understand the Program more fully.

In order to provide continuity with other Estimates documents, Section I is preceded by extracts from Part II of the Estimates. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the Program's financial performance over the past year.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $3,813,000 in support of the 1985-86 Tax Court of Canada Program. The remaining expenditures, estimated at $224,000 for employee benefit plans will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	**1985-86 Main Estimates**	1984-85 Main Estimates
	Tax Court of Canada		
45	Program expenditures	**3,813**	4,011
(S)	Contributions to employee benefit plans	**224**	214
	Total Program	**4,037**	4,225

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	**1985-86 Main Estimates**
	Tax Court of Canada	
45	Tax Court of Canada - Program expenditures	**3,813,000**

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Administration of the Tax Court of Canada	60	4,025	12	**4,037**	4,225
	60	4,025	12	**4,037**	4,225

Extract from Volume II of the Public Accounts

Use of appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 45 - Tax Court of Canada - Program Expenditures	1,707,000	2,313,000	**1,687,477**
Statutory - Members' salaries, allowances and amounts paid pursuant to subsection 19(1) of the Tax Review Board Act	632,000	436,201	**436,201**
Statutory - Contributions to employee benefit plans	149,000	166,000	**166,000**
Total Program - Budgetary	2,488,000	2,915,201	**2,289,678**

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Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86, the Administration of the Tax Court of Canada, will continue to provide efficient and effective administrative support services to the Court. Additionally, the Administration will assist the Court in addressing the significant increase in appeals to the Court on matters arising under Part IV of the Unemployment Insurance Act, 1971 by, for instance, improving the courtroom facilities and by administratively supporting the Deputy Judges of the Court assigned to hear the appeals in unemployment insurance matters (see page 13).

2. Financial Summary

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change
Administration of the Tax Court of Canada	**4,037**	4,716	(679)
Authorized person-years	**60**	62	(2)

* The 1984-85 Forecast is $.5 million or 12% higher than the 1984-85 Main Estimates of $4.2 million (Extracts from Part II of the Estimates, page 4). The increase is due to the establishment of two courtrooms in Toronto and the completion of the Court's new headquarters in Ottawa as approved in Supplementary Estimates.

The Administration program of the Tax Court of Canada excludes the person-years and salaries of the Judges of the Court but does provide for the salaries of the Deputy Judges.

Explanation of Change: The financial requirements for 1985-86 are $.7 million or 14% lower than the 1984-85 forecast expenditures. This decrease results primarily from the completion of the Court's start-up activities in 1984-85 as mentioned above.

B. Recent Performance

1. Highlights

Highlights of the Tax Court of Canada Program during 1983-84 were:

- The Tax Court of Canada was created in July, 1983, by the proclamation in force of the Tax Court of Canada Act (S.C. 1980-81-82-83, c.158) which repealed the Tax Review Board Act.

- In order to enable the Court to fulfill its mandate and to achieve its objective, the Tax Court of Canada Act established the number of judges at twelve.

- Also with the proclamation in force of the Tax Court of Canada Act, the Administration of the Tax Court became independent of the Department of Justice and totally responsible and accountable for its services, including the management of financial, personnel and administrative functions, and all other services usually required and associated with a department.

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Administration of the Tax Court of Canada	2,290	2,488	(198)
Person-years	38	40	(2)

Explanation of Change: Actual financial requirements for 1983-84 were $.2 million or 8% lower than outlined in the Main Estimates. This was primarily due to Members' Salaries, allowances, annuities and amounts paid pursuant to subsection 19(1) of the Tax Review Board Act which was repealed upon proclamation of the Tax Court of Canada Act.

C. Background

1. Introduction

The Program provides administrative services to the Tax Court of Canada which has original jurisdiction to hear and determine appeals to the Court on matters arising under the Income Tax Act, the Canada Pension Plan, the Petroleum and Gas Revenue Tax Act and Part IV of the Unemployment Insurance Act, 1971 and any other Act of Parliament in respect of which an appeal is provided under any such Act to the Court.

2. Legal Mandate

The Tax Court of Canada is established under the legislative authority of the Tax Court of Canada Act.

3. Program Objective

The objective of the Program is to provide an easily accessible and independent court for the informal and expeditious disposition of disputes between taxpayers and the Minister of National Revenue.

4. Program Description

The Administration of the Tax Court of Canada provides administrative services to the Judges which includes Court Reporters and Court Registrars, records management, library services, court facilities throughout Canada, office accommodations and other administrative services.

5. Program Organization for Delivery

Activity Structure: The Program consists of one activity which provides for the Administration of the Tax Court of Canada.

Organization Structure: The Court, with its headquarters located in Ottawa, is comprised of the Chief Judge, the Associate Chief Judge and eleven other Judges all of whom are appointed by the Governor in Council. The Chief Judge, in order to sustain the purely judicial workload, is also provided with the authority under legislation to recommend for appointment retired federally and/or provincially appointed Judges to act as Deputy Judges of the Court.

The Chief Judge is responsible for the apportionment of the work among the Judges and the assignment of individual Judges to specific sittings of the Court. The Court has its own court accommodations in Edmonton, London, Toronto, and Montreal, and shares with the Federal Court of Canada on a trial basis, in Vancouver, Calgary, and Winnipeg. The Court sits at various other locations throughout Canada, including in every province at least once a year. No personnel are situated at these locations unless the Court is in session.

The Registrar, who is the Deputy Head of the staff of the Court, through complete delegation of authority under legislation reports to the Commissioner for Federal Judicial Affairs who in turn reports to the Minister of Justice. The Registrar is responsible for the administration of the Court and is assisted by the Deputy Registrar. The Program supports the Tax Court through the work of the following organizational units.

Registrar: The Registrar is responsible for the overall direction of the administration of the Court.

Deputy Registrar: The Deputy Registrar is supported by the Hearings Coordinators who schedule hearings and provide advice and assistance to the litigants regarding the practices and procedures of the Court.

Finance and Administration: The Finance and Administration unit provides to the Court: Financial Services, Administrative Services and Personnel Services. These services include: financial planning, budgeting, accounting, courtroom and other related facilities, office accommodations, furniture and equipment, printing and publications, stationery and supplies, library services and secretarial services.

D. Planning Perspective

1. Environment

Legislative: Changes in the Income Tax Act, the Canada Pension Plan, the Petroleum and Gas Revenue Tax Act, and Part IV of the Unemployment Insurance Act, 1971, have a potential for significant impact not only on the volume of appeals filed but on the complexity of the appeals heard.

Social and Economic Conditions: Various social and economic factors have a bearing upon the Program. As the public has become more aware of its rights, more taxpayers tend to appeal (see page 10). Unemployment insurance appeals, for example, have increased by 325% in 1984-85 (see page 13).

2. Initiatives

During 1985-86, the Administration of the Tax Court of Canada does not plan to undertake any major initiatives but shall react positively to any new policy statements.

3. Update on Previously Reported Initiatives

The fiscal year 1983-84 was one of transition, evolving from the Tax Review Board to the Tax Court of Canada during which 655 taxpayers had their appeals heard.

4. Program Effectiveness

The Program is to provide appellants with assistance and advice to enable them to bring their case to the Court. Its effectiveness can be measured in part by its responsiveness to appellants and in its ability to provide appellants with an opportunity to have their case heard at a location convenient to them.

Access: With respect to appeals arising under the Income Tax Act, the Court sits in at least 24 major centres throughout Canada thus appellants usually need not travel outside their own areas in order to have their case heard. With respect to appeals arising under Part IV of the Unemployment Insurance Act, 1971, these are heard by Deputy Judges of the Court who travel to over 70 locations throughout Canada.

Expeditious Processing: The lapsed time between the date an appeal is filed and the date on which it is heard or disposed of is not completely within the Program's control. The individual appellants require variable amounts of time to prepare their appeals particularly the more complex cases. The Program ensures that the appeals are readily scheduled and are set down for hearing in chronological order.

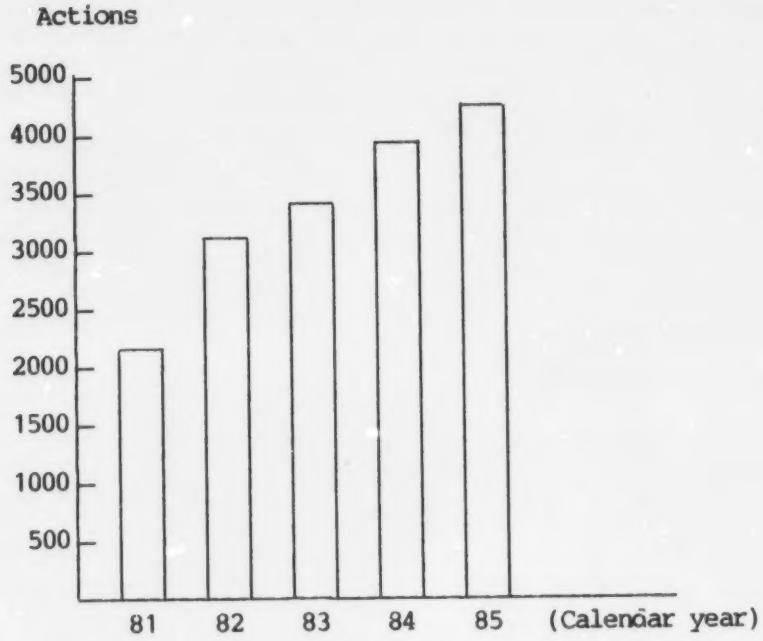
Informality: The Court proceedings are informal. The Court is not bound by technical rules of evidence and taxpayers may argue their cases on their own if they so desire. Court hearings are open to the public; in camera hearings are held only in exceptional cases.

5. Performance Information/Resource Justification

The resource requirements of the Program are principally based on the volume of actions filed and their individual complexity.

Income Tax Act: The Income Tax Act has become increasingly complex. This complexity has a direct and significant effect on the Program. Figure 3 shows the actual and expected number of Actions filed with the Tax Court of Canada.

Figure 3: Number of Actions filed



The number of actions filed represents the total of Appeals instituted (Figure 4) and Applications under section 167 and section 174 of the Income Tax Act (Figure 5). For easy reference, and in order to enable one to better understand the Court's responsabilities in income tax litigation, the definitions of these sections of the Income Tax Act are as follows:

Section 167 applications: This is an application which may be made to the Tax Court of Canada for an order extending the time within which a notice of objection may be served or an appeal instituted and the Court may, if in its opinion the circumstances of the case are such that it would be just and equitable to do so, make an order extending the time for objecting or appealing and may impose such terms as it deems fit.

Section 174 applications: Where the Minister of National Revenue is of the opinion that a question of law, fact or mixed law and fact arising out of one and the same transaction or occurence or series of transactions or occurences is common to assessments or proposed assessments in respect of two or more taxpayers, he may apply to the Tax Court of Canada for a determination of the question. If the Court is satisfied that the determination will affect assessments or proposed assessments in respect of two or more taxpayers, who have been served with a copy of the application and who are named in the determination

to be made, it may determine the question in such a manner as it deems appropriate if no appeal from the assessment has been made, or if a taxpayer has appealed, it may join a party to any appeal and proceed to determine the question. The determination, when made, is final and conclusive.

Figure 4: Number of Appeals Filed

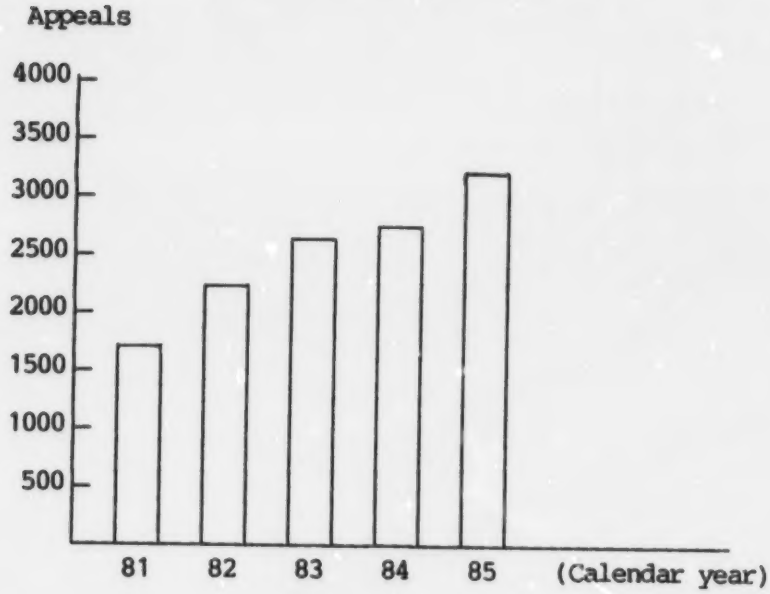
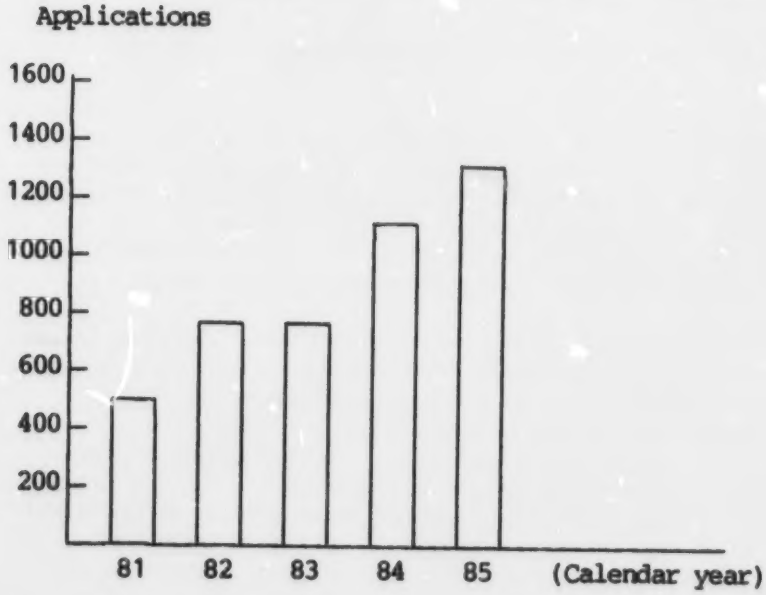


Figure 5: Applications Filed (Sec.167 and 174)



Part IV of the Unemployment Insurance Act, 1971: The Court was granted legislative authority and commenced hearing and determining appeals on matters arising under Part IV of the Unemployment Insurance Act, 1971 on September 30, 1983. The total inventory of appeals tranferred to the Court at that time was 663 and the annual forecasted volume of appeals provided by Employment and Immigration was approximately 200 a year. However, after one year of operation the statistics have shown an increase of 325% over the 200 appeals previously forecasted and it is anticipated that in 1985-86, and possibly in future years, the volume of appeals will reach approximately 1,000 per annum. The resource implications of this significant increase will be assessed in 1985-86.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditure by Object

Figure 6: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	2,202	2,150	1,342
Contributions to Employee Benefit Plans	224	214	166
	2,426	2,364	1,508
Goods and Services			
Transportation and Communications	587	821	253
Information	-	-	-
Professional and Special Services	715	712	234
Rentals	50	20	24
Purchased Repair and Upkeep	64	8	5
Utilities, Materials and Supplies	181	242	65
All Other Expenditures	2	2	-
	1,599	1,805	581
Capital			
Construction and Acquisition of Machinery and Equipment	12	547	182
Transfer Payments	-	-	19
Total Expenditures	4,037	4,716	2,290

2. Personnel Expenditures

In 1985-86 it is expected that the Tax Court of Canada will utilize approximately 60% of its resources on personnel costs. Figure 7 illustrates the average annual salary by employment category.

Figure 7 : Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	2	2	2		46,197
Scientific and Professional	2	3	-	19,782 - 88,120	41,761
Administrative and Foreign Service					
Administrative Services	9	16	8	13,912 - 57,987	33,864
Financial Administration	3	3	3	13,853 - 57,980	34,414
Other	1	2	1		
Administrative Support					
Clerical and Regulatory	22	17	14	12,932 - 31,743	20,933
Secretarial, Stenographic, Typing	20	17	15	12,636 - 31,946	22,272
Other	1	2	4		

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

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B. Cost Analysis

Net Program Cost

Figure 8: Net Cost of Program for the Year 1985-86 ($000)

	Expenditures 1985-86	Add Other Costs	Total Cost 1985-86	Total Cost 1984-85
Tax Court of Canada	4,037	1,096	5,133	6,377

Other costs consist of services provided without charge by other departments and agencies and include accommodation charges from Public Works Canada ($1,050,000), services provided by Supply and Services Canada ($5,535),and the Treasury Board of Canada ($40,320).

Transport Canada

1985–86 Estimates

Part III

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The Estimates Documents

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1985-86 Estimates

Part III

Transport Canada

Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

There are five chapters in this document. The first provides an introduction to the Department. The other four present the Expenditure Plans for each of the Department's programs.

Each chapter begins with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

Each Program Expenditure Plan is divided into three sections. Each provides increasing levels of detail. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that form the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program. Within each Program Expenditure Plan, a schedule of financial requirements provides cross-references to the more detailed information found in Section II. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Departmental Summary

Role and Responsibilities

The Department of Transport was established in 1936 by the Department of Transport Act which amalgamated the functions of the Department of Railways and Canals, the Department of Marine, and the Civil Aviation Branch of the Department of National Defence.

The federal responsibility with respect to transportation is derived from the jurisdiction outlined in the BNA Act. This responsibility has evolved to include that of coordination and regulation to ensure safety and efficiency with respect to aeronautics and to navigation, shipping facilities, ferries, railways and canals connecting provinces or connecting a province with any foreign country and is exercised through the Department of Transport.

The department's role is "to attend to the development and operation of a safe and efficient national transportation system that contributes to the achievement of government objectives and to operate specific elements of this system". This role can accommodate changes in the economic, social and political environment, and there is now a new emphasis which recognizes that the framework of economic regulation requires careful assessment to ensure it does not unduly inhibit economic efficiency and system productivity.

Transportation Outlook

The forecast for the Canadian economy is for moderate economic and population growth in the 1980s, slowing inflation, soft labour market conditions, stable fuel prices, and a need to restore regional perspectives.

The moderating trend in fuel prices and inflation in general should reduce cost pressure on rates and fare increases. On the other hand, the burden of debt servicing could be heavy, as carriers undertake capital investments delayed during the recession. Passenger travel is expected to continue its revival over the next few years due to economic recovery, increased incomes and a more competitive policy framework.

Structural trends in the demand for resources suggest lower than average growth in freight traffic. There are still grounds for optimism about prospects for resource demand, and hence freight traffic, especially in Western Canada, where the growth of traffic will exceed that of Eastern Canada.

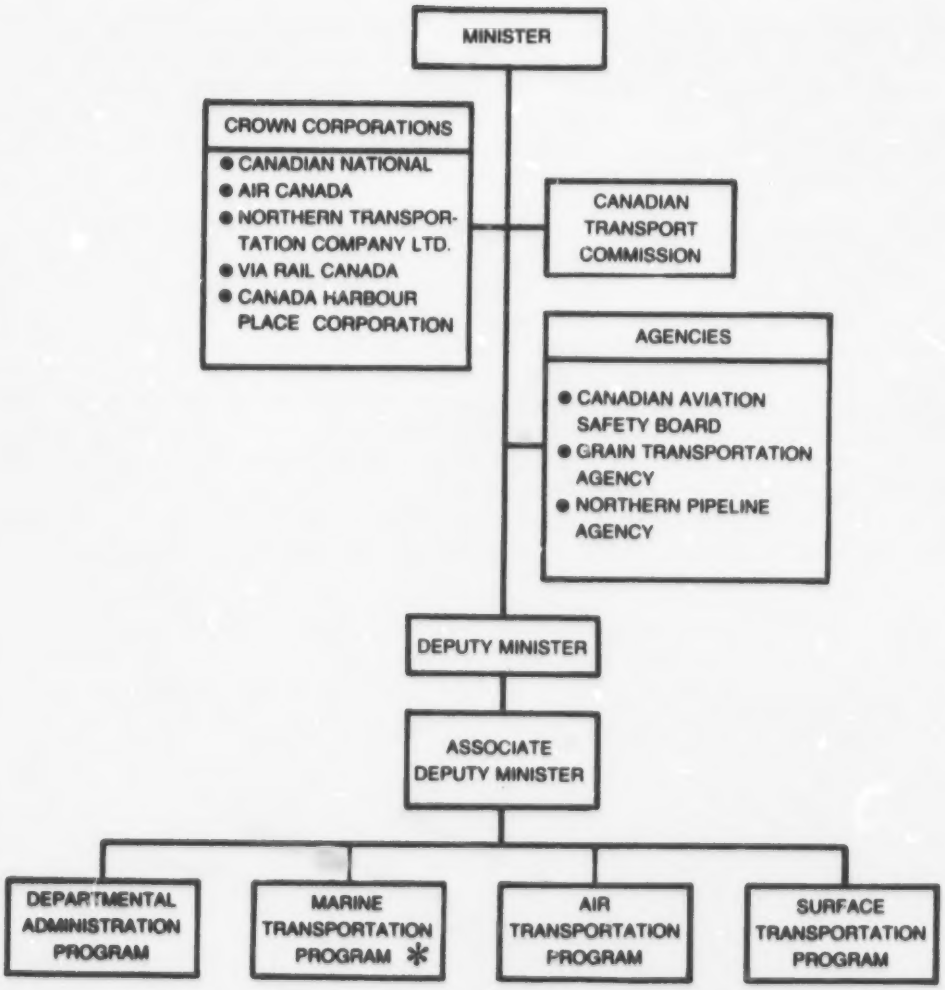
Organization and Programs

Transport Canada carries out its role through a complex structure which includes a headquarters organization; three operating administrations for Air, Marine and Surface transportation; and a number of Crown corporations and Agencies with varying degrees of autonomy. Some of the Crown corporations operate within the departmental framework while others, such as Air Canada and Canadian National, are totally independent and report to Parliament through the Minister.

The department is managed centrally from the perspective of long-term planning, inter-modal policy and inter-program resource allocation. Certain inter-modal operational program areas such as transportation of dangerous goods, specialist training and Stores are also managed centrally. In day-to-day operations, Air, Marine and Surface activities are managed as separate programs.

Two new Agencies, formerly carrying out work as departmental operations, will now report directly to the Minister. The Canadian Aviation Safety Board (CASB) and Grain Transportation Agency (GTA) operations are being resourced from commensurate reductions in the department's Air and Surface programs, respectively. Responsibility for the Northern Pipeline Agency (NPA), previously reporting to the Minister of State for Economic and Regional Development, is now vested with the Minister of Transport. These Agencies, in their own right, will be presenting separate Estimates submissions. Finally, responsibility for the Canada Harbour Place Corporation - an EXPO 86 - related Crown Corporation - has been transferred from Public Works Canada to Transport Canada. Figure 1 presents the organization of Transport Canada.

Figure 1: Organization Structure - Transport Canada



*Includes the following Crown corporations:
Ports Canada, St. Lawrence Seaway Authority, Atlantic Pilotage Authority, Laurentian Pilotage Authority, Great Lakes Pilotage Authority, Pacific Pilotage Authority and the Canarctic Shipping Company Limited.

Department Spending Plan by Program, 1985-86

Figure 2: Net Resource Requirements by Program ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Budgetary					
Administration	190,351	186,864	3,487	1.9	2-8
Marine	848,670	903,975	(55,305)	(6.1)	3-9
Air	777,274	900,748	(123,474)	(13.7)	4-7
Surface	1,006,345	1,271,618	(265,273)	(20.9)	5-10
	2,822,640	3,263,205	(440,565)	(13.5)	
Non-Budgetary					
Marine	7,971	4,190	3,781	90.2	3-9
Surface	-	6,100	(6,100)	(100.0)	5-10
	7,971	10,290	(2,319)	(22.5)	
	2,830,611	3,273,495	(442,884)	(13.5)	

Priorities

The objectives and priorities of the federal government reflect its desire to promote economic recovery. The government's efforts place significant emphasis on economic development, particularly on productive investment, and on achieving federal objectives in conjunction with the private sector.

The objectives for the Department of Transport over the next few years, in the light of the government's objectives and their implications for transportation, are for increased efficiency in the transportation system including regulatory reform, enhanced competition, lower departmental operating expenditures, a high level of safety, improved efficiency and effectiveness of the management process, and an improved relationship between transportation Crown corporations and Agencies and the department.

Departmental Administration Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $177,725,000 to operate the Departmental Administration Program during the 1985-86 fiscal year. Existing statutes authorize the expenditure of an additional $12,626,400.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Transport		
	Departmental Administration Program		
1	Operating expenditures	105,142	101,817
5	Capital expenditures	11,974	18,583
10	Payments to Canada Harbour Place Corporation	60,609	2,900
(S)	Minister of Transport – Salary and motor car allowance	42	40
(S)	Contributions to employee benefit plans	8,984	7,898
(S)	Stores Revolving Fund	3,600	600
	Total Program	*190,351*	*131,838*

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Transport	
	Department	
	Departmental Administration Program	
1	Departmental Administration – Operating expenditures, the grants listed in the Estimates, contributions and authority to spend revenue received during the year	105,142,000
5	Departmental Administration – Capital expenditures	11,974,000
10	Payments to Canada Harbour Place Corporation in respect of operating and capital expenditures for the construction and operation of a facility at Pier B.C. in Vancouver, B.C. including, a cruise ship terminal, the Canadian Host Pavilion for Expo 86 and other related facilities	60,609,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates							1984–85 Main Estimates
	Authorized person-years	Budgetary					Total	
		Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote		
Direction and Co-ordination	208	15,858	31	1,200	17,089	.....	17,089	12,758
Planning Research and Development	108	20,643	81	2,076	22,800	.....	22,800	24,836
Administration and Common Services	1,038	51,461	101	20	51,582	3,090	48,492	49,700
Transportation Training	413	28,737	11,761	.....	40,498	2,737	37,761	41,044
* Stores	.....	3,600	.....	.....	3,600	.....	3,600	600
Canada Harbour Place Corporation	.....	60,609	.....	.....	60,609	.....	60,609	2,900
	1,767	180,908	11,974	3,296	196,178	5,827	190,351	131,838

* This activity is financed through a Revolving Fund, and for this particular Fund, net cash Estimates are equal to the anticipated difference between expenditures and revenues. For information on expenditures and revenues of the Stores Revolving Fund activity, refer to the departmental Part III of the Estimates.

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 1 - Departmental Administration - Operating expenditures, the grants listed in the Estimates, contributions and authority to spend revenue received during the year (As previously provided in Appropriation Act No. 2, 1982-83)	102,552,000	104,844,998	94,667,794
Vote 5 - Departmental Administration - Capital expenditures	18,003,000	17,004,001	13,496,670
Statutory - Minister of Transport - Salary and Motor Car Allowance	39,100	40,975	40,975
Statutory - Contributions to Employee Benefit Plans	7,473,000	8,317,000	8,317,000
Statutory - Stores Revolving Fund	3,100,000	8,000,001	231,143
Total Program	131,167,100	138,206,975	116,753,582

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

For 1985-86 the Departmental Administration Program has established the following objectives:

- to continue the development and implementation of department-wide systems in order to improve the management and control of the department's financial, personnel, and materiel resources (see pages 2-17 and 2-27).

- to implement, subject to promulgation of necessary regulations, a comprehensive program of inspection, training, and emergency response information in support of the Transport of Dangerous Goods Act by:

  - continuing a training program for inspectors and for emergency response preparedness;

  - commencing compliance program activities in respect to handlers and offerers of dangerous goods for transport;

  - implementing a public awareness program jointly with the provinces.

  - establishing a dangerous goods data management information system to ensure efficient program evaluation and management.

- to strengthen transportation research and development capability to improve productivity and safety related to large capital procurements and operation of transport systems.

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Direction and Coordination	17,089	19,967	(2,878)	2-19
Planning, Research and Development	22,800	25,956	(3,156)	2-22
Administration and Common Services*	55,182	63,682	(8,500)	2-27
Transportation Training	40,498	38,546	1,952	2-32
	135,569	1/ 151	(12,582)	
Less Revenue				
Administration and Common Services	3,090	3,165	75	2-28
Transportation Training	2,737	2,737		2-32
Departmental Operations	129,742	142,249	(12,507)	
Payment to Canada Harbour Place Corporation	60,609	44,615	15,994	2-42
Total Program	190,351	186,864	3,487	
Authorized person-years	1,767	1,821	(54)	

* This activity includes net cash requirements of $3.6 million for the Stores Revolving Fund. For details see page 2-41.

Explanation of Change: The financial requirements for 1985-86 are approximately $3.5 million higher than the 1984-85 forecast. This increase is primarily due to the:

	(Decrease) Increase
• payment to Canada Harbour Place Corporation formerly in Public Works Canada	$16.0 million
• decrease in Energy Panel R&D funds allocated from EMR (Planning, Research and Development)	($3.3 million)
• increase in Stores Revolving Fund drawdown (Administration and Common Services)	$ .9 million
• decrease in Systems Development resources (Direction and Coordination)	($ .6 million)
• decrease in capital requirements for EDP Facilities (Administration and Common Services)	($4.4 million)
• completion of the Safety Survey and Safety Advertising Campaign (Direction and Coordination)	($2.5 million)

Explanation of 1984-85 Forecast: The 1984-85 forecast for Departmental Operations is $13.3 million or 10.3% higher than the 1984-85 Main Estimates of $128.9 million. The difference of $13.3 million reflects the following major items:

• Increase in Stores Revolving Fund drawdown (Purchase of RAMP Equipment)	$2.1 million
• Implementation of a Safety Survey and Safety Advertising Campaign	$2.5 million
• Reprofiling of systems development resources ($ .9 million) and Electronic Data Processing Facilities ($1.3 million) from 1983-84	$2.1 million
• Implementation of a comprehensive Internal Audit and Program Evaluation Plan	$1.5 million
• Reinstatement of University Grants and Contribution program in support of transportation	$2.1 million
• Reprofiling of capital project for expansion of Coast Guard College	$3.1 million

The forecast $44.6 million payment to the Canada Harbour Place Corporation is higher than the 1984-85 Main Estimates as final approval of a revised forecast had not been received at the time of Main Estimates submission. As a consequence funding for 1984-85 was accomplished through supplementary estimates. The 1984-85 and prior years payments were made through the Department of Public Works.

B. Recent Performance

1. Highlights

Major developments during 1984-85 are as follows:

- The promulgation of regulations under the Transportation of Dangerous Goods Act. These regulations deal with the classification and listing of dangerous goods, the documentation of consignments of dangerous goods, the use of safety markings such as labels and placards, safety requirements to be followed by shippers and carriers of dangerous goods, notification of public authorities in the event of accidents and the training of employees.

- Implementation of a safety advertising program.

Highlights of the program's performance during 1983-84 are:

- In Research and Development during 1983-84 and peaking in 1984-85:

  - Significant progress has been made in Marine projects including provision of detailed technological analysis of ship design and performance standards for navigation in ice covered waters, as a basis for regulatory developments; and development and demonstration of real time navigation systems for ice covered waters and for detecting and monitoring icebergs.

  - In Rail projects, the highlight was the development, based on previous departmental and British Columbia Railway initiatives, of the Advanced Train Control program. The period was marked by completion of the construction and bringing into revenue operation of the electrified branch line of the British Columbia Railway.

  - In Energy Conservation projects, new knowledge has begun to emerge on the exact nature and magnitude of the energy penalty of cold temperature driving. This has resulted from a cooperative program with the motor vehicle industry. Another key success in conservation, resulting in part from the energy program, has been in the air sector where improved automated air traffic flow procedures is leading to substantial jet fuel savings in excess of $40 million annually for carriers.

- In Alternative Fuels projects, a major review of the safety of natural gas retailing and use in road vehicles was underway during 1983-84 and completed in 1984-85. In addition a major research and development program on the use of methanol (derived from natural gas) in automobiles is underway with the first phase work completed on cold starting.

- Delays in the capital acquisition of the Electronic Data Processing Facilities ($1.3 million) caused a delay in development and implementation of systems and resulted in reprofiling of resources to 1984-85 and beyond ($1.6 million), (see pages 12 and 17).

- Because the promulgation of Dangerous Goods regulations did not take place as anticipated in 1983-84, the increase in planned inspections did not occur as programmed ($2.4 million), (see pages 12 and 17).

- The Air Traffic Services Training increase in student training days did not materialize and 18,300 actual days for training were lower than anticipated, although operational training needs were met.

- The Flight Services Training Plan was shelved as a result of a downturn in training demand. This downturn made it possible to carry out a similar training course for native people.

- The goal of increasing the level and volume of Telecommunications and Electronics training was achieved.

2. Review of Financial Performance

Figure 2: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
	$	$	$
Direction and Coordination	**10,841**	**11,160**	**(319)**
Planning, Research and Development	23,754	25,711	(1,957)
Administration and Common Services	57,889	64,907	(7,018)
Transportation Training	29,873	35,217	(5,344)
	122,357	136,995	(14,638)
Revenue			
Administration and Common Services	(3,296)	(3,090)	(206)
Transportation Training	(2,308)	(2,738)	430
	116,753	131,167	(14,414)
Authorized person years	1,777	1,737	40

Explanation of change: Actual financial requirements were $14.4 million or 10.9% lower than projected in Main Estimates. The major causes of this decrease are as follows:

- delay in Dangerous Goods regulations being promulgated (Direction and Co-ordination) — $2.4 million
- delay in implementation of Conservation Funds and Alternative Fuel research and development projects (Planning, Research and Development) — $2.4 million
- decrease in Stores Revolving Fund drawdown (Administration and Common Services) — $2.9 million
- reprofiling of financial systems development resources (Administration and Common Services) — $1.6 million
- lower student loading at the Transport Canada Training Institute (Transportation Training) — $1.3 million

- postponement, contract issuance delay, and reprofiling of capital projects

- Flight Simulator (Transportation Training)	$1.2 million
- Boathouse and Machine Shop (Transportation Training)	$1.5 million
- EDP Facilities (Administration and Common Services)	$1.3 million

C. Background

1. Introduction

The Departmental Administration Program provides direction, policy advice, coordination, and common services for the three operating Programs. Research and development policies and programs, especially in the area of energy, are developed, and in some cases implemented, within this Program. Through this program, liaison is maintained with international organizations, other levels of government in Canada, Federal Economic Development Coordinators, Crown Corporations and Agencies concerned with transportation and the transportation industry.

Within the Departmental Administration Program there are three operational areas. The Transportation of Dangerous Goods Directorate is responsible for implementing a comprehensive program to regulate the handling, offering for transport and movement of dangerous goods and to provide support in response to accidents. The Research and Development Directorate is responsible for developing research and development programs in support of departmental and other federal, provincial, and transportation industry needs for achieving enhanced productivity and safety through technological innovations. This is done on a coordinated basis in such areas as Arctic Marine, rail traffic, and radar communications systems. The Transportation Training Activity is also largely operational. Within this activity falls responsibility for two major training facilities: the Transport Canada Training Institute at Cornwall, Ontario and the Canadian Coast Guard College at Sydney, Nova Scotia. (Figure 3)

2. Legal Mandate

The National Transportation Act and the Transportation of Dangerous Goods Act provide the legal basis for the Program.

3. Program Objective

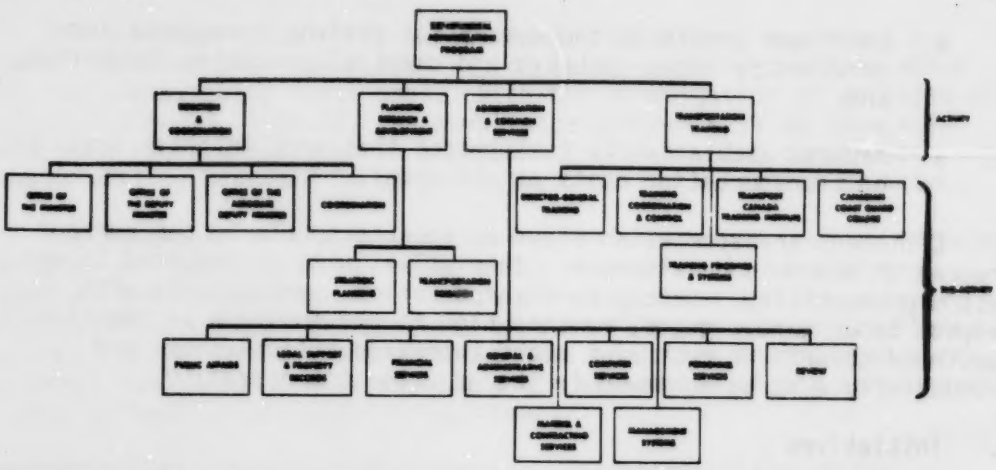
The objective of the Departmental Administration Program is to attend to the development and operation of a safe and efficient national transportation system that contributes to the achievement of government objectives, and to operate specific elements of this system.

The role of the Program is to furnish general direction to the Department and to provide overall policy development, strategic planning, research, and coordination. In addition, common services in such areas as finance, data processing, administrative telecommunications, materiel management, contracting, personnel, training, public affairs, legal advice, management systems, and review (which includes program evaluation and internal audit) are also provided.

4. Program Organization for Delivery

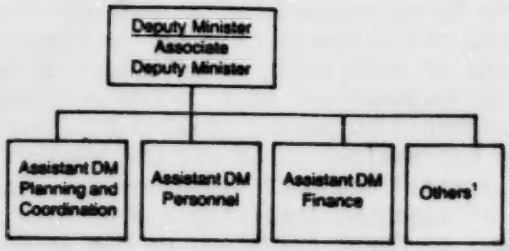
Activity Structure: The Departmental Administration Program consists of four activities and 20 sub-activities as shown in Figure 3.

Figure 3: Activity Structure



Organization Structure: The Program is divided into three main areas of responsibility: Planning and Co-ordination, Personnel and Finance. Each of these is headed by an Assistant Deputy Minister. The resources for Departmental Operations are set out by organization and activity in Figure 4.

Figure 4: Resources by Organization and Activity (1985-86 Estimates in $000)



Activities	Assistant DM Planning and Coordination	Assistant DM Personnel	Assistant DM Finance	Others[1]	Activity Total
Direction and Coordination	12,063	-	-	5,026	17,089
Planning, Research and Development	22,800	-	-	-	22,800
Administration and Common Services	-	11,828	29,097	11,167	52,092
Transportation Training	-	37,761	-	-	37,761
Total	34,863	49,589	29,097	16,193	129,742
Person-Years	250	667	610	240	1,767

Notes: [1] Includes expenses of the Offices of the Ministers, Deputy Minister, Associate Deputy Minister, Public Affairs, Legal Counsel, Review, and EXPO 86 Secretariat.

D. Planning Perspective

1. Environment

For the transportation system, it is expected that 1985-86 will experience:

- continued growth in the demand for freight transportation services by resource-based and chemical producing industries; and

- reduced escalation in fuel prices that will decrease pressure on transportation costs of all modes.

Efficient transportation plays an important role in the current program of economic development. Initiatives will be required to ensure system productivity. Safety in transportation, particularly with respect to dangerous goods, remains high in the public's perspective. Continued government restraint means increased effectiveness and productivity must be achieved in the department's operation.

2. Initiatives

In 1985-86, initiatives begun in 1983-84 and 1984-85 are continuing as reported in the following section, entitled, "Update on Previously Reported Initiatives."

3. Update on Previously Reported Initiatives

Transportation of Dangerous Goods Initiative: The promulgation of regulations regarding transportation of dangerous goods did not take place in 1983-84 as originally anticipated. As a result, the planned inspection program and the training of increased numbers of inspectors did not take place in 1983-84 and 1984-85.

The Transportation of Dangerous Goods regulations represent an attempt to develop a harmonized set of multi-modal regulations which will replace existing modal ones. With the promulgation of portions of the regulations in 1984-85, the compliance program will be commenced based upon regional offices in a number of cities. The compliance program will be preceded by an extensive industry awareness campaign.

The long-term benefits expected from this expanded program include the value of the information gathered by inspectors in identifying potential problems in dangerous goods transportation and the allaying of public anxiety through the presence of a visible and active compliance program. It is expected there should be a reduction in the number of accidents involving dangerous goods and a mitigation of the consequences of many of those which would still occur.

Electronic Data Processing Initiatives: The installation of the Electronic Data Processing Facilities (Distributed Data Processing Network) is well on the road to completion, and all facilities will be operational by the end of fiscal year 1984-85. The personnel, finance, and materiel applications are all in advanced stages of development and implementation. They will be operational across the network over the fiscal year. The base pay portion of the Personnel Management Information System is currently implemented in five regions. While base pay is only part of the overall development, it is the foundation of the total system and is the most complex part. Completion of the redeveloped personnel information system is forecast for 1986. The Materiel Management System is operating in pilot mode in the Atlantic Region of the Air Administration and will be implemented in other regions commencing in 1985-86. Similarly automated financial systems are operating in several regions and are being implemented on a phased basis in the other regions. Systems other than the Finance, Personnel and Materiel systems have also made significant progress in moving to the on-line environment. Many are in operation (such as Program Information System - Capital (PROGIS-CAP), National Integrated Marketing System (NIMS), and Civil Aircraft Register System (CARS)). Others such as the Airports Maintenance Management System (AMMS) are being piloted in regions. The capital costs related to this initiative amount to $12.8 million all of which will be spent by the end of 1984-85.

Training Activity Initiative: Demands for Air Traffic Services Training over the short term have declined due to changes in operational requirements, resulting in only 18,300 student training days in 1983-84. This met client demands which are forecast to stabilize at approximately 20,000 student days per year. Similarly, while client demands were met in the Flight Services Specialists Training, a downturn of student training days was experienced.

Section II
Analysis by Activity

A. Direction and Coordination

Objectives

To ensure that the objectives of Transport Canada are implemented in a consistent manner, to provide co-ordination of departmental policy, and to improve all aspects of safety in the handling, offering for transport or transportation of dangerous goods.

The major initiatives for 1985-86 focus on the implementation of legislation concerning the transportation of dangerous goods:

- the commencement of a compliance program relating to dangerous goods manufacturing, shipping and container manufacturing activities;
- training of inspectors;
- conducting education and awareness sessions for industry and the provinces; and
- establishment of a data Management Information System to ensure efficient program evaluation and direction.

Resource Summary

This activity accounts for approximately 12.6% of the total 1985-86 gross expenditures and 11.8% of total person-years for departmental operations.

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Offices of the Ministers and Deputy Minister	2,322	39	3,419	52	2,998	51
Office of the Associate Deputy Minister	2,704	27	2,721	31	1,305	19
Coordination Group	12,083	142	13,827	138	6,538	128
	17,089	208	19,967	221	10,841	198

Figure 6: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating						
Personnel	9,663	57	9,785	49	7,752	72
Professional and special services	2,798	16	4,789	24	1,637	15
Other	3,397	20	5,012	25	1,337	12
Capital	31	-	115	1	115	1
Grants and contributions	1,200	7	266	1		
	17,089	100	19,967	100	10,841	100

1983-1984 Financial Performance: No significant changes between 1983-84 planned and actual financial performance occurred, except for a delay in implementing legislation concerning the transport of dangerous goods as regulations were not in place ($2.4 million).

Figure 7 : 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Offices of the Minister and Deputy Minister	2,998	51	1,690	39	1,308	12
Office of the Associate Deputy Minister	1,305	19	1,243	15	62	4
Coordination Group	6,538	128	8,227	113	(1,689)	15
	10,841	198	11,160	167	(319)	31

Description and Resource Justification

The Offices of the Ministers, Deputy Minister and Associate Deputy Minister are funded through this activity, as are the departmental security and EXPO 86 Secretariat functions.

Coordination Group: This group deals with any issue not specific to any one mode of transportation and provides functional advice and authority on corporate matters in the following service areas:

- advice on short term policy issues or those relating to Crown Corporations reporting to the Minister of Transport;
- coordination of a Transport-wide program to improve transport services for the elderly and handicapped;
- advice to the Minister on appeals against decisions of the Canadian Transport Commission;
- advice to the Minister on international, provincial and industrial issues which are likely to have an impact on Transport Canada and its policies;
- advice to Cabinet on petitions to the Governor in Council;
- coordination of Transport Canada's external relations with other governments, other levels of government, agencies, international organizations, and industry (carriers and shippers), as well as management of the Federal-Provincial agreements subsidiary to the Economic and Regional Development agreements;
- coordination and advice, privacy and access to information, human rights, transportation of the handicapped, and the Alaska Highway Gas Pipeline;
- emergency planning and operation of the Transport Canada Situation Centre.
- liaison with Federal Economic Development Coordinators,
- implementation and enforcement of the Transportation of Dangerous Goods Act;
- responsibilities related to the Transportation of Dangerous Goods include the development and evaluation of regulations and standards, education and examination of inspectors, the carrying-out of inspections, and the provision of support programs for response to dangerous goods accidents; and
- support services to the Office of the Minister (Parliamentary liaison, correspondence).

Professional and special services expenditures (Figure 6) are split almost evenly between security services and the Transportation of Dangerous Goods. Resources for the latter will be spent on the development of a management information system, standards, improved emergency response data, training and inspection programs.

B. Planning, Research and Development

Objectives

To formulate and promote policies, systems plans and strategies to ensure the efficient, safe and technologically progressive development of the multi-modal transportation system in Canada that contributes to the achievement of national objectives and responds to legislative and policy requirements such as those outlined in the National Transportation Act.

The following major projects will be pursued in 1985-86 by the department within this activity:

- Marine: studies, laboratory and field tests of new technologies in conjunction with the Marine Transportation Program, for improved vessel traffic management systems, including ice detection operations, and for the design of ice-breaking vessels as required for the movement of ships in the East Coast and Arctic zones, at a cost of $2.1M;

- Railways: extension of rail freight R&D program to promising technologies for improved productivity of the Canadian Railway Network at a cost of $3.3M;

- Energy: as an integral part of the federal Energy R&D program, described in EMR's program submissions, studies and tests to enhance the energy efficiency and the commercialization of new fuels for the transportation system at a cost of $6.0M.

- Internal Planning: the implementation of a revised strategic planning process to make it more effective. This reformulated process will ensure better consideration of governmental and ministerial objectives and priorities.

Resource Summary

This activity accounts for approximately 16.8% of the total 1985-86 gross expenditures and 6.1% of total person-years for departmental operations.

Figure 8: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Strategic Planning	5,135	37	5,426	47	4,635	50
Transportation Research	17,665	71	20,530	75	19,119	82
	22,800	108	25,956	122	23,754	132

Of the funds spent on transportation research, approximately 37% is for energy research and development.

Figure 9: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating						
Personnel	5,537	24	5,988	23	5,938	25
Professional and special services	14,328	63	17,015	66	15,564	65
Other	778	4	814	3	895	4
Capital	81	-	57	-	251	1
Grants and contributions	2,076	9	2,082	8	1,106	5
	22,800	100	25,956	100	23,754	100

1983-84 Financial Performance: No significant changes between 1983-84 planned and actual financial performance occurred, except for delays in implementation of Research and Development projects.

Figure 10: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Strategic Planning	4,635	50	3,966	74	669	(24)
Transportation Research	19,119	82	21,745	58	(2,626)	24
	23,754	132	25,711	132	(1,957)	-

Description and Resource Justification

The Strategic Planning sub-activity encompasses the operations of transportation related Economic Forecasting and Studies, Corporate Planning and Policy Studies. A department-wide perspective is taken in these operations in order to ensure compatible forecasts and data bases, consistency among departmental policies and plans, and appropriate inputs and responses to government priorities and objectives.

Economic Forecasting and Studies:

Specific services include:

- undertaking transportation economic analysis pertaining to human resource use, productivity, passenger and freight transportation policy, future demand and cost revenue performance, capital requirements and energy use and efficiency;
- developing transport-oriented economic forecasts as inputs into other groups' modelling for policy analysis;
- developing multimodal passenger freight forecasting and simulation models for policy analysis and formulation; and
- developing transportation energy demand models and supporting data for policy analysis and formulation.

Corporate Planning:

Specific activities include:

- planning and organization senior level planning meetings to identify strategic issues and priorities for the department;
- articulating these issues as goals to be addressed by specified units within the department;
- developing solutions to the issues by proposing new options or redefining strategic directions; and
- monitoring and reviewing progress towards implementation of the strategies selected and approved by management.

Policy Studies:

Specific activities include:

- undertaking a wide range of transportation policy analyses pertaining to human resource use, productivity, passenger transportation policy, freight transportation policy, future passenger and freight demand and cost revenue performance, capital requirements and energy use and efficiency;
- reviewing, formulating and recommending long-term transportation objectives, principles and policies;
- formulating and recommending resource allocation priorities, regulatory, pricing and cost recovery policies;
- helping to provide an adequate level of university training and research in transportation through research awards to universities and regional transportation centres and through fellowships to students;
- identification and assessment of broad trends and issues in the multimodal transportation; and
- analyses of major elements of the national and regional transportation systems.

The Transportation Research sub-activity consists of the work carried out by the Research and Development Directorate.

Research and Development: This unit's activities include:

- monitoring, contributing to, and influencing the policies that affect transportation technology in Canada; and
- the programming, implementation, project control, and assessment of Transportation Research and Development activities.
- formulating and recommending strategies and plans needed for the total transportation system to adjust to the projected energy changes;

Transport Canada's energy R&D activities are fully integrated interdepartmentally through the Panel on Energy R&D. The work continues to provide technical input into policy, regulation, program and commercial development to enhance energy efficiency in all modes of transport, to introduce new transport fuels, and ensure the safe, efficient and timely transport of new off-shore resources. As in 1984-85, increased emphasis is directed toward:

- automobile fuel economy standards;
- the introduction of propane, Compressed Natural Gas and alcohol for automobile engines;
- accelerated development of East Coast and Arctic navigation system; and
- commercialization of research and development results.

Of the total expenditures on energy, 92% is for research and development projects and 8% is for project management staff costs.

The expenditures on Professional and Special Services (Figure 9) are for research and development contracts.

C. Administration and Common Services

Objectives

To see to the acquisition, safeguard, control and disposal of adequate financial, human and materiel resources to meet departmental objectives and to assist the department in the efficient and effective management of its programs.

Specific initiatives for 1985-86 are:

- to continue the development of integrated financial systems;
- to complete development and Phase I implementation of the Materiel Management System (TCMMS) at a cost of $.9M and a recurring cost for systems maintenance of $.6M, and to complete development and implementation of the Fleet Management System (MVFMIS) at a cost of $25K for development and a recurring cost for maintenance of $78K.
- to continue the implementation of the Personnel Management Information System and the Automated Personnel Pay and Leave System;
- to operate and maintain the Distributed Data Processing Network in support of automation needs at a recurring cost of $8.1M.
- to implement the approved annual Internal Audit and Program Evaluation plans to improve management control of program activities and to achieve a more effective use of Transport resources;
- to provide assistance to the TC Program Control Board by performing a challenge function on all policy and program proposals involving resources.

Resource Summary

This activity accounts for approximately 40.7% of the total 1985-86 gross expenditures and 58.7% of total person-years for departmental operations.

Figure 11: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Public Affairs	3,956	68	4,266	68	3,819	69
Legal Support and Property Records	1,051	34	1,005	34	937	33
Financial Services	6,022	124	5,784	129	5,054	121
General and Administrative Services	8,435	207	8,333	209	8,208	214
Materiel and Contracting Services	3,244	75	4,474	81	4,325	77
Computer Services[1]	7,086	148	16,616	153	18,048	137
Management Systems	3,080	56	3,635	56	3,098	56
Personnel Services	11,828	254	11,285	255	10,630	250
Review	6,160	72	5,584	65	3,539	66
Stores Revolving Fund[2]	3,600		2,700	-	231	-
	55,182	1,038	63,682	1,050	57,889	1,023
Revenue	(3,090)		(3,165)		(3,296)	-
	52,092	1,038	60,517	1,050	54,593	1,023

1 The resources displayed for 1985-86 and 1984-85 reflect net figures due to anticipated savings of $4.7 million and $2.2 million respectively, which are targeted department-wide, resulting from the implementation of the Electronic Data Processing Network.

2 Includes cash expenditures of $25.7 million and receipts of $22.1 million. See page 2-41 in Section III for further details.

The revenue is generated through the provision of Electronic Data Processing services by the Communications and Informatics Branch. This unit provides, to the operating Programs, a data processing service which is partially cost recoverable.

Figure 12: Activity Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating						
Personnel	40,399	78	38,987	65	35,759	66
Professional and Special Services	6,104	12	7,473	12	5,423	10
Other	4,998	9	9,872	16	7,273	13
Capital	101	-	4,630	7	9,183	17
Grants	20	-	20	-	20	-
Revenue	(3,090)	(6)	(3,165)	(5)	(3,296)	(6)
Stores Revolving Fund	3,600	7	2,700	5	231	-
	52,092	100	60,517	100	54,593	100

1983-84 Financial Performance: Changes between 1983-84 planned and actual financial performance occurred, as a result of reprofiling to future years of EDP Systems Development ($1.6 million), a delay in the implementation of the capital program to upgrade the central electronic data processing facilities ($1.3 million), and decreased drawdown for the Stores Revolving Fund ($2.9 million).

Figure 13: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Public Affairs	3,819	69	3,953	69	(134)	-
Legal Support and Property Records	937	33	953	34	(16)	(1)
Financial Services	5,054	121	6,081	125	(1,027)	(4)
General and Administrative Services	8,208	214	7,852	217	356	(3)
Materiel and Contracting Services	4,325	77	3,744	70	581	7
Computer Services	18,048	137	20,350	115	(2,302)	22
Management Systems	3,098	56	4,548	58	(1,450)	(2)
Personnel Services	10,630	250	10,898	255	(268)	(5)
Review	3,539	66	3,428	64	111	2
Stores Revolving Fund	231	-	3,100	-	(2,869)	-
	57,889	1,023	64,907	1,007	(7,018)	16
Revenue	(3,296)	-	(3,090)	-	(206)	-
	54,593	1,023	61,817	1,007	(7,224)	16

Description and Resource Justification

Included in this activity are records, mail, accommodation, publishing, library, electronic data processing and systems design, audit, management improvement, materiel management and contracting, finance, legal, personnel, and program evaluation and internal audit.

Transport Canada has approximately $1 billion of materiel assets (excluding real property assets) in use, based on original purchase price. The need to support this equipment through inventories of spare parts and other materiel needs brought about the creation of the Transport Canada Stores Revolving Fund (Figure 24, page 2-41).

In 1983-84 the level of authority for this revolving fund was raised to $43.7 million to enable the financing of increased levels of inventories required to support the departmental operating programs. The drawdown projected for 1985-86 is $3.6 million and the accumulated charge remains within the maximum authorized level. The actual cost of purchases, excluding overhead, is recovered from users.

In 1984-85 the development of the Materiel Management System (TCMMS) will be completed and, for the first time, department-wide management of inventories will be possible. Based on departmental stocked inventories of some 200,000 line items, with an estimated value of $60-70 million, the TCMMS will permit cost avoidance/savings of some $6.6 million on the critical, lifetime and insurance spares portion of the inventory and of some $2.1 million per year on the active part of the inventory beginning in 1986-87. While these systems may not result in net reduction of current resources they will reduce further increases.

The initiative to improve the management of resources using automation is approaching implementation. Installation of the national distributed data processing network will be completed in 1984-85. Development of applications supporting financial, personnel, and materiel operations are nearing completion and will be implemented across the network during 1985-86. New automation initiatives in support of the Administrations are being planned such as Ships Inspection Reporting System, Airports Maintenance Management System, National Airports Management Information System, Civil Aircraft Information Data Base and Dangerous Goods.

D. Transportation Training

Objectives

To ensure a competent professional, technical and managerial work force to meet the operational needs of the national transportation system.

Specific goals within these objectives are:

- to train a sufficient number of ab initio air traffic controllers in order to license about 70 annually;
- to continue the provision of telecommunications and electronics training associated with the acquisition of new equipment, new developments in technology and the demand for courses in both official languages;
- to increase the output of qualified Marine Officer graduates to 110 per year by 1989.

Resource Summary

Approximately 29.9% of gross expenditures and 23.4% of total person-years for departmental operations are accounted for by the Transportation Training Activity.

Figure 14: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Director-General - Training	325	6	185	3	345	3
Training Coordination and Control	1,399	24	1,498	28	1,317	26
Training Priorities and Systems	316	6	284	7	272	7
Transport Canada Training Institute - Cornwall, Ont.	21,198	281	20,546	284	18,816	294
Canadian Coast Guard College - Sydney, N.S.	17,300	96	16,033	106	9,123	94
	40,498	413	38,546	428	29,873	424
Revenue	(2,737)	-	(2,737)	-	(2,308)	-
	37,761	413	35,809	428	27,565	424

Revenues in this Activity are generated through the recovery of costs for management development courses provided by the Management Training Centre, living costs for course participants at the Transport Canada Training Institute, and rental income on Public Service accommodation at the Coast Guard College. The Transport Canada Training Institute provides training to other federal government departments on a partial recovery of living costs.

Figure 15: Expenditures by Object ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Operating						
Personnel	17,611	47	17,252	48	16,677	60
Professional and Special Services	5,310	14	5,400	15	4,326	16
Other	5,816	15	5,835	16	4,922	18
Capital	11,761	31	10,059	28	3,948	14
Revenue	(2,737)	(7)	(2,737)	(7)	(2,308)	(8)
	37,761	100	35,809	100	27,565	100

1983-84 Financial Performance: Changes between 1983-84 planned and actual financial performance occurred, as a result of capital program slippages notably contract delays in Boathouse and Machine Shop construction ($1.5 million), and the postponement of the Flight Simulator Project ($1.2 million), and a lower student loading at the Training Institute resulting in reduced campus service costs ($1.3 million).

Figure 16: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Director-General - Training	345	3	165	3	180	-
Training Coordination and Control	1,317	26	1,013	20	304	6
Training Priorities and Systems	272	7	399	6	(127)	1
Transport Canada Training Institute - Cornwall, Ont.	18,816	294	21,869	301	(3,053)	(7)
Canadian Coast Guard College - Sydney, N.S.	9,123	94	11,771	101	(2,648)	(7)
	29,873	424	35,217	431	(5,344)	(7)
Revenue	(2,308)	-	(2,738)	-	430	-
	27,565	424	32,479	431	(4,914)	(7)

Description and Resource Justification

The Transport Canada Training Institute (TCTI) at Cornwall, Ontario provides a range of basic and advanced technological training courses of varying lengths for air traffic controllers, electronics technicians and engineers, marine personnel, meteorological technicians and flight service specialists. It also offers courses in Training Technology for instructional staff and transportation management courses for intermediate and senior management personnel. The use of the Cornwall facility as a course site and conference centre by departmental and other government organizations is becoming a major Institute activity. Training days provided by TCTI in 1983-84 were 114,000; in 1984-85 it is anticipated that 125,000 student days of training will be provided, and 145,000 student days of training in 1985-86.

At the Canadian Coast Guard College in Sydney, Nova Scotia, both men and women are trained to become Officers. Training is provided to each Officer Cadet in French or in English in one of the two disciplines of Navigation or Marine Engineering. Students graduate after three years,

which include sea duty, to serve in the Fleet as either Deck Officers or Engineer Officers. The College provided 34,200 days of training in 1983-84. In 1984-85, the College will provide approximately 35,000 student days of training, and 36,000 student days in 1985-86.

The major portion of the resources in this activity is for salaries and wages (Figure 15). Capital expenditures are for the purchase of equipment for training and the construction of facilities at the Canadian Coast Guard College.

With the introduction of a new program for Air Traffic Controllers, the TCTI clientele should stabilize between 6,200 and 6,600 persons per year over the next five years. Furthermore, the new ab initio air traffic controller training program at TCTI has been lengthened from 3½ months to 9 months and will concentrate more on simulation and evaluation activities. The number of student training days in 1983-84 was 18,300. It is forecast that this will be approximately 19,700 in 1984-85 and will remain in the range of 19,000 - 20,000 student training days in 1985-86.

In the area of telecommunications and electronics training, the centre at TCTI is operating at full capacity. Demands for training are increasing, due to new systems being developed and the requirement for additional training days. In 1982-83 some 35% of client demands could not be met. This was reduced to 20-25% in 1983-84. While internal improvements have been made to accommodate additional courses and training days without any increase in resources, it is anticipated that in 1984-85 and 1985-86, approximately 35% of client demands will not be met.

The continuing objective for departmental supervisory and management training is 700 supervisors and 350 middle managers annually.

In 1983-84 the Coast Guard College established training courses for approximately 120 students, in order to meet the annual demand of fifty-five qualified marine officers. This program will continue in 1985-86 and future years with the objective of meeting 50% of the Fleet's needs for qualified officers.

The CG College expansion project at $17.2 million is intended to increase the output of qualified Marine Officer graduates to 110 per year in approximately 1989. The project involves construction of a new residence block containing 238 berths (individual bedrooms) and structural alterations to the existing academic block to provide the necessary additional administrative space, and related new furniture.

Projects for a machine shop and boat house for the Coast Guard College, in the period 1983-86, have a combined total estimated cost of $9.9 million.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Departmental Administration Program expenditures, by object, are presented in Figure 17. **The Figure includes expenditures and receipts for the Stores Revolving Fund and payments to the Canadian Harbour Place Corporation.**

Figure 17: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	64,225	63,727	57,809
Contributions to employee benefit plans	8,985	8,285	8,316
Goods and Services			
Transportation and communications	5,440	6,930	4,874
Information	1,969	4,305	791
Other Professional and special services	28,540	34,677	26,951
Rentals	796	2,447	1,832
Purchased repair and upkeep	1,298	2,090	1,447
Utilities, materials and supplies	31,089	28,393	20,366
Payments to Crown Corporations	60,609	44,615	20,935
All other expenditures	57	68	54
Total operating costs	203,008	195,537	143,375
Capital			
Construction and acquisition of land building and works	9,744	8,560	3,112
Construction and acquisition of machinery and equipment	2,230	6,301	10,385
Total capital	11,974	14,861	13,497

Transfer payments	**3,296**	2,368	1,126
Total expenditures	**218,278**	212,766	157,998
Revenue	**(27,927)**	(25,902)	(20,310)
	190,351	186,864	137,688

The estimated 1985-86 gross operating expenditures (excluding Stores Revolving Fund and Payments to Crown Corporations) will be about 9.0% below the 1984-85 forecast. Operating costs represent 90.3% of the total estimates for the Departmental Administration Program.

Figure 18: Operating Costs in Current Dollars for the Years 1983-84 to 1985-86 ($ 000)

	Personnel Costs	Other Costs	Total Operating	% Change
1983-84 Actual	66,125	41,378	107,503	-
1984-85 Forecast	72,012	56,210	128,222	19.3
1985-86 Estimates	**73,210**	**43,489**	**116,699**	**(9.0)**

Note: The operating costs exclude payments to Crown Corporations and expenditures from the Stores Revolving Fund.

2. Personnel Expenditures

Figure 19: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Direction and Coordination	**208**	221	198
Planning, Research and Development	**108**	122	132
Administration and Common Services	**1,038**	1,050	1,023
Transportation Training	**413**	428	424
	1,767	1,821	1,777

Figure 20: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	74	66	58	50,350-96,300	66,109
Scientific and Professional					
Chemistry	2	3	-	15,724-68,070	36,392
Economic, Sociology and Statistics	30	38	40	14,570-65,080	50,159
Education	34	30	30	13,609-68,070	43,070
Engineering & Land Survey	31	35	39	23,306-76,130	55,008
Library Science	9	9	10	19,782-50,712	36,758
Psychology	1	1	-	24,293-56,575	-
Administrative and Foreign Service					
Administrative Services	308	285	277	13,912-57,987	38,715
Computer Systems Admin.	99	101	76	18,766-61,433	38,246
Financial Administration	53	54	55	13,853-57,980	41,111
Information Services	47	48	47	13,579-57,980	41,124
Organization and Methods	31	30	31	13,520-57,980	44,159
Personnel Administration	89	94	99	13,330-63,870	41,431
Program Administration	49	47	36	13,912-57,987	42,844
Purchasing and Supply	31	29	30	12,766-57,980	37,897
Others	-	-	4		-
Technical					
Air Traffic Control	44	46	55	14,776-62,449	53,310
Drafting Illustration	17	18	18	15,557-40,310	28,062
Educational Support	3	3	-	10,719-28,517	24,533
Engineering and Scientific Support	8	13	6	14,041-50,866	31,478
Electronics	74	75	77	16,619-51,950	41,409
General Technical	14	12	13	12,635-55,682	33,741
Radio Operations	17	16	23	14,411-43,863	33,718
Ships Officers	33	37	33	20,486-51,531	44,481
Social Science Support	18	23	18	12,635-57,764	30,890
Technical Inspection	-	-	10	12,635-57,691	-
Others	-	-	3		-

Figure 20 Cont'd: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Administrative Support					
Clerical and Regulatory	369	365	371	12,932-31,743	21,530
Data Processing	59	63	52	13,352-37,130	25,080
Office Equipment	4	5	8	12,665-25,271	18,638
Secretarial, Stenographic and Typing	149	146	147	12,636-31,946	21,610
Operational					
General Labour and Trades	30	28	26	14,776-40,676	25,075
General Services	31	30	31	13,253-39,988	20,976
Ships Crews	2	2	2	18,840-29,988	26,820
Others	7	11	12		-

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 21: Major Capital Projects ($000)

Project by Activities	Total Estimated Final Cost		Total Forecast Costs to Mar. 31/85	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
TRANSPORTATION TRAINING					
Electronic Equipment for Marine Training	6,860	6,860	2,194	362	4,304
Canadian Coast Guard College: Boat House and Machine Shop construction, Sydney, N.S.	9,894	9,894	3,138	4,069	2,687
College Expansion, Sydney, N.S.	18,300	17,185	6,191	5,675	5,319

4. Transfer Payments

Figure 22: Transfer Payments ($000)

Project	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Grants to universities, other organizations, university students and other individuals for transportation research	1,304	1,304	692
National Transportation Week Committee	20	20	20
Total Grants	1,324	1,324	712
Contributions			
Contributions to Provinces and Agencies in accordance with Terms and Conditions prescribed by the Governor in Council for transportation development initiatives undertaken under Subsidiary Agreements to Economic and Regional Development Agreements	1,200	266	-
Contributions for the support of transportation studies at universities and other institutions	751	758	414
Provincial and municipal governments for transportation research and demonstrations	21	20	-
Total contributions	1,972	1,044	414
Total	3,296	2,368	1,126

B. Cost Analysis

The net cost of the Departmental Administration Program by Activity include only those expenditures to be charged to the department's voted and statutory payments excluding the Stores Revolving Fund and the Payment to Canada Harbour Place Corporation. Also to be taken into consideration in establishing the actual costs to operate the Program are other cost items and revenues generated.

Figure 23: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	**Total Net Costs**	Total Net 1984-85
Direction and Coordination	17,089	-	17,089	-	**17,089**	12,758
Planning, Research and Development	22,800	-	22,800	-	**22,800**	24,836
Administration and Common Services	51,582	9,719	61,301	3,090	**58,211**	58,210
Transportation Training	40,498	-	40,498	2,737	**37,761**	41,044
	131,969	9,719	141,688	5,827	**135,861**	136,848

The adjustments made to the estimated operating expenditures to arrive at a total net cost include: accommodation provided without charge by Public Works ($ 8.3 million) and other services provided without charge by other departments ($ 1.4 million); and inclusion of all revenues generated by the Program.

C. Stores Revolving Fund - Additional Information

Actual expenditures and receipts are displayed to March 31, 1984. Forecast expenditures and receipts are displayed for the fiscal years 1984-85 and 1985-86.

Figure 24: Statement of Changes in Stores Revolving Fund Drawdown ($000)

Fiscal Year	Opening Balance	Expenditures	Receipts	Closing Balance
1982-83	32,000	14,200	13,500	32,700
1983-84	32,700	15,000	14,700	33,000
1984-85	33,000	24,800	20,000	37,800
1985-86	37,800	25,700	22,100	41,400

D. Payment to Canada Harbour Place Corporation

Canada Harbour Place Corporation was incorporated on June 18, 1982 for the following purposes:

- to acquire, develop, administer and dispose of land, and to manage real property for the Government of Canada in Vancouver, British Columbia;
- to design and construct a facility at Pier B-C, including a cruise ship terminal and a Canadian host pavilion for Expo '86;
- to design, construct and manage other facilities on the site as required; and
- to organize, operate and manage the participation of Canada as host nation for Expo '86 at Pier B-C.

Figure 25: Canada Harbour Place Corporation Summary of Expenses and Revenue ($000)

	Estimates 1985-86	Forecast 1984-85
Operating Costs	10,941	5,832
Capital Expenditures	68,987	56,220
Non-Government Receipts	(12,329)	(17,166)
Government's Payments	67,599	44,886
- Other Departments	6,990	271
- Funding through TC	60,609	44,615
Planned Person-Years	62	46

Effective July 1, 1984, the Minister of Transport was designated as the Minister responsible for federal participation in EXPO 86.

Marine Transportation Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $824,910,578 to operate the Marine Transportation Program during the 1985-86 fiscal year. This amount includes $7,971,000 of non-budgetary expenditures, representing advances to Canada Ports for capital purposes. Existing statutes authorize the expenditure of an additional $31,730,422.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Marine Transportation Program		
15	Operating expenditures	447,779	432,570
20	Capital expenditures	340,388	435,257
25	Payment to the Canarctic Shipping Company Limited	1,709	3,303
30	Payment to the Jacques Cartier and Champlain Bridges Inc.	3,855	4,387
35	Payment to the Canada Ports Corporation	21,209	32,219
40	Payment to the Hamilton Harbour Commission	2,000	2,130
(S)	Contributions to employee benefit plans	31,730	27,862
	Appropriations not required		
–	Payment to the St Lawrence Seaway Authority	.....	3,000
–	Payments to the Atlantic Pilotage Authority	.....	386
–	Payment to the Laurentian Pilotage Authority	.....	106
–	Payments to the Northern Transportation Company Limited in respect of the Keewatin resupply operation	.....	1,200
	Total budgetary	848,670	942,420
L45	Loans to the Canada Ports Corporation to meet capital expenditures for 1985	1,190	4,190
L50	Loans to the Halifax Port Corporation	6,781	.....
	Total Non-budgetary	7,971	4,190
	Total Program	*856,641*	*946,610*

Votes - Wording and amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Marine Transportation Program	
15	Marine Transportation – Operating expenditures, the grants listed in the Estimates, contributions, the payment of excepted expenses incurred in respect of Canadian distressed seamen as defined in Section 306 of the Canada Shipping Act, authority to make recoverable advances for transportation, stevedoring and other shipping services performed on behalf of individuals, outside agencies and other governments and authority to spend revenue received during the year	447,779,000
20	Marine Transportation – Capital expenditures including payments to provinces or municipalities as contributions towards construction done by those bodies	340,388,000
25	Payment to the Canarctic Shipping Company, Limited to be applied by the Company in the payment of the excess of the expenditures over the revenues of the Company during the calendar year 1985	1,709,000
30	Payment to the Jacques Cartier and Champlain Bridges Inc. to be applied in payment of the excess of the expenditures over the revenues of the Corporation (exclusive of depreciation on capital structures and reserves) in the operation of the Jacques Cartier and Champlain Bridges, Montreal	3,855,000
35	Payment to the Canada Ports Corporation for: (a) development of new port facilities at Pointe Noire, Port of Sept-Îles, Québec; (b) development of new port facilities at Grande Anse, Port of Chicoutimi, Québec; and (c) construction of a new tug, Port of Churchill, Manitoba.	21,209,000
40	Payment to the Hamilton Harbour Commission to assist in the cost of construction of the East Port Complex, Hamilton, Ontario	2,000,000
L45	Major Ports – Loans to the Canada Ports Corporation, pursuant to Section 25 of the Canada Ports Corporation Act in accordance with terms and conditions approved by the Minister of Finance pursuant to subsection 134(3) of the Financial Administration Act.	1,190,000
L50	Major Ports – Loans to the Halifax Port Corporation pursuant to Section 27 of Part II of Schedule 1 of the Canada Ports Corporation Act in accordance with terms and conditions approved by the Minister of Finance pursuant to subsection 134(3) of the Financial Administration Act	6,781,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates									1984–85 Main Estimates
	Authorized person-years	Budgetary						Non-budgetary	Total	
		Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote	Total	Loans investments advances		
Departmental										
Aids to Navigation	2,995	182,264	191,370	7	373,641	1,623	372,018	.....	372,018	497,576
Ship Movement Systems and Services	941	56,793	17,363	.....	74,155	415	73,740	.....	73,740	68,087
Icebreaking, Arctic and Other Ship Support	1,194	111,999	71,765	.....	183,764	6,722	177,042	.....	177,042	129,362
Marine Search and Rescue	749	45,965	17,576	900	64,441	.....	64,441	.....	64,441	54,953
Regulatory	530	33,460	3,587	29	37,076	.....	37,076	.....	37,076	37,997
Public Wharves and Harbours	93	39,994	39,671	.....	79,665	.....	79,665	.....	79,665	75,419
Direction and Administration	382	20,368	13,038	200	33,606	.....	33,606	.....	33,606	47,418
Anticipated Capital Lapse	.....	.....	−13,982	.....	−13,982	.....	−13,982	.....	−13,982	−9,290
Total department	**6,884**	**490,843**	**340,388**	**1,136**	**832,366**	**8,760**	**823,606**	.....	**823,606**	**903,322**
***Crown corporations**										
Major Ports	.....	21,209	.....	.....	21,209	.....	21,209	7,971	29,180	36,409
Bridges	.....	3,855	.....	.....	3,855	.....	3,855	.....	3,855	4,387
Pilotage Services	.....	.....	.....	.....	.....	.....	.....	.....	.....	492
Canals	.....	.....	.....	.....	.....	.....	.....	.....	.....	3,000
Total Crown corporations	.....	**25,064**	.....	.....	**25,064**	.....	**25,064**	**7,971**	**33,035**	**44,288**
	6,884	**515,906**	**340,388**	**1,136**	**857,430**	**8,760**	**848,670**	**7,971**	**856,641**	**946,610**

* Payments for the excess of Expenditures over Revenues, and for Capital purposes

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Budgetary	$	$	$
Vote 10--Marine Transportation--Operating expenditures	405,169,000	409,571,419	375,090,041
Vote 15--Marine Transportation--Capital expenditures	174,615,000	189,720,783	155,081,325
Vote 20--Payment to the Atlantic Pilotage Authority	430,000	430,000	.....
Vote 25--Payment to the Canarctic Shipping Company Limited	3,052,000	3,052,000	2,486,201
Vote 30--Payment to the Jacques Cartier and Champlain Bridges Inc.	3,396,000	3,396,000	3,396,000
Vote 31a--Payment to the Hamilton Harbour Commission	.....	2,750,000	1,831,267
Vote 32a--Payment to the Windsor Harbour Commission	.....	600,000	384,926
Vote 33c--Payment to the Canarctic Shipping Company Limited for effecting modifications to the vessel, "M.V. Arctic"	.....	3,255,000	2,731,511
Vote 35--Payment to the Canada Ports Corporation	27,577,000	31,824,241	19,147,593
Vote 36a--Payment to the St. Lawrence Seaway Authority	.....	3,000,000	3,000,000
Vote 37c--Payment to the Great Lakes Pilotage Authority	.....	250,000	249,792
Vote 38c--Payment to the Laurentian Pilotage Authority	.....	1,115,000	986,084
Statutory--Contributions to Employee Benefit Plans	26,653,000	29,665,000	29,665,000
Statutory--Refunds of amounts credited to revenue in previous years	.....	34,450	34,450
	640,892,000	678,663,893	594,064,190
Non-Budgetary			
Vote L40--Loans to the Canada Ports Corporation	4,909,000	4,909,000	4,881,253
Total Program	645,801,000	683,572,893	598,945,443

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

For 1985-86, the Marine Transportation Program has set the following goals:

- to finalize work associated with proposed amendments to the Canada Shipping Act to address recommendations from recent Marine inquiries and to update the legislation relating to pollution prevention, compensation for oil pollution damage, training of seafarers and vessel traffic services;

- to continue the federal government's preparedness to support Arctic resource development by participating in an interdepartmental program of R & D for Arctic transportation and related marine services;

- to implement the fleet replacement program by introducing into service three new Class 1100, one Class 1050 and two Class 800 Coast Guard Navaid Tenders; (see page 3-26)

- to implement the recommendations of the 1984 "Study on Marine Casualty Investigations in Canada" which pertain to the marine mode; (see page 3-43)

- to formulate and execute improved safety inspection practices of mobile offshore drilling units; and

- to undertake a project with the objective of defining levels-of-service goals for the Coast Guard short-range aids and icebreaking.

2. Financial Summary by Activity

Figure 1: Net Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Budgetary				
Departmental Operations				
Aids to Navigation	367,956	447,317	(79,361)	3-22
Ship Movement Systems and Services	73,740	70,073	3,667	3-27
Icebreaking, Arctic and Other Ship Support	177,042	127,214	49,828	3-31
Marine Search and Rescue	62,390	59,165	3,225	3-36
Regulatory	37,075	38,735	(1,660)	3-40
Public Wharves and Harbours	71,797	79,355	(7,558)	3-44
Direction and Administration	33,606	34,952	(1,346)	3-47
	823,606	856,811	(33,205)	
Crown Corporations				
Major Ports	21,209	37,529	(16,320)	3-49
Bridges	3,855	4,387	(532)	3-53
Canals	-	3,000	(3,000)	3-55
Pilotage Services	-	2,248	(2,248)	3-58
	25,064	47,164	(22,100)	
	848,670	903,975	(55,305)	
Non-Budgetary				
Crown Corporations				
Major Ports	7,971	4,190	3,781	3-49
	856,641	908,165	(51,524)	
Departmental Operations				
Authorized person-years	6,884	6,905	(21)	3-63

*The 1984-85 forecast, based on information available to management as of October 31, 1984, is $38.4 million or 4% lower than the 1984-85 Main Estimates of $946.6 million ("Extracts from Part II of the Estimates", page 3-4). This difference is explained in "Recent Performance - Highlights", page 3-11.

Explanation of Change: The financial requirements for 1985-86 are $52 million or 6% lower than the 1984-85 forecast expenditures. The decrease is a result of the following factors:

Budgetary - Departmental Operations

Capital expenditures

• lower capital expenditures as construction of vessels approaches completion	($51.5 million)

Operating expenditures

• provision of 4% for increase in salaries, wages, and employee benefits	$19.0 million
• workload increases for dredging; ship refit; helicopter services; regulation and inspection of mobile offshore drilling units; and development of a Coast Guard Northern region	$5.9 million
• cost reduction imposed by the government relating to search and rescue; vessel traffic services; fleet; and ship inspection	($5.0 million)
• reduction in payments to Canarctic	($1.6 million)

Budgetary - Crown Corporations

• Rehabilitation of the Welland Canal now completed	($3.0 million)
• Development of new port facilities at Sept-Iles and Chicoutimi approaching completion	($15.0 million)
• Grain Elevator at Halifax now completed	($1.8 million)
• No appropriation granted to Pilotage authorities	($2.2 million)

Non-Budgetary - Crown Corporations

• Construction of a container terminal at Halifax	$6.8 million
• Bulk potash terminal at Saint John to be completed in 1985-86	($3.0 million)

B. Recent Performance

1. Highlights

1983-84:

- The construction of replacement vessels was accelerated under a special capital program.
- The long range radio navigation system (Loran 'C') for Canada's east coast was completed in 1984-85 at a total cost of $15.6 million, versus the estimated cost of $17 million.
- All the other capital projects planned for 1983-84 were also initiated; however, some of them did not reach the planned progress stage. Delays in contract awards and in the design of vessels, adverse weather conditions and late equipment delivery were the main reasons for the lapse of $34 million in the capital program.

1984-85:

The major program of vessel construction is now expected to be completed at a lower cost than anticipated. The savings will be used partly for meeting larger payments to Crown Corporations and funding increased capital construction for Public Wharves and Harbours. The difference between the 1984-85 forecast and the 1984-85 Estimates is explained as follows:

• cost savings for construction of vessels, reflected in the Aids to Navigation and Icebreaking activities	($54 million)
• an increase in capital construction expenditures, reflected in the Public Wharves and Harbours activity	$11 million
• a reduction in operating expenditures for wharf repairs, partly offset by increased payments to Harbour Commissions, reflected in the Public Wharves and Harbour activity	($ 2 million)
• an increase in payments to Canada Ports Corporation, due to a change in cash flow of capital projects	$ 5 million
• a forecast deficit for the Laurentian Pilotage Authority	$ 2 million
Reduction in original spending plans	($38 million)

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Requirements ($000)

	1983-84		
	Actual	Main Estimates	Change
Budgetary			
Departmental Operations			
Aids to Navigation	241,295	253,280	(11,985)
Ship Movement Systems and Services	62,791	68,767	(5,976)
Icebreaking, Arctic and Other Ship Support	97,873	112,368	(14,495)
Marine Search and Rescue	55,427	60,469	(5,042)
Regulatory	31,695	32,654	(959)
Public Wharves and Harbours	51,894	50,931	963
Direction and Administration	26,329	31,020	(4,691)
	567,304	609,489	(42,185)
Crown Corporations			
Major Ports	19,148	27,577	(8,429)
Bridges	3,396	3,396	-
Canals	3,000	-	3,000
Pilotage Services	1,216	430	786
	26,760	31,403	(4,643)
	594,064	640,892	(46,828)
Non-Budgetary			
Major Ports	4,881	4,909	(28)
	598,945	645,801	(46,856)
Authorized person-years	6,750	6,688	62

Explanation of change: The authorized person-years and level of spending were increased to 6,767 PYs and $683.6 million through Supplementary Estimates, mainly in response to the government's economic initiative of accelerating or advancing some capital projects. The revised authority, by type of expenditures, is displayed in the "Extracts from Volume II of the Public Accounts", page 3-7. The large surplus is attributed to the following factors:

Budgetary - Departmental Operations

Operating Expenditures: The Program lapsed $32.0 million (7%) from its original plan and in addition, $4.5 million of the $14.0 million received through Supplementary Estimates. The major factors are as follows:

- Coast Guard experienced a surplus from the following activities: Search and Rescue due to the delay in placing new search-and-rescue vessels into operation ($3 million); Aids to Navigation and Icebreaking due to the postponement of ship refits and because some vessels were inoperative ($10 million) ..... $13.0 million

- Harbours and Ports experienced savings because dredging was done at lower costs than anticipated and projects for wharf repairs and shore protection works were delayed or deferred ..... $ 8.0 million

- Savings were realized in all activities as a result of salary increases remaining below provisions and stiffer controls on travel and overtime authorization, and on the purchase of printing, office supplies, and professional and special services ..... $10.5 million

- Payments to the Canarctic Shipping Company Limited were reduced ($0.6 million from original plan and $0.4 million from Supp. Est.) ..... $ 1.0 million

- The contingency fund of $3 million received through Supplementary Estimates to provide emergency response in the event of a major oil spill was not required ..... $ 3.0 million

- The provision of $3.3 million received through Supplementary Estimates for payments to Harbour Commissions to assist in the realization of special capital projects was not fully utilized ($2.2 million only) ..... $ 1.1 million

Capital Expenditures: The Program slipped $25.5 million (15%) from its original plan and in addition, lapsed $9.0 million of the $15 million received through Supplementary Estimates. The major factors are as follows:

- The construction and refit of fleet vessels for Aids to Navigation and Icebreaking did not proceed at the expected pace. Additional funding provided through Supplementary Estimates also lapsed ..... $22.7 million

- The cash flow of the remaining capital program was some five percent below planned levels due to some projects being delayed ..... $10.0 million

- One capital project was completed at lower cost ..... $ 1.8 million

Budgetary - Crown Corporations

Payments to Crown Corporations: The Program lapsed $10.4 million against the original plan and in addition, $2.9 million of the $8.6 million received through Supplementary Estimates, due to the following:

- Payments to Ports Canada - lapse of $10 million of original plan and $2.7 million of appropriation received through Supplementary Estimates (for details, see page 3-50) ..... $12.7 million

- Payments to Atlantic Pilotage Authority (for details, see page 3-59) ..... $ 0.4 million

- Payments to Laurentian Pilotage Authority lower than the appropriation received through Supplementary Estimates ..... $ 0.2 million

C. Background

1. Introduction

The federal government has extensive responsibilities with respect to the marine transportation system in Canada. The principal areas involving the Marine Transportation Program are:

- safety-oriented regulation of marine transportation;
- provision of navigation services (e.g., traffic control, conventional aids such as lighthouses, radio aids and buoys, and pilotage services);
- provision of a search-and-rescue capability;
- ship-source pollution prevention;
- development and maintenance of waterways (e.g., icebreaking, escorting of ships in ice-covered waters and operation of the St. Lawrence Seaway); and
- development, operation and maintenance of a national network of 13 ports, 9 commission harbours and 366 public harbours and wharves.

Crown Corporations usually provide these services when all or substantially all of the costs can be recovered from the users. Currently, Crown Corporations provide the pilotage services and operate the St. Lawrence Seaway (as well as several bridges over the St. Lawrence River) and the 13 ports.

The Marine Transportation Program includes all the other marine transportation services (Departmental Operations components - Figure 1) and is the vehicle through which the government funds certain of the Crown Corporations' investments in fixed assets and, if necessary, covers operating losses (Crown Corporations - Figure 1). The Program also includes some marine freight services, principally in the Arctic.

2. Legal Mandate

The following are the 12 principal acts that deal with the federal government's responsibilities for federal marine way and terminal activities and relate to the activities of the Program: National Transportation Act, Canada Shipping Act, Navigable Waters Protection Act, Arctic Waters Pollution Prevention Act, Canada Ports Corporation Act, St. Lawrence Seaway Authority Act, Pilotage Act, Harbour Commissions Act, Toronto Harbour Commissioners Act, Hamilton Harbour Commissioners Act, Public Harbours and Port Facilities Act and Carriage of Goods by Water Act.

3. Program Objective

The objective of the Program is to attend to the development and operation of a safe and efficient national marine transportation system that contributes to the achievement of government objectives, and to operate specific elements of this system.

In addition, the Program has a number of sub-objectives that deal with such matters as accessibility, equity, productivity and cost recovery.

4. Program Organization for Delivery

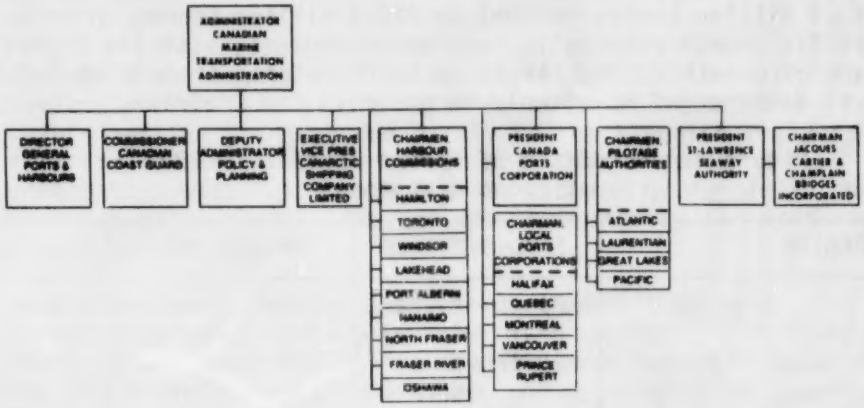
Activity Structure: The Marine Transportation Program is divided into 11 activities, of which 4 relate to funding of the operations of Crown Corporations. The left-hand column of Figure 3 illustrates the activity structure. A reclassification of some functions, effective April 1, 1985, results in a transfer of person-years and associated costs between activities. The new distribution is used in presenting the financial plan for 1985-86, along with the financial forecasts for 1984-85, and in reporting on actual financial performance for 1983-84. The financial plan for 1983-84, as originally presented in that year's Main Estimates, has been restated in terms of the new distribution. (Figure 66, page 3-76, compares the restated version with the original by activity).

Organization Structure: The basis for the Canadian Marine Transportation Administration (CMTA) is the concept of a single body to co-ordinate the administration and management of federal marine way and terminal activities. The Marine Administrator directs the formulation and implementation of marine policies and programs. In addition, he is responsible for the management of all operational, developmental and regulatory activities of the Department in support of marine transportation and the development of ports and marine commerce in Canada. The individual operating components of the CMTA (Figure 3) exercise a high degree of autonomy in the performance of their activities, but are subject to central management control exercised through the Administrator in the areas of:

- policy setting;
- major resource allocation and investment decisions;
- operational decisions affecting more than one component;
- the planning, programming, budgeting and finance processes;
- senior management information systems; and
- operational review and performance measurement.

The organization structure differs from the Program's activity structure. Figure 3 illustrates their relationship and shows the dollar resources that are provided to the various components through appropriations.

Figure 3: Distribution of Resources by Activity/Organization ($000)



ACTIVITY RESOURCES PROVIDED THROUGH APPROPRIATIONS										Estimates 1985-86
Departmental Operations										
Aids to Navigation		367,956								367,956
Ship Movement Systems & Services		73,740								73,740
Icebreaking, Arctic & Other Ship Support		170,688	4,665	1,709						177,042
Marine Search & Rescue		62,390								62,390
Regulatory		37,075								37,075
Public Wharves & Harbours	69,797				2,000					71,797
Direction & Administration		28,934	4,672							33,606
Crown Corporations										
Major Ports						29,180				29,180
Bridges									3,855	3,855
Canals								-		-
Pilotage Services							-			-
Total Appropriations	69,797	740,763	9,337	1,709	2,000	29,180	-	-	3,855	856,641
Crown Corporation Budgets ($000)										
Income				10,303		249,438	66,838	69,437	6,544	
Expenses				12,012		208,136	68,984	78,472	11,336	
Profit (Loss)				(1,709)		41,302	(2,146)	(9,035)	(4,992)	
Capital Spending				-		139,500	531	4,910	88	

D. Planning Perspective

1. Environment

Total marine traffic growth to 1995 is expected to be 1.3% annually (Figure 4). Total volume of waterborne commodities should increase from 356.7 million tonnes in 1981 to 428.6 million tonnes in 1995. However, traffic growth rates will vary among regions, with the highest average rate of growth (2.8%) likely to be registered in British Columbia and a real decline (-1.6%) likely to occur in the Prairies.

Figure 4: Forecasts of Marine Traffic to 1995
(in millions of tonnes)

REGION	LOADINGS		UNLOADINGS		TOTAL	
	Base Year 1981	Average Annual % Growth	Base Year 1981	Average Annual % Growth	Base Year 1981	Average Annual % Growth
Atlantic	22.4	3.2	21.1	-1.3	43.5	1.4
Quebec	80.8	0.2	45.7	0.6	126.5	0.3
Ontario	34.1	1.0	40.5	0.0	74.6	0.5
Prairies	0.5	-1.6	-	-	0.5	-1.6
British Columbia*	79.5	3.2	32.1	1.6	111.6	2.8
Canada	217.3	1.9	139.4	0.4	356.7	1.3

* Includes N.W.T.

For the Seaway, virtually no growth in traffic is foreseen for 1984 and 1985. Improvements are foreseen however for the next five years. With 1981 as the base year, the 1995 outlook shows very modest average annual growth of 1.0% for both the Montreal - Lake Ontario and Welland Canal sections of the Seaway (Figure 5).

Figure 5: St. Lawrence Seaway Traffic Forecast to 1995
(in millions of tonnes)

YEAR	MONTREAL - LAKE ONTARIO	WELLAND CANAL
1981	50.57	58.85
1982	42.82	49.02
1983	45.06	50.14
1985 forecast	45.95	54.87
1990 forecast	53.51	62.51
1995 forecast	57.68	67.31

Several projects have been underway for the development and shipment of oil and gas from the Canadian Arctic, especially in the Beaufort Sea. Exploration has already affected and will continue to affect the volume of traffic and the demand for marine services. On the assumption that the marine transportation mode will be used in lieu of pipeline, between 24 and 48 one-way oil vessel transits from the Beaufort Sea are forecast per annum over the 1991-1995 period.

There has been a noticeable decline in the optimism with which the Arctic had previously been viewed as a major frontier of resource development. This decline has been due partly to the sluggish recovery of the economy from the recession and partly to the effectiveness of world-wide conservation measures leading to reduced energy demand in the face of a world-wide oil surplus. As a result, the urgency for year-round Arctic exploration and production has diminished.

Prospects for eastern offshore developments have not changed significantly from the forecasts of a year ago, except for the Labrador sea area. Only marginal growth in marine traffic is expected through 1995, with existing vessel bottoms able to carry the majority of any new production in eastern offshore areas.

With respect to commercial fishing, it is known that some 41,100 registered fishing vessels existed in Canada in 1982. Approximately 91% of all registered vessels in 1982 were salt-water vessels. In terms of distribution, approximately 67% of the vessels were located in the Atlantic provinces, 9% in Quebec and Ontario, and 24% on the West Coast. Approximately 86% of the total Canadian catch of 1.4 million tonnes in 1982 originated in the Atlantic provinces. The situation is not likely to change significantly, either in proportion or in level of activity. Nevertheless, we may expect to see some rationalization of the east-coast fleet over the long term and some real reduction in the size of the Pacific fleet because of overcapacity. Reductions could run up to 1,000 vessels by 1995. Since commercial fishing traffic is not expected to change significantly, no additional demand for Coast Guard services, such as search and rescue, is foreseen.

Pleasure boating and sport fishing put pressure on such marine services as communications and search and rescue. In 1982, more than 1.7 million pleasure craft were in use in Canada. It is expected that the 6.9% annual growth in pleasure-craft population over the 1974-1982 period will not continue over the medium term. In the long term, it is likely to grow at 2.6% annually, more in line with the rate of growth of personal disposable income. Although marine incidents are likely to increase over time with traffic, the rate of increase will probably decline somewhat as a result of enhanced prevention measures.

2. New Initiatives

Currently ongoing initiatives will be continued with emphasis on implementing the recommendations of the Study on Marine Casualty Investigations in Canada, and on improving the safety practices of mobile offshore drilling units.

3. Update on Previously Reported Initiatives

Establishment of Local Ports Corporations

Following proclamation in February 1983 of the Canada Ports Corporation Act, the new corporate Board fully committed itself to attain the objectives set out in the legislation, specifically a move toward greater port autonomy.

Since then, several ports have been established as local port corporations; they are: Montreal and Vancouver on July 1, 1983; Halifax, Quebec and Prince Rupert on June 1, 1984. The Port of St. John's is expected to be proclaimed Local Port Corporation in 1985.

Fleet Capital Investment Plan (FCIP)

The initial Fleet acquisition project, which listed for 1983-84 the planned construction start of five vessels at a total cost of $242.3 million was significantly expanded with the introduction of a special capital program in the spring of 1983. Aside from boosting vessel construction to eleven ships plus three modernization projects with a total initial price tag of close to $700 million, the program also spawned a number of ports and other projects, notably at Sept-Iles and Chicoutimi. The total value of projects embraced by the capital spending initiative thus reached $824 million; additional funding of $34.4 million was obtained in 1983-84 supplementary estimates.

Partly due to a highly competitive market situation, the cost of the vessel acquisition program has fallen to about $600 million. As well, spending on the various vessels and ports projects did not reach targetted levels in 1983-84 as the implicit pace proved too ambitious. In 1984-85 again, spending is projected to fall below the level planned in the Main Estimates ($332 million compared with $390 million). About two-thirds of the 1984-85 spending decrease is represented by the reduction in the total cost of vessel acquisition; the rest may be regarded as work carried into 1985-86.

Figure 6 displays the specific capital projects and spending over the three years (further project detail is provided in the full list of capital projects in Figure 59, page 3-65).

Figure 6: Special Capital Program ($ millions)

Activity	Description	1985-86 Estimates	1984-85 Forecast	1983-84 Actual
Departmental Operations				
Aids to Navigation	Ten vessel replacements	140.9	214.8	55.3
	Three mid-life refits	15.6	32.0	3.9
	Small craft replacements	4.2	4.1	0.3
Icebreaking	One vessel replacement	52.0	15.5	-
	Total Coast Guard Fleet	212.7	266.4	59.5
Aids to Navigation	Assumption Centennial Park Seawall	-	0.5	0.7
	Halifax-Dartmouth Bridge Pier Protection	-	0.6	1.4
Public Wharves and Harbours	New terminal facilities	-	3.2	0.4
	Wharf extensions and improvements	-	20.9	5.7
	Hamilton Harbour Commission for East Port Complex	2.0	3.0	1.8
	Windsor Harbour Commission for West End Marina	-	0.5	0.4
Total Departmental Operations		214.7	295.1	69.9
Crown Corporations Payments				
Canals				
St. Lawrence Seaway Authority	Welland Canal Rehabilitation	-	3.0	3.0
Major Ports				
Canada Ports Corporation	Port Development - Sept-Iles	14.0	16.7	0.7
	Port Development - Chicoutimi	4.9	17.0	0.8
Total Crown Corporations		18.9	36.7	4.5
Total Program		233.6	331.8	74.4

4. Program Effectiveness

The different operational situations faced by Marine components preclude the development of a single comprehensive indicator. Measures of achievement are available for most activities and are presented in the activity analysis section.

Section II
Analysis by Activity

A. Aids to Navigation

Objective

To develop, provide, maintain and ensure the efficient operation of aids to navigation, such as conventional aids, radio aids, ship channels and canals to facilitate the safe and efficient movement of marine transportation in Canadian waters.

Resource Summary

The Aids to Navigation activity accounts for approximately 43% of the total 1985-86 Marine Transportation Program expenditures and 44% of the total person-years.

Figure 7: Activity Expenditures ($000) and Person-Years

	Estimates 1985-1986		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Conventional aids	151,354	2,594	141,747	2,581	123,707	2,432
Radio aids	9,881	157	9,621	168	12,461	202
Sounding and dredging	19,712	153	18,219	157	19,150	162
Canso Canal operation	1,324	24	1,234	24	1,304	23
Operating expenditures*	182,271	2,928	170,821	2,930	156,622	2,819
Capital expenditures	191,370	67	278,110	59	85,905	64
Anticipated capital lapse	(4,062)	-	-	-	-	-
Total expenditures	369,579	2,995	448,931	2,989	242,527	2,883
Revenue credited to vote	(1,623)	-	(1,614)	-	(1,232)	-
Net resource requirements	367,956	2,995	447,317	2,989	241,295	2,883

*Includes grants and contributions of $7,000 (1984-85, $57,000; 1983-84, $62,000).

The decrease of approximately $91 million in capital reflects a reduction in the vessel replacement program. The increase in operating expenditures is due to the provision of 4% for increases in salaries, a one million dollar workload increase for ship refit and a transfer of resources from the Department of Public Works for the cost recovery of dredging.

Revenue results from the recovery of costs for services provided to other government agencies. Helicopter services provided to the Department of Fisheries and Oceans account for $1.2 million.

1983-84 Financial Performance: Savings were realized as a result of salary increases remaining below provisions and because some vessels were inoperative. A change in cash flow for the vessel replacement program is responsible for the capital lapse of $8 million.

Figure 8: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	156,622	2,819	160,647	2,816	(4,025)	3
Capital expenditures	85,905	64	94,134	11	(8,229)	53
Total expenditures	242,527	2,883	254,781	2,827	(12,254)	56
revenue	(1,232)	-	(1,501)	-	269	-
Net	241,295	2,883	253,280	2,827	(11,985)	56

Description

This activity facilitates the safe and efficient movement of marine traffic by the following means.

Conventional Aids: A network of fixed and floating aids such as buoys, lighthouses and range-lights marks channels, harbour entrances and prominent landmarks and obstructions. Major operating tasks are to determine the marine aids needed and to develop, place, operate and maintain these aids. The placement, operation and maintenance of the aids require substantial support from the Coast Guard fleet of vessels and aircraft.

Radio Aids: Radio positioning systems such as Loran 'C', radio beacons and racons are provided for long-, medium- and short-range navigation.

Sounding and Dredging: Water-depth monitoring and, where necessary, dredging ensure that ship channels remain at the stated depth and width.

Canso Canal Operation: The canal is operated and maintained to provide a short-cut for vessels from the St. Lawrence Gulf to the eastern coastline of Nova Scotia and the Atlantic coast of the United States.

Performance Information/Resource Justification

Conventional Aids: The network consists of approximately 13,200 floating aids (buoys) and 7,300 land-based aids, of which 272 are major lighthouses. The locations of aids are shown on charts, and the positions and characteristics of lighted aids are in the List of Lights, Buoys and Fog

Signals, both of which references are used by ships in Canadian waters. The Canadian aids-to-navigation system is in accordance with the international system adopted by the International Association of Lighthouse Authorities. The Coast Guard delivers its services through a decentralized operational structure consisting of five regional headquarters. The regions operate 11 main bases and 5 sub-bases in delivering the aids program. (See Figure 67, page 3-77.)

The primary indicator of operational effectiveness is the degree to which these aids are in service and operating as advertised. The main measure of operational effectiveness is the time that a conventional aid is not in service. Figure 9 shows planned and actual achievement on average for all conventional aids since 1977-78.

Figure 9: Actual and Planned Average Days for which a Conventional Aid is not Available

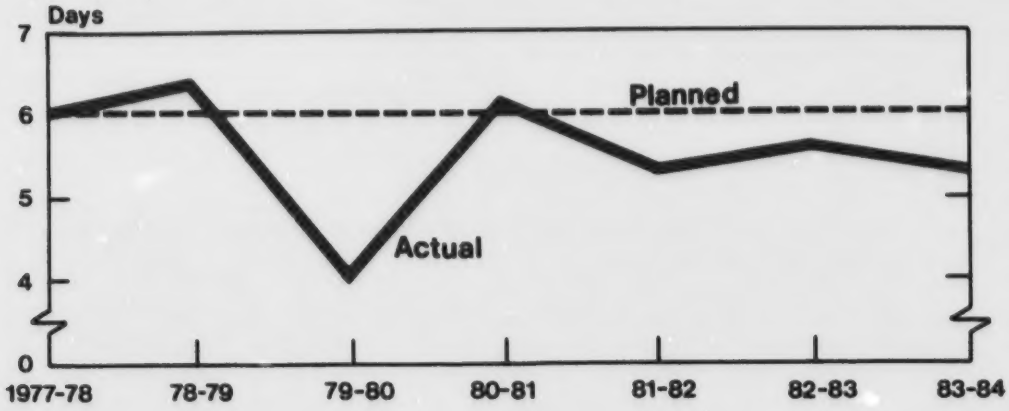


Figure 10 summarizes the operating resources needed to achieve these results for the three years to 1985-86 and the key underlying variables affecting these resource requirements.

Figure 10: Performance and Resource Data - Conventional Aids

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Ship support	68,440	67,222	53,985
Aircraft support	9,995	7,491	7,490
Other	72,919	67,034	62,232
	151,354	141,747	123,707
Key resource determinants			
No. of aids	20,500	20,500	20,510
Amount of fleet support hours provided	179,400	179,400	184,382

Radio Aids: The radio location system consists of some 200 electronic aids, such as racons and beacons, and a long-range electronic navigational aids system, Loran 'C'.

The Loran 'C' program on the east coast was completed in 1984-85. The replacement of Decca and Loran 'A' systems with Loran 'C' has resulted in a saving of 24 person-years.

The main indicator of operational effectiveness is the functioning of the aids in accordance with advertised characteristics. The measure of operational effectiveness is the percentage of time the aids are functioning. Planned availability for Loran 'C' is 99.7%. This target has been consistently met.

Sounding and Dredging: The Coast Guard's dredging program relates to main shipping channels and approach channels to ports and harbours. Dredging programs are carried out in each Coast Guard region for general maintenance of channels and provision of new channels in response to requests from local and regional interests seeking waterway improvements for trade expansion. The dredging is carried out on Coast Guard's behalf by Public Works Canada (PWC) and by private dredging firms under contract.

Water-depth sounding is conducted to provide data for dredging operations and to determine periodically the status of the channels. Sounding work is carried out on behalf of Coast Guard by PWC, except in the St. Lawrence and Saguenay Rivers, where Coast Guard equipment is employed to sound approximately 7,500 hectares annually.

Figure 11 summarizes the sounding and dredging program planned for 1985-86.

Figure 11: Resource Data - Sounding and Dredging ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Water depth sounding	5,395	5,138	3,862
PWC dredging	8,590	7,034	6,933
Contracted dredging	5,727	6,047	8,355
Total resource requirements	19,712	18,219	19,150

Canso Canal Operation: On average, the canal is kept open between 280 and 295 days a year and provides transit for some 2,600 vessels.

Capital Expenditures: Figure 12 outlines the planned 1985-86 capital program. The program calls for the commissioning of three class 1100, one class 1050 and two class 800 vessels during the 1985-86 fiscal year.

Figure 12: Summary of Main Estimates Capital Projects, 1985-86 ($000)

	Total Estimated Cost	Forecast Spending to March 31/85	Planned Spending 1985-86	Future Years' Spending
Conventional aids				
Major projects	18,895	3,082	7,786	8,027
Miscellaneous projects under $250,000	13,186	-	13,186	-
	32,081	3,082	20,972	8,027
Radio aids	5,269	514	3,126	1,629
Sounding and dredging	16,069	7,497	2,536	6,036
Vessel replacements				
6 major navaid tenders				
- light icebreakers (Class 1100)	357,600	219,020	121,528	17,052
2 medium navaid tenders				
- light icebreakers (Class 1050)	65,360	44,107	18,037	3,216
2 small navaid tenders (Class 800)	4,148	2,709	1,339	100
Mid-life refit (3 vessels)	51,500	35,932	15,568	-
Miscellaneous projects under $250,000	46,214	8,689	8,264	29,261
	524,822	310,457	164,736	49,629
	578,241	321,550	191,370*	65,321

*Before anticipated capital lapse of $4.1 million.

B. Ship Movement Systems and Services

Objective

To develop, provide, maintain and ensure the efficient operation of vessel traffic services facilities, a network of coastal radio stations, and other communications and information systems to facilitate the safe and expeditious movement of marine traffic in Canadian and adjacent waters.

Resource Summary

The Ship Movement Systems and Services activity accounts for approximately 9% of the total 1985-86 Marine Transportation Program expenditures and 14% of the person-years.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Vessel traffic services	25,901	447	28,357	510	23,524	507
Communications services	30,891	494	29,719	494	27,783	512
Operating expenditures*	56,792	941	58,076	1,004	51,307	1,019
Capital expenditures	17,363	-	12,412	2	11,782	2
Total expenditures	74,155	941	70,488	1,006	63,089	1,021
Revenue credited to vote	(415)	-	(415)	-	(298)	-
Net resource requirements	73,740	941	70,073	1,006	62,791	1,021

* Includes grants and contributions of $27,000 in 1983-84.

Revenue is generated from services provided to other government agencies. Recovery is also made for a radio message service provided to the private sector. This revenue (estimated at $2.4 million for 1985-86) is credited to the Consolidated Revenue Fund and is not available for use by the activity.

1983-84 Financial Performance: Savings were realized as a result of salary increases remaining below provisions and due to an under-utilization of person-years. The lapse of $3 million in capital expenditures was caused by the delay of the following projects: VTM Prince Rupert, VTM Halifax and new generation communications control system.

Figure 14: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	51,307	1,019	54,357	1,061	(3,050)	(42)
Capital expenditures	11,782	2	14,800	-	(3,018)	2
Total expenditures	63,089	1,021	69,157	1,061	(6,068)	(40)
Revenue	(298)	-	(390)	-	92	-
Net	62,791	1,021	68,767	1,061	(5,976)	(40)

Description

The Ship Movement Systems and Services activity supports marine traffic through two services.

Vessel Traffic Services: This component provides vessel traffic information, advice, instruction and emergency coordination resources on a 24 hour, 7 day a week basis to ensure the safe and efficient movement of ships in selected Canadian waters. The service is provided through 9 systems using 12 vessel traffic centres, including one seasonal, across Canada (Figure 68, page 3-77). The majority of these systems are responsible for interactive traffic management. Additionally, the Eastern Canada Traffic System (ECAREG) and the Arctic Canada Traffic System (NORDREG) are respectively mandatory and voluntary reporting and clearance systems for ships under the Canada Shipping Act. Marine information is prepared and disseminated through the Notices to Mariners, List of Lights and Notices to Shipping. The primary purpose of these systems is to reduce the risk to shipping, lives, property and the environment by providing marine information on navigation, meteorology, shipping, ice conditions, and regulations for the benefit of external marine and shipping interests, internal Coast Guard operations and the public. Their secondary purpose is to ensure compliance with Canadian regulations by ships entering Canadian waters.

Communications Services: These consist of a national network of Coast Guard radio stations, both manned and remote controlled, and operated 24 hours a day, 7 days a week. Coast Guard radio stations have two major roles. The primary is to provide shipping in Canadian and adjacent water with a safety service to meet the requirement of the Safety of Life at Sea (SOLAS) Convention. This role is fulfilled by maintaining a continuous listening watch on the distress and calling frequencies to detect radio transmissions from mariners in distress. The secondary role is to provide administrative and commercial communications services through the provision of a public correspondence service. Closely allied to this service is the communications service required for the command and control of the Canadian government's civilian fleet.

Performance Information/Resource Justification

Vessel Traffic Services: Performance is based on a 99.5% availability of services. To date this target has consistently been met. Statistical information is shown in Figure 15.

Figure 15: Performance and Resource Data - Vessel Traffic Services

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Vessel traffic services	25,901	28,357	23,524
Selected key resource variables			
Hours of operation at traffic centres	113,900	113,900	113,056
Trends in use of services			
Ship movements	419,000	419,000	435,700
Messages processed	994,000	994,000	1,026,800

Other key variables include the amount and age of equipment to be maintained and the standards to which it is maintained.

Communications Services: Operational effectiveness is assessed primarily by the degree to which communications equipment is functioning as intended. Through a back-up equipment system, the service is made available at all times. Figure 16 shows resource requirements and one key trend in operations. Other key resource variables include the amount, type and age of the equipment to be maintained and the standards to which it is maintained.

Figure 16: Performance and Resource Data - Communications Services

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Radio station operations and equipment maintenance	30,891	29,719	27,783
Key resource variables			
Hours of operation at manned radio stations	502,240	502,240	502,240

Capital Expenditures: Figure 17 outlines the planned 1985-86 capital program.

Figure 17: Summary of Main Estimates Capital Projects 1985-86 ($000)

	Total Estimated Cost	Forecast Spending to Mar.31/85	Planned Spending 1985-86	Future Years' Spending
Expansion or enhancement of services:				
Extension of VHF/FM communications	4,147	1,686	974	1,487
Replacement of radio transmitters, receivers and communication control equipment	22,970	10,537	4,372	8,061
Relocate VTS Centre Halifax	4,570	2,458	2,112	-
New Generation Communications Equipment	5,998	158	1,686	4,154
Replace receiver site and office - Sydney	2,681	543	1,812	326
Radar VTS Centre - Montreal	7,860	-	1,900	5,960
Communications Mobile Maritime	2,168	1,139	1,029	-
Miscellaneous projects under $250,000	3,478	-	3,478	-
	53,872	16,521	17,363	19,988

C. Icebreaking, Arctic and Other Ship Support

Objective

To develop, maintain and ensure the efficient utilization of icebreakers, helicopters and other facilities and services to facilitate the safe and expeditious movement of marine traffic through ice-covered waters and to prevent flooding caused by ice jams on the St. Lawrence River and other areas as required, and also to support specific non-Coast-Guard activities and the transportation by sea of equipment and supplies to government locations, private companies and individuals located in the Arctic.

Resource Summary

This activity accounts for approximately 21% of the total 1985-86 Marine Transportation Program expenditures and 17% of the total person-years.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Icebreaking and escorting	55,908	826	54,193	825	49,497	757
Flood control	8,963	125	8,491	125	8,302	118
Ice reconnaissance	15,650	-	14,293	-	12,692	-
Arctic research and development	4,665	9	4,622	9	1,485	-
Other support	26,813	229	28,421	222	23,973	225
Operating expenditures	111,999	1,189	110,020	1,181	95,949	1,100
Capital expenditures	71,765	5	23,916	-	8,723	-
Total expenditures	183,764	1,194	133,936	1,181	104,672	1,100
Revenue credited to vote	(6,722)	-	(6,722)	-	(6,799)	-
Net resource requirements	177,042	1,194	127,214	1,181	97,873	1,100

The increase of $48 million in capital is to provide for the construction of an icebreaker, class 1200, under the vessel replacement program.

Revenue credited to the vote arises from the co-ordination of the annual delivery of equipment and supplies to the Arctic (contracted through the private sector) for other government departments. In addition, revenue of $6.8 million is credited to the Consolidated Revenue Fund from the charter of the cable ship CCGV John Cabot for transatlantic-cable repair work. This work is performed for Teleglobe Canada on a full cost-recovery basis.

1983-84 Financial Performance: The 1983-84 plan was increased by a supplementary budget of $3.3 million to provide for a payment to Canarctic for effecting modifications to the vessel "M.V. Arctic". The actual payments to Canarctic were $1.0 million lower than planned. The other actual costs are under plan due to a postponement of mid-life vessel refit and to savings in operating costs accruing from the unscheduled lay-up of vessels for repairs.

Figure 19: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	95,949	1,100	100,557	1,125	(4,608)	(25)
Capital expenditures	8,723	-	18,220	-	(9,497)	-
Total expenditures	104,672	1,100	118,777	1,125	(14,105)	(25)
Revenue	(6,799)	-	(6,409)	-	(390)	-
Net	97,873	1,100	112,368	1,125	(14,495)	(25)

Description

Icebreaking and Escorting: This service involves the escorting of ships through ice-covered waters on the east coast, in the Gulf of St. Lawrence and the Great Lakes during winter months and in the Arctic during the summer months. Specific harbours are also opened on request to facilitate movement of cargo and fishing vessels.

Flood Control: Ice in the St. Lawrence River below Montreal is managed to facilitate the orderly circulation of ice and thus prevent damage to or loss of property threatened by flood.

Ice Reconnaissance: Aircraft are chartered for ice reconnaissance, through contract administered by the Department of Environment, to advise the shipping industry of ice conditions.

Arctic Research and Development: This service includes sponsorship of mission-oriented research and development projects in the Canadian Arctic. Transport Canada plays a co-ordinating role in this program, which is shared with Fisheries and Oceans Canada and Environment Canada.

Other Support: The other services provided by this activity are:

- Arctic Resupply - This involves the co-ordination of an annual Eastern Arctic Sealift to provide food, materials, fuel and equipment to northern settlements and defence sites.

- Support to Other Government Departments and Agencies - This service provides vessels and aircraft to support specific operations of other government departments and agencies. The most significant of these services is the charter of the CCGV John Cabot to Teleglobe Canada and the provision of ships to the Department of Fisheries and Oceans for hydrographic work in the Arctic.

- Canarctic Shipping Company Limited - Through this company (government share 51%, North Water Navigation Ltd. 49%), the government operates the M.V. Arctic, an experimental Arctic Class 2 bulkcarrier, to further the development of Canadian expertise in cargo-ship/icebreaker technology and to demonstrate the feasibility of an extended Arctic navigation season. Canarctic Shipping Company has contracted to carry the entire output of the Nanisivik Mine, by means of the M.V. Arctic during the summer season. In a joint venture with Federal Commerce and Navigation, the Company has also contracted with Cominco to carry 75% of the output of the Polaris Mine on Little Cornwallis Island. The M.V. Arctic is also being used as a laboratory for studying vessel design and investigating ice conditions in Arctic areas, with the results being made available to Canadian shipbuilding and shipping companies.

Performance Information/Resource Justification

Icebreaking and Escorting: To respond to the requirement for icebreaking assistance, seven dedicated icebreaking vessels are employed. This fleet is complemented by those aids-to-navigation vessels that have icebreaking capability. Statistical performance data are shown in Figure 20.

Figure 20: Performance and Resource Data - Icebreaking and Escorting

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Ship support	49,982	48,735	38,473
Aircraft support	1,567	1,446	2,290
Other	4,359	4,012	8,734
	55,908	54,193	49,497
Demand for service			
Ships assisted	3,150	3,100	3,015
Coast Guard fleet support			
Ship hours provided	51,000	47,645	40,274

The 1985-86 Estimates and the 1984-85 forecast are based on average ice conditions experienced in the areas served over the past years. Actual resource requirements will vary if actual ice conditions depart significantly from the average.

Flood Control: Operating resource requirements are based on an average of 130 days (116 days for 1983-84) of ship support for control of ice build-up. This figure has not varied significantly over the past years.

Ice Reconnaissance: The estimated 1985-86 operating cost for this service is $15.7 million, which represents the contract cost for 2,200 hours of flying time.

Arctic Research and Development: This program funds approximately 100 research projects related to Arctic marine transportation. The program was evaluated last year and the essential conclusion of the review was that the program has been very effective in accomplishing its objectives. Most of the benefits of the program apply to marine transportation in general and not just to the Arctic, and some of the technological benefits also go well beyond marine transportation.

Other Support: Figures 21 and 22 set out performance data and the operating expenditures required for the other three services offered under this activity.

Figure 21: Performance and Resource Data - Other Support

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Arctic resupply	7,057	7,513	8,222
Support to other government departments and agencies	18,047	17,091	10,533
Canarctic Shipping Company Limited	1,709	3,817	5,218
	26,813	28,421	23,973
Performance data			
Arctic resupply			
Cargo tonnage delivered	42,000	45,200	40,353
Support to other government departments and agencies			
Ships hours provided	14,500	14,300	13,559

Performance data for Canarctic Shipping Company Limited are displayed separately in Figure 22 because the Company operates on a calendar year basis.

Figure 22: Financial and Operational Statistics of Canarctic Shipping Company Limited

	1981	1982	1983	Forecast 1984	Forecast 1985
Financial results ($000)					
Revenues	4,711	6,485	6,730	5,491	10,303
Expenditures	9,384	9,695	9,216	8,794	12,012
Excess of expenditures over revenue	4,673	3,210	2,486	3,303	1,709
Modification to the vessel M.V. Arctic	-	-	2,732	514	-
Government subsidy	4,673	3,210	5,218	3,817	1,709
Cargo tonnage transported (000)	133	131	132	133	185

Capital Expenditures: Figure 23 outlines the planned 1985-86 capital program.

Figure 23: Summary of Main Estimates Capital Projects, 1985-86 ($000)

	Total Estimated Cost	Forecast Spending to March 31/85	Planned Spending 1985-86	Future Years' Spending
Vessel replacement:				
1 Class 1200 Icebreaker to replace CCGV Labrador	108,100	15,464	52,000	40,636
Major mid-life refit of the Sir John A Macdonald	13,972	-	13,972	-
Misc equipment	28,627	15,481	5,793	7,353
	150,699	30,945	71,765	47,989

Canarctic intends to carry out important modifications to the M.V. Arctic which will enhance the vessel's navigation capability in the Arctic and enable it to participate in the Panarctic demonstration project for the shipment of oil out of Bent Horn. The estimated cost of the modifications is approximately $25 million. Planned lease financing will have an impact on future years' appropriations only.

D. Marine Search and Rescue

Objective

To develop, maintain and ensure the efficient operation of facilities and services to minimize loss of life and personal injuries in the marine environment as a result of search and rescue incidents, and also to increase volunteer participation in promoting safe boating through existing public- and private-sector education programs to minimize the demand on Coast Guard search-and-rescue resources.

Resource Summary

The Search and Rescue (SAR) activity accounts for approximately 7% of the total 1985-86 Marine Transportation Program expenditures and 11% of the total person-years.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Coast Guard rescue operations	43,402	692	40,734	697	35,827	679
Search and Rescue Prevention	1,926	34	2,608	34	2,148	24
Canadian Marine Rescue Auxiliary promotion and support	1,538	22	1,457	22	1,067	17
Operating expenditures*	46,866	748	44,799	753	39,042	720
Capital expenditures	17,576	1	14,366	-	16,385	-
Anticipated capital lapse	(2,052)	-	-	-	-	-
Total resource requirements	62,390	749	59,165	753	55,427	720

*Includes grants and contributions of $610,000 in 1985-86 and 1984-85 (1983-84, $712,000). See page 3-69 for details.

1983-84 Financial Performance: A delay in the vessel building program, due to design difficulties, resulted in a lapse of funds provided for placing new SAR vessels in operation.

Figure 25: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	39,042	720	43,799	765	(4,757)	(45)
Capital expenditures	16,385	-	16,670	-	(285)	-
Total expenditures	55,427	720	60,469	765	(5,042)	(45)

Description

This activity attempts to minimize loss of life in the marine environment by the following means.

Coast Guard Rescue Operations: The provision of dedicated search and rescue units and associated facilities, in conjunction with the Department of National Defence.

Search and Rescue Prevention: Small-craft boating safety is promoted through educational programs designed to foster increased public awareness of safety-related matters.

Canadian Marine Rescue Auxiliary Promotion and Support: To complement the Coast Guard rescue operations, the Coast Guard promotes and supports the activities of the Canadian Marine Rescue Auxiliary which provides search and rescue capability and participates in boating safety programs across the country.

Performance Information/Resource Justification

Coast Guard Rescue Operations: In conjunction with the Department of National Defence, the CCG mans the rescue co-ordination centres in Halifax, N.S.; Trenton, Ont.; and Victoria, B.C.; and operates marine rescue sub-centres in St. John's, Nfld., and Québec City, P.Q. In addition, Coast Guard operates 40 SAR vessels, 30 inshore rescue boats (IRB) and 3 hovercraft. Primary units operate on a 24-hour, 7-day-a-week basis and provide both offshore and inshore SAR coverage in areas where incident analysis has shown the need for dedicated SAR coverage. These units are required to be underway to the scene of an accident within 30 minutes of notification for action. The IRB program is pursued during the summer months only to deal with increased pleasure boating activity.

Figure 26: Performance and Resource Data - Coast Guard Rescue Operations

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Ship support	35,210	33,654	31,663
Other	8,192	7,080	4,164
	43,402	40,734	35,827
Selected key resource variables			
Ship hours provided	294,000	293,165	292,258
Utilization of service			
Incidents responded to by Coast Guard	5,200	5,100	5,100

Search and Rescue Prevention: An extensive boating safety program, at an estimated cost of $1.2 million in 1985-86, is conducted to minimize the number of small-boat incidents. These funds are used to produce educational safety movies, television commercials and programs, publications such as the Boating Safety Handbook, to conduct safety demonstrations and to carry out courtesy examinations. The number of boating safety demonstrations is projected to increase from 2,300 in 1983-84 to 2,400 in 1984-85 and 2,500 in 1985-86. Previously, the number of courses were reported as a workload indicator, however, the emphasis has now shifted to boating safety demonstrations, which are considered to be more effective.

Canadian Marine Rescue Auxiliary Promotion and Support: Rescue operations are supplemented by vessels owned by voluntary Canadian Marine Rescue Auxiliary (CMRA) units. Figure 27 shows the growth of the auxiliary, along with its rescue activity. The annual cost of this program is $1.5 million. The auxiliary units are compensated for fuel and insurance costs incurred when they respond to a search-and-rescue incident and for authorized training and travel costs for their crews. CMRA members also participate in the SAR prevention program.

Figure 27: Trends In Canadian Marine Auxiliary Growth and Workload

Year	No. of Members	No. of Vessels	No. of Incidents Attended
1981	1,126	492	844
1982	1,298	607	1,042
1983	1,906	887	1,688
1984 (forecast)	2,400	1,120	1,900
1985 (estimate)	2,600	1,220	2,100

Capital Expenditures: Figure 28 summarizes the capital program planned for 1985-86.

Figure 28: Summary of Main Estimates Capital Projects, 1985-86 ($000)

	Total Estimated Cost	Forecast Spending to Mar.31/85	Planned Spending 1985-86	Future Years' Spending
Expansion of service				
1 Type 200 ice-strengthened vessel - Newfoundland (last of a 7-vessel program)	11,389	7,116	3,492	781
1 Type 300 lifeboat - Gaspé	1,044	963	81	-
1 Type 200 ice-strengthened cutter - Twillingate, Nfld.	4,556	20	1,962	2,574
	16,989	8,099	5,535	3,355
Replacements				
1 Type 400 cutter - Meaford	3,990	784	2,758	448
1 Type 300 lifeboat - Souris	929	854	75	-
2 Type 100 lifeboats - West Coast	2,342	931	1,411	-
CCGS Daring - Replacement	19,142	18,811	304	27
CCGS Alert - Mid-life refit	5,494	-	500	4,994
CCGS Ready and Racer - Re-engine	2,721	2,358	363	-
Type 500 - Design	853	433	420	-
Renovation Kitsilano Base	1,439	244	1,195	-
Miscellaneous projects	2,963	-	2,963	-
	39,873	24,415	9,909	5,469
	56,862	32,514	15,524	8,824

E. Regulatory

Objective

To develop, administer and enforce regulations and standards to ensure the seaworthiness of ships, the safety of their cargoes, the safety of operations to minimize shipping casualties and crew accidents, and also the probability of pollution from ships; to ensure that works placed in, upon, over, under, through or across any navigable waters do not interfere with the public's right of navigation; and to mitigate the effects of pollution on the environment from ship-source spills.

Resource Summary

The Regulatory activity accounts for approximately 4% of the total 1985-86 Marine Transportation Program expenditures and 8% of the total person-years.

Figure 29: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Ship safety	22,233	405	21,812	402	20,085	378
Emergencies	6,743	53	6,660	53	5,298	63
Marine casualty investigations	2,606	44	2,354	41	1,578	40
Navigable waters protection	1,906	28	1,731	28	1,430	31
Operating expenditures*	33,488	530	32,557	524	28,391	512
Capital expenditures	3,587	-	6,178	-	3,304	-
Total resource requirements	37,075	530	38,735	524	31,695	512

*Includes grants and contributions of $29,000 in 1984-85 and 1985-86 (1983-84, $15,000). See page 3-69 for details.

Approximately $3.5 million will be recovered from the private sector for inspections and examinations by the ship-safety element. This revenue is credited to the Consolidated Revenue Fund and is not available for use by the activity.

1983-84 Financial Performance: Unplanned costs for clean-up operations and legal fees to defend damage claims are mainly responsible for the operating expenditures in excess of the plan. The postponement of the National Marine Testing and Training project is responsible for the $3 million lapse in capital expenditures.

Figure 30: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	28,391	512	26,132	492	2,259	20
Capital expenditures	3,304	-	6,522	-	(3,218)	-
Total expenditures	31,695	512	32,654	492	(959)	20

Description

The Regulatory activity consists of the following four organizations.

Ship Safety: This organization administers the Canada Shipping Act on behalf of the Minister. This function involves the development and promulgation of regulations and standards; the inspection of ships and ships' equipment, oil-drilling rigs and cargoes to ensure seaworthiness; and the registration of ships and licensing of vessels. The organization also inspects, registers, and licenses air cushion vehicles (ACVs), monitors the marine safety training program, and examines and certifies officers and crews to ensure that ships are manned with competent personnel. This organization is also responsible for the surveillance, investigation and enforcement of pollution regulations that concern ships.

Emergencies: This organization is involved in clean-up of pollution from shipping and acts as a resource agency for marine pollution incidents from other sources. The organization evaluates, acquires and maintains the Coast Guard's pollution countermeasures equipment and regularly provides exercises for Coast Guard and other personnel.

Marine Casualty Investigation: On behalf of the Minister, this organization is responsible for the investigation of shipping casualties and crew accidents; for the administration and technical presentation of formal investigations (public hearings); for the review of all investigation reports and the formulation of recommendations for preventing a recurrence; for the recording of all casualties and accidents; for the production of annual statistics; and, upon request, for the provision of information on casualties and accidents.

Navigable Waters Protection: Under the Navigable Waters Protection Act, the Coast Guard is responsible for the review, analysis and approval of works (bridges, dams, wharves, overhead and submarine power and telephone cables, etc.) constructed in navigable waters to protect the public right of navigation; for the removal of wrecked vessels; and for the investigation of incidents of obstruction to navigation. Under the Canada Shipping Act, this organization is also responsible for the administration of Receiver of Wreck activities, which provide for the preservation, protection and disposal of wrecked vessels.

Performance Information/Resource Justification

Ship Safety: Of the 35,622 vessels registered in Canada, 5,758 require inspections. The Ship Safety Branch conducted 3,229 ship inspections and 15,121 personnel examinations in 1983-84. To meet the Branch's responsibilities, 30 district offices, employing 229 inspectors and examiners reporting to 5 regional headquarters, are established throughout Canada. Figure 31 shows statistical information over the past years.

Figure 31: Performance and Resource Data - Ship Safety

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating expenditures ($000)			
Ship Safety	22,233	21,812	20,085
Performance data			
Ship inspections	3,800	3,463	3,299
Ship plans and drawings verified	13,400	12,700	11,300
Personnel examinations carried out	14,000	13,600	15,121
Exemptions issued	570	570	662

Emergencies: To respond to clean-up requirements, the Coast Guard has a core of 53 employees located in headquarters, regional and district offices of the Canadian Coast Guard. Since all clean-up operations are carried out on a full cost-recovery basis, only salary and equipment maintenance costs are included in the appropriation. Figure 32 shows oil-spill responses and costs over the past years.

Figure 32: Oil-Spill Countermeasure Responses and Related Costs ($000)

Year	Number of Responses	Total Expenditures
1980-81	128	4,981
1981-82	68	7,198
1982-83	41	6,056
1983-84	139	2,099

Marine Casualty Investigations: Twenty-six investigators located in Marine headquarters and regional offices investigate shipping casualties and crew accidents.

Following the release of the "Study on Marine Casualty Investigations in Canada" in September, 1984, the responsibility for this activity was transferred, in the interim, from the Commissioner of the Coast Guard to the Marine Administrator and the organization was renamed the "Marine Casualty Investigations Division". In addition, a dedicated team has been established to give effect to, or provide advice on, those of the Study's one hundred recommendations which pertain to the marine mode.

Figure 33: Marine Casualty Investigations - Workload Statistics

	Number of Incidents	Number of Fatalities	Number of Reports Issued
Calendar year			
1980	972	72	176
1981	1,365	70	163
1982	1,463	181	161
1983	1,345	47	155

Navigable Waters Protection: In 1983-84, 1,743 applications were processed pursuant to the requirements of the Act, which regulates the construction of works placed in, upon, over, under, across and through navigable waterways to protect the public's right of navigation. The projected number of applications for 1984-85 and 1985-86 is 1,875 each year.

Capital Expenditures: Miscellaneous small-equipment purchases for marine emergencies in the amount of $1.5 million account for the majority of the capital expenditures.

F. Public Wharves and Harbours

Objective

To develop, administer and maintain designated harbours and port facilities, in order to meet commercial shipping needs and to support a safe and efficient national marine transportation system.

Resource Summary

This activity accounts for roughly 8% of the total 1985-86 Marine Transportation Program expenditures and 1% of the total person-years.

Figure 34: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Public Wharves and Harbours						
Dredging	6,096	-	6,254	-	5,403	-
Repairs	26,679	-	22,540	-	15,576	-
Management of ports	5,219	90	3,754	90	4,935	78
Operating expenditures	37,994	90	32,548	90	25,914	78
Capital expenditures	39,671	3	43,327	3	23,764	-
Anticipated capital lapse	(7,868)	-	-	-	-	-
	69,797	93	75,875	93	49,678	78
Harbour Commissions payments	2,000	-	3,480	-	2,216	-
Total resource requirements	71,797	93	79,355	93	51,894	78

In 1985-86, recoveries of $10.2 million will be achieved through wharfage and harbour charges. This revenue is credited to the Consolidated Revenue Fund and is not available for use by the activity.

1983-84 Financial Performance: The lapse of $8.5 million in operating expenditures and Harbour Commission payments occurred because dredging was done at lower costs than anticipated and projects for wharf repairs and shore protection works were delayed or deferred. The deficit of $9.5 million in capital expenditures was financed mainly through a supplementary budget, as part of the special capital program to accelerate the construction of terminals and the extension of wharves and sheds.

Figure 35: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	25,914	78	30,027	91	(4,113)	(13)
Capital expenditures	23,764	-	14,230	-	9,534	-
Harbour Commissions payments	2,216	-	6,674	-	(4,458)	-
Total Expenditures	51,894	78	50,931	91	963	(13)

Description

Public Wharves and Harbours: This organization maintains, administers and develops 366 sites in support of commercial transport. The smallest of these ports have limited traffic and exist only to provide access to isolated communities. The larger ports are very active, and their support to local industries is of great significance to regional economies. In total, these ports account for 20% of the national marine tonnage. As most of the ports are not financially self-sufficient, they are administered by Transport Canada as public ports.

Wharves, sheds, storage areas and harbours are provided at the ports on the basis of users' needs. Day-to-day local operational activity at the ports includes such functions as enforcing regulations regarding facility use, arbitrating between users and collecting user fees. Not provided are such direct services as cargo handling.

Harbour Commissions Payments: Nine Harbour Commissions, which handle approximately 20% of the national marine tonnage, exist as quasi- commercial bodies and are largely financially self-sufficient. However, contributions, grants or loans may be sought for major port development. Loans of approximately $3 million are presently outstanding. (See Figure 63, page 3-72.)

Performance Information/Resource Justification

Public Wharves and Harbours: Most operating expenditures go to the repair, rebuilding and preventive maintenance of existing capital structures and works. The plans for 1985-86 consist of at least 174 infrastructure maintenance and repair projects and 19 maintenance dredging projects, at an estimated cost of $33 million. In 1984-85, the budget was also $33 million for the repair and dredging projects while 1983-84 budget was $29 million. Some wharf repairs scheduled for 1983-84 and 1984-85 were cancelled and plans for reconstruction of the wharves are now underway, as detailed studies of the sites determined that repairs would not suffice to bring the wharves to an acceptable standard. This explains the lower forecast for 1984-85 and the lower actual expenditures for 1983-84.

Planned program rationalization is expected to reduce the number of sites administered and thereby control growth in the maintenance budget. Maintenance and inspection standards are also being developed to allow for better workplans that will stabilize the facilities-maintenance budget.

Harbour Commissions Payments: Included in the Marine Program are commitments to provide financial assistance to Harbour Commissions for certain capital projects. The following projects were funded from the special capital program.

Figure 36: Payments to Harbour Commissions ($000)

Harbour Commission / application	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Hamilton - construction of the East Port Complex	2,000	2,965	1,831
Windsor - West End Marina	-	515	385
Total	2,000	3,480	2,216

Capital Expenditures: Capital expenditures are made primarily to meet user requirements for wharves, sheds, storage areas, dredged harbours, breakwaters and other infrastructures required for efficient port operations. For a detailed list of the major capital projects, refer to Figure 59, page 3-65.

G. Direction and Administration

Objective

To develop policies and directives and to administer efficiently the specific marine facilities and services essential to the national transportation system and within the federal government's jurisdiction and according to the Department of Transport's overall policies, regulations, directives and guidelines.

Resource Summary

This activity accounts for 4% of the total 1985-86 Marine Transportation Program expenditures and 5% of the total person-years.

Figure 37: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Marine Administration	4,672	76	4,602	73	4,821	83
Coast Guard Administration	15,896	306	16,754	286	16,290	353
Operating expenditures*	20,568	382	21,356	359	21,111	436
Capital expenditures	13,038	-	13,596	-	5,218	-
Total resource requirements	33,606	382	34,952	359	26,329	436

*Includes grants and contributions of $50,000 in 1984-85 and 1985-86 (1983-84, $117,000) See page 3-69 for details.

1983-84 Financial Performance: A delay in the construction of bases is responsible for the $5 million lapse in capital expenditures. The over-utilization of person-years is compensated by an under-utilization in other activities.

Figure 38: 1983-84 Financial Performance ($000)

	1983-84					
	Actual		Main Estimates		Change	
	$	P-Y	$	P-Y	$	P-Y
Operating expenditures	21,111	436	20,981	327	130	109
Capital expenditures	5,218	-	10,039	-	(4,821)	-
Total expenditures	26,329	436	31,020	327	(4,691)	109

Description

Marine Administration: This Administration consists of the offices of the Marine Administrator and the Marine Deputy Administrator, Policy and Planning, supported by various staff groups. Their functions are to formulate and direct national marine policy; to establish corporate goals, objectives, priorities and accountability measures; to direct the planning, programming, budgeting and operations review processes; to administer research and development programs; to exercise financial control; and to administer management information systems. Staff also provide policy advice to those Crown Corporations reporting to the Marine Administrator.

Coast Guard Administration: This Administration consists of the offices of the Commissioner and the Director General for each region. This group deals with any issue specific to the Coast Guard operations and is responsible for the development of policies, directives and guidelines and for the provision of services respecting planning, programming, finance, office and personnel. Previously, this activity included the materiel management and accommodation services, and the offices of the District Managers (see page 3-76, figure 66).

Performance Information/Resource Justification

This activity accounts for the following percentage of the total operating expenditures and transfer payments of the Program:

Figure 39: Direction and Administration as a Percentage of Total Operating Expenditures and Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Total operating expenditures including transfer payments (in thousands of dollars)	483,218	475,816	420,552
Direction and Administration operating expenditures including transfer payments (in thousands of dollars)	20,568	21,356	21,111
Direction and Administration as a percentage of total operating expenditures	4.26%	4.49%	5.02%

Capital Expenditures: The major items are the reconstructions of the Prescott and Parry Sound Bases, at a total estimated cost of $25.5 million, of which $8.3 million is budgeted for 1985-86.

H. Major Ports

Introduction

This subsection summarizes the financial support provided by the federal government to Ports Canada. The Canada Ports Corporation and the Local Port Corporations (of which there are presently five), are all Schedule C-2 Crown corporations. The presentation also provides background information about corporate operations and the other sources of financial support available to the Corporations.

Objective: The objective of the national ports policy for Canada, as stated in the Canada Ports Corporation Act, is to create a port system that:

- is an effective instrument of support for the achievement of Canadian international trade objectives and of national, regional and local economic and social objectives;
- is efficient;
- provides accessibility and equitable treatment in the movement of goods and persons to users of Canadian ports;
- provides local port corporations with a high degree of autonomy for the management and operation of ports at which they are established, consistent with the responsibility of the Minister of Transport to ensure the integrity and efficiency of the national ports system and the optimum deployment of resources; and
- is co-ordinated with other marine activities and surface and air transportation systems.

Resource Summary

This activity accounts for approximately 3% of the Marine Program's total resources.

Figure 40: Activity Expenditures and Disbursements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Financial support to Ports Canada for fixed-asset acquisitions and renovations:			
Budgetary payments	21,209	37,529	19,148
Loans	7,971	4,190	4,881
	29,180	41,719	24,029

All Ports Canada loans bear interest at rates that range from 6.25% to 15.625%. Refer to the loan schedule (Figure 63, page 3-72) for a complete listing.

1983-84 Financial Performance: A change in cash flow for the construction of the Prince Rupert coal and grain terminals ($9.3 million) and the Halifax Dust Control ($0.7 million) resulted in a lapse of $10.0 million. On the other hand, as part of the special capital program, the Corporation received authority in Supplementary Estimates to advance the construction of new port facilities at Sept-Iles and Chicoutimi and subsequently spent $1.6 million that had not been budgeted in the original Estimates.

Figure 41: 1983-84 Financial Performance ($000)

	1983-1984		
	Actual	Main Estimates	Change
Financial support to Ports Canada for fixed-asset acquisitions and renovations:			
Budgetary payments	19,148	27,577	(8,429)
Loans	4,881	4,909	(28)
	24,029	32,486	(8,457)

Description

Ports Canada, whose head office is in Ottawa, operates ports and related facilities at 15 locations across Canada (see Figure 69, page 3-78). These ports handle approximately half the marine freight tonnage in Canada. Several of the ports also operate passenger terminals. The ports are operated either as non-corporate ports within the Corporation or as separate local port corporations. In addition, Ports Canada is a majority shareholder in Ridley Terminals Inc., a joint venture of the Corporation and Federal Commerce and Navigation Limited, a major Montreal-based company. The Corporation holds 90% of the common (voting) shares. Debt financing, guaranteed by the Government of Canada up to $205 million, has been arranged for partial financing of the coal-handling facilities; Ridley Terminals Inc. has provided the remaining funding requirement through equal equity contributions by its two partners. The land and infrastructure are being leased from the Prince Rupert Port Corporation.

Other Background Information

Spending on the capital program planned by Ports Canada for its 1985 fiscal year is budgeted at $139.5 million, of which $7.971 million is in the form of loans from the government and $21.209 million is to be funded by budgetary grants. Ports Canada also plans to repay $8.7 million of loans to the government during the year. Because the Corporation operates on a calendar year as opposed to the government's fiscal year, the amount of government funding provided through appropriations will not necessarily coincide with the Corporation's reported use of such resource in a given year. Figure 42 summarizes these financial requirements. Figure 43 summarizes the financial results of the Corporation's operations.

Figure 42: Ports Canada - Summary of Capital Requirements funded from Appropriations (by calendar year in $000)

	Total Estimated Cost	Prior Years' Forecast Expenditures	Budget 1985	Future Years' Requirements
Sept-Iles--Pointe-Noire, Que.				
Renewal of port facilities	36,150	17,422	14,047	4,681
Chicoutimi--Grande Anse, Que.				
Relocation of port facilities	22,587	17,725	4,662	200
Churchill, Man.				
Tug replacement	3,440	70	2,500	870
Saint John, N.B.				
Bulk potash terminal (loan)	28,400	27,210	1,190	-
Halifax, N.S.				
Fairview Cove container terminal (loan)	6,781	-	6,781	-
	97,358	62,427	29,180	5,751

Figure 43: Ports Canada - Combined Summary of Statement of Operations* (by calendar year in $000)

	Budget 1985	Forecast 1984	Actual 1983
Operating revenue	226,552	213,592	202,265
Operating expenses	202,844	188,985	178,103
Income from operations	23,708	24,607	24,162
Interest income	22,886	25,080	26,578
Interest expenses	(5,292)	(4,474)	(3,985)
Unusual item	-	-	(11,800)
Net income	41,302	45,213	34,955
Add			
Depreciation and other non-cash items	24,731	21,702	31,155
Loan interest deferred	2,415	2,394	1,855
Funds provided from operations	68,448	69,309	67,965

*Excludes Ridley Terminals Inc.

I. Bridges

Introduction

This subsection summarizes the financial support provided by the federal government to The Jacques Cartier and Champlain Bridges Incorporated, a wholly owned subsidiary of The St. Lawrence Seaway Authority. The Corporation manages, controls, operates and maintains the Jacques Cartier Bridge and the Champlain Bridge which includes a portion of the Bonaventure Autoroute in Montreal, Quebec.

Objective: The objective of the Corporation is to provide the public with a safe and efficient transit over the bridges, roadways and autoroute pertaining to its jurisdiction, and to provide such service without the need of appropriations.

Resource Summary

This activity's expenditures represent less than 1% of the Marine Program's total expenditures.

Figure 44: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Financial support to The Jacques Cartier and Champlain Bridges Incorporated:			
Budgetary payments	3,855	4,387	3,396

1983-84 Financial Performance: Although the Corporation withdrew the full amount of its authority, figure 46 shows that the actual financial support required was only $3,363,000. Lower than expected expenditures towards the end of the year contributed to the surplus which was refunded to the Consolidated Revenue Fund in 1984-85 fiscal year.

Figure 45: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Financial support to The Jacques Cartier and Champlain Bridges Incorporated:			
Budgetary payments	3,396	3,396	-

Description

The Jacques Cartier and Champlain Bridges Incorporated: The Corporation earns most of its revenues (90% approx.) from toll charges to the users of the Champlain Bridge. There has been no change in the toll rate since the bridge opened in 1962. The Jacques Cartier bridge has been toll-free since 1962. The Corporation, with liabilities exceeding assets by approximately $85 million, is financially dependent on the federal government and is currently seeking means to improve its financial position.

The federal government follows the practice of reimbursing the Corporation for operating deficits after adjusting for items such as depreciation and accrued employee-termination benefits that do not require an outlay of cash.

Other Background Information

Figure 46 summarizes the basis upon which the federal government determines the amount of financial support to provide the Corporation.

Figure 46: The Jacques Cartier and Champlain Bridges Incorporated Summary Statement of Operations and Financial Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	6,544	6,479	6,185
Expenses	11,536	11,935	10,576
Loss for the year	4,992	5,456	4,391
Deduct:			
Items not requiring cash outlays	(1,225)	(1,214)	(1,094)
Funds required for operations	3,767	4,242	3,297
Fixed-asset expenditures	88	145	66
Total financial support required	3,855	4,387	3,363

J. Canals

Introduction

This subsection provides background information about the operations, financial requirements and sources of funds of the St. Lawrence Seaway Authority, a Schedule C-1 Crown Corporation. The presentation also summarizes the special financing that the federal government provides to the Authority under the special capital program.

Objectives: The Authority's objectives are:

- to provide, operate and maintain an efficient deep waterway from Montreal to Lake Erie;
- to ensure the safe and efficient movement of marine traffic and the protection of the environment; and
- to recover the associated costs so as to operate on a self-sustained basis.

Resource Summary

The Authority has not required financial support from the federal government in recent years. However, during 1983-84 and 1984-85, the federal government provided $6 million for projects to rehabilitate the Welland Canal, as part of the special capital program. The funding for 1983-84 was provided through Supplementary Estimates.

Figure 47: Activity Expenditures and Disbursements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Budgetary payment to The St. Lawrence Seaway Authority for rehabilitation work	-	3,000	3,000

Description

The St. Lawrence Seaway Authority is responsible for providing, operating and maintaining a deep waterway between the Port of Montreal and Lake Erie, in conjunction with the Saint Lawrence Seaway Development Corporation in the United States. Close collaboration between the two entities is required, especially on tariff and operational matters.

The Seaway system takes vessels from six metres above sea level at Montreal (Figure 70, page 3-78) through seven locks (five Canadian and two American) to Lake Ontario, some 75 metres above sea level. The Welland Canal, with its eight locks, lifts the vessels to Lake Erie at an elevation of 174 metres. All Seaway locks are similar in size and accommodate vessels up to 222.5 metres long and 23.2 metres in beam.

Other Background Information

Figures 47 and 48 show how the government concluded that no financial support other than for the rehabilitation project would be needed.

Figure 47: The St. Lawrence Seaway Authority - Summary of Financial Requirements and Methods of Funding ($000)

	Budget 1985-86	Forecast 1984-85	Actual 1983-84
Financial requirements:			
Fixed-asset additions and renovations	4,910	5,165	4,160
Investment in long-term reserve	-	8,000	5,000
Miscellaneous	1,100	660	934
	6,010	13,825	10,094
Funds provided from:			
Operations	1,541	7,602	10,291
Working capital and other internal sources	4,469	6,223	(197)
	6,010	13,825	10,094

Figure 48: The St. Lawrence Seaway Authority - Summary Statement of Operations ($000)

	Budget 1985-86	Forecast 1984-85	Actual 1983-84
Operating revenue	63,603	63,781	58,552
Operating expenses	78,472	76,583	66,955
Income (Loss) from operations	(14,869)	(12,802)	(8,403)
Other income	5,834	6,836	5,498
Contribution from Government of Canada	-	3,000	3,000
Net income (Loss) for the year	(9,035)	(2,966)	95
Add:			
Depreciation	9,204	9,000	8,839
Other items not requiring a cash outlay	1,372	1,568	1,357
Funds provided from operations	1,541	7,602	10,291

The projected demand does not require additional Welland transit capacity during this planning period, but the Traffic Control Improvement Program that is already underway will be completed, albeit at a slightly slower pace. By the end of the planning period, this program will add approximately 450 transits to the current transit capacity of 7820. The total cost for the program is $8.0 million, down from the original estimate of $10.2 million.

Some improvements planned in response to a more rapidly increasing demand have been postponed beyond this planning period. The Authority will continuously monitor the need for capacity increases, and implementation of such projects will be resumed once warranted by future traffic projections.

The toll revisions of 1978, phased in over the years 1978 to 1980, were designed to provide sufficient revenues to cover operating and maintenance costs and depreciation. A further joint Canada-U.S. toll review in 1981 led to the decision to increase tolls by about 18% in 1982 and 10% in 1983. When these revisions were negotiated, the depth of the present recession was not yet evident. As it turned out, the St. Lawrence Seaway system underwent sharp recession-related decreases in 1982 traffic; consequently, the SLSA suffered a loss of $3.7 million for the year 1982-83. However, improved economic conditions which began in early 1983 resulted in an upward trend in Seaway traffic and a minor profit for the Crown Corporation in 1983-84.

To provide a measure of short term relief to the users of the Seaway who had suffered under the adverse economic conditions of the recession, the Tariff of Tolls was frozen for 1984 and 1985. The 1985 decision was accompanied by a revision of the SLSA share of the Montreal - Lake Ontario tolls from 71% to 73%.

It is emphasized that the implementation of toll increases is a complex process requiring international negotiations. Therefore the actual increases will be decided according to the prevailing circumstances.

The Authority will continue to monitor traffic to assess the effect of toll increases. No adverse effect has been noted to date.

K. Pilotage Services

Introduction

This subsection provides background information about the operations, financial requirements and sources of funds of the four pilotage authorities: Atlantic Pilotage Authority, Great Lakes Pilotage Authority Limited, Laurentian Pilotage Authority, and Pacific Pilotage Authority. All are Schedule C-1 Crown Corporations and are owned directly by the government, except for the Great Lakes Pilotage Authority which is a wholly owned subsidiary of The St. Lawrence Seaway Authority.

Objectives: The objectives of each of these Pilotage Authorities are:

- to establish, operate, maintain and administer, in the interest of safety, an efficient pilotage service within their respective regions; and
- to prescribe tariffs of pilotage charges that are fair and reasonable, and that provide revenue sufficient to permit each authority to be financially self-sustaining.

Resource Summary

Since their establishment in 1972, the Pilotage Authorities gradually have developed tariff and financial structures that enable them to operate with little or no financial assistance from the government. The recent decline of vessel traffic in some regions has resulted in some need for financial support because it was not possible to offset revenue reductions fully through cost-cutting measures. At the same time, tariff increases had to be limited to 6% and 5%.

As part of the federal government's contribution to the 450th anniversary celebrations of the arrival of Jacques Cartier in Canada, Cabinet approved compensation of the Atlantic and Laurentian Pilotage Authorities up to $206,000 for pilotage services to be provided to participants of the Tall Ships Event in the 1984-85 fiscal year. However, only $122,000 was required.

Figure 49: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Financial support to Pilotage Authorities for operating losses and forgone revenue (Quebec 1534-1984)			
• Atlantic	-	44	-
• Laurentian	-	2,204	966
• Great Lakes	-	-	250
Budgetary Payments	-	2,248	1,216

1983-84 Financial Performance: The Laurentian and Great Lakes Pilotage Authorities did not request any appropriation in the 1983-84 fiscal year, break-even positions having been budgeted. However, revenue shortfalls caused by a decline in traffic forced the Authorities to seek appropriations through Supplementary Estimates. Furthermore, the acquisition by Laurentian Pilotage of a pilot boat, previously scheduled for 1984 but advanced because of the attractive price ($380K), further depleted the Authority's rather modest cash resources and forced it to seek reimbursement of its total net cash outflow. The Atlantic Pilotage Authority, in contrast, experienced an increase in traffic volume and a consequent increase in revenue. The excess revenue (4%) coupled with savings in expenditures (4%) eliminated the need for the budgeted appropriation.

Figure 50: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Financial support to Pilotage Authorities for operating losses			
• Atlantic	-	430	(430)
• Laurentian	966	-	966
• Great Lakes	250	-	250
	1,216	430	786

Description

The Authorities guide ships through confined waters in designated areas. The Great Lakes Pilotage Authority guides ships through a system of locks.

The Authorities, with the approval of the Governor-in-Council, establish areas where use of pilotage services is compulsory for specified ships or classes of ships; specify the qualifications and conditions for the issue of pilotage licences and certificates; set limits to the number of licences for any district; outline conditions for waiving compulsory pilotage; and set tariffs for pilotage and other services. The Great Lakes Pilotage Authority works within a "Memorandum of Arrangements" that sets out the sharing of revenues between Canada and the United States in the international sections within which the Authority has responsibility.

Other Background Information

Figures 51 to 53 summarize, for three of the Pilotage Authorities respectively, the factors giving rise to the need for financial support in the past. No financial support is provided in 1985-86 Estimates and the Authorities are to seek ways of returning to financial self-sufficiency. Figure 54 presents an overview of the operations of the fourth Pilotage Authority, which is in no need of financial support.

Figure 51: Atlantic Pilotage Authority - Summary Statement of Operations and Financial Requirements (by calendar year in $000)

	Budget 1985	Forecast 1984	Actual 1983
Revenue	6,123	6,025	5,480
Expenses	6,301	6,051	5,476
Net income/(loss)	(178)	(26)	4
Items not requiring cash outlays	83	87	88
Funds required for operations	95	(61)	(92)
Pilotage services related to the Tall Ships Event	-	16	-
Additions to and payments for fixed assets	122	89	83
Financial requirement	217	44	-

Figure 52: Laurentian Pilotage Authority - Summary Statement of Operations and Financial Requirements (by calendar year in $000)

	Budget 1985	Forecast 1984	Actual 1983
Revenue	27,475	25,664	23,951
Expenses	29,026	27,866	24,823
Net income/(loss)	(1,551)	(2,202)	(872)
Items not requiring cash outlays	332	294	278
Funds required for operations	1,219	1,908	594
Pilotage services related to the Tall Ships Event	-	106	-
Fixed-asset additions	150	190	372
Financial requirement	1,369	2,204*	966

*Only $106,000 was requested in 1984-85 Main Estimates; the Authority is seeking a further appropriation through Supplementary Estimates.

Figure 53: Great Lakes Pilotage Authority - Summary Statement of Operations and Financial Requirements (by calendar year in $000)

	Budget 1985	Forecast 1984	Actual 1983
Revenue	11,849	11,088	10,034
Expenses	12,361	11,476	10,524
Net income/(loss)	(512)	(388)	(490)
Items not requiring cash outlays	552	456	240
Funds required for operations	(40)	(68)	250
Fixed-asset additions	10	5	1
Financial requirement	-	-	250

Figure 54: Pacific Pilotage Authority - Summary of Operating Results, Fixed-Asset Additions and Changes in Working Capital (by calendar year in $000)

	Budget 1985	Forecast 1984	Actual 1983
Revenue	21,391	20,388	18,954
Expenses	21,296	20,306	18,250
Net income/(loss)	95	82	704
Items not requiring cash outlays	186	208	204
Funds from operations	281	290	908
Additions to and payments for fixed assets	158	144	540
Working capital increase	123	146	368

The effectiveness of ships piloted safely is expressed as the percentage of incident-free assignments out of total assignments performed in an Authority's designated area.

Figure 55: Ships Piloted Safely

	1982			1983		
Pilotage Authority	Total Assignments	Incidents	% Incident-Free Assignments	Total Assignments	Incidents	% Incident-Free Assignments
Atlantic	11,617	27	99.8%	11,913	19	99.8%
Laurentian	28,828	39	99.9%	27,107	50	99.8%
Great Lakes	10,238	69	99.3%	9,199	66	99.3%
Pacific	11,575	25	99.8%	12,094	30	99.8%

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

The following expenditures do not include non-budgetary expenditures paid to Ports Canada in the form of advances.

Figure 56: Expenditures by Object ($000)

Budgetary	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating			
Salaries and wages	224,178	211,919	195,221
Contributions to employee benefit plans	31,730	27,862	29,665
Other personnel costs	6,282	6,271	6,464
Freight, Arctic Resupply	4,118	4,118	4,213
Other transportation and communications	20,636	19,855	19,117
Information	1,254	1,025	975
Ice reconnaissance service (Environment)	15,650	14,293	12,692
Helicopter services	12,605	10,958	10,404
Other professional and special services	23,990	22,033	24,700
Rentals, Arctic Resupply	3,228	3,228	3,660
Other rentals	2,200	1,862	1,724
Purchased ship refits	24,783	25,538	16,039
Dredging and pile driving	23,141	24,976	16,715
Other purchased repair and upkeep	23,162	20,232	17,291
Fuel and other petroleum products	30,688	34,009	25,288
Electricity	3,813	3,730	3,082
Other utilities, materials and supplies	32,274	31,063	24,801
All other expenditures	7,110	9,634	7,531
Total Operating	490,842	472,606	419,582
Capital			
Construction and acquisition of land, buildings and works	41,917	45,219	37,570
Construction and acquisition of machinery and equipment	260,858	292,900	98,707
All other expenditures	51,595	53,786	18,804
Total Capital	354,370	391,905	155,081
Transfer payments	1,136	1,051	970
Crown Corporations			
Major ports construction	21,209	37,529	19,148
Operation of bridges	3,855	4,387	3,396
Pilotage services	-	2,248	1,216
Canals	-	3,000	3,000
Total payments to Crown Corporations	25,064	47,164	26,760
Less: Receipts and revenue credited to the vote	8,760	8,751	8,329
Anticipated capital lapse	13,982	-	-
Total expenditures	848,670	903,975	594,064

2. Personnel Expenditures

Figure 57 provides a breakdown of the number of personnel by activity, and Figure 58 shows the person-years and the salary provisions by category.

Figure 57: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Authorized Person-Years - Departmental Operations			
Aids to Navigation	2,995	2,989	2,883
Ship Movement Systems and Services	941	1,006	1,021
Icebreaking, Arctic and Other Ship Support	1,194	1,181	1,100
Marine Search and Rescue	749	753	720
Regulatory	530	524	512
Public Wharves and Harbours	95	93	78
Direction and Administration	382	359	436
	6,884	6,905	6,750
Person-Years not Controlled by Treasury Board - Crown Corporations			
Ports Canada	1,720	1,692	1,695
St. Lawrence Seaway Authority	1,078	1,087	1,095
The Jacques Cartier and Champlain Bridges Inc.	88	88	88
Pilotage Authorities	358	356	355
	3,244	3,223	3,231

Figure 58: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	63	61	56	50,530 - 96,300	62,888
Scientific and Professional					
Engineering	133	127	120	23,306 - 76,130	46,746
Other	14	15	15	14,570 - 65,080	47,867
Administrative and Foreign Services					
Administrative Services	244	214	186	13,912 - 57,987	37,282
Financial Administration	48	44	43	13,853 - 57,980	38,448
Personnel Administration	49	52	46	13,330 - 63,870	37,675
Program Administration	98	105	115	13,912 - 57,987	43,250
Other	50	39	39	12,766 - 61,433	33,034
Technical					
Electronics	317	330	335	16,619 - 51,950	35,644
Engineering and Scientific Support	105	116	99	14,041 - 50,866	33,258
General Technical	415	447	439	12,635 - 55,682	34,665
Radio Operations	303	301	282	14,411 - 43,863	28,592
Ships' Officers (incl. cadets)	1,054	1,053	989	20,486 - 51,531	27,154
Technical Inspection	294	293	271	12,635 - 57,691	43,883
Other	36	34	34	12,635 - 57,764	29,207
Administrative Support					
Clerical and Regulatory	493	466	456	12,932 - 31,743	21,278
Secretarial, Stenographic, Typing	212	203	187	12,636 - 31,946	19,970
Other	39	33	28	12,665 - 37,130	21,169
Operational					
General Labour and Trades	562	557	575	14,776 - 40,676	25,135
Lightkeepers	441	453	491	16,034 - 29,750	23,102
Ships' Crews	1,826	1,880	1,835	18,840 - 29,988	22,040
Other	88	82	87	13,253 - 39,988	22,484

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average-salary column reflects the estimated base salary costs, including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

The Marine Program has a planned capital budget for 1985-86 of $340.4 million. Figure 59 lists the major projects already in process or scheduled to start in 1985-86. Other capital projects are also funded by appropriation through the Marine Program for the Crown Corporation "Ports Canada". The payments to Ports Canada scheduled for 1985-86 total $29.2 million; the projects involved are listed in the activity analysis, page 3-51, figure 42.

Figure 59: Details of Major Capital Projects ($000)

	Total Estimated Final Cost		Total Forecast Costs to Mar. 31 1985	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
Aids to Navigation					
Fleet Capital Investment Plan:					
Type 1100--Construct 6 vessels	382,503	357,600	219,020	121,528	17,052
Type 1050--Construct 2 vessels	92,450	65,360	44,107	18,037	3,216
Type 800--Construct 2 vessels	5,264	4,148	2,709	1,339	100
Major mid-life refits:					
Narwhal	11,314	20,000	11,082	8,918	-
Simon Fraser	7,200	14,000	7,350	6,650	-
Small-craft component	7,779	8,643	4,360	4,233	50
Vessel construction management	-	10,721	4,329	2,700	3,692
Replacement of URSA minor racons	-	950	-	300	650
Replacement of low-power marine radio beacons	-	360	-	161	199
Dewater and replace worn underwater components, Canso canal, N.S.	-	1,224	-	50	1,174
Underwater repairs - Dartmouth Base wharf	-	559	105	454	-
Replace six family dwellings at lightstations - Victoria dist.	-	667	-	247	420
Replace lightstation dwellings - Prince Rupert dist.	-	873	-	213	660
Install range towers - Fox Island, Grand Dune Flats, East Point, Leggett Shoal	-	358	-	178	180
Floating dock - Saint John, N.B.	-	622	20	602	-
Lightpier replacement program	4,623	8,665	4,580	850	3,235
Submarine cable power supply	1,722	1,409	-	268	1,141
National radio beacon replacement program	1,846	1,846	514	732	600
Electronic sweeping equipment	4,522	4,522	3,998	524	-
Repairs to Queen's Wharf - Québec	-	1,310	-	1,310	-
Navigational Aids - Lac St. Jean	-	1,534	-	137	1,397

	Total Estimated Final Cost		Total Forecast Costs to Mar. 31 1985	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
Ship Movement Systems and Services					
Install VTM system--Prince Rupert	2,704	2,704	2,461	243	-
Replace receiver and construct operations building--Sydney	796	2,681	543	1,812	326
New generation communications control system	5,645	5,998	158	1,686	4,154
Transmitter 400-535KHz	1,059	1,059	1,012	47	-
Replace receivers 500KHz--Coast Guard radio stations	705	705	364	341	-
Replace single channel receivers for HF/SSB & HF/CW	1,544	1,544	1,038	506	-
VHF/FM extended range--Newfoundland	2,353	2,353	1,686	667	-
Relocate Halifax VTS Centre and provide radar coverage to Bedford Basin--Halifax Harbour	4,570	4,570	2,458	2,112	-
HF/SSB transmitter replacement CCG radio stations	-	5,275	5,075	200	-
VTS radar--Montreal	-	7,860	-	1,900	5,960
Mobile marine communications--Killonek	-	2,168	1,139	1,029	-
VHF/FM Base station upgrading - Nfld region	-	758	-	472	286
Remote control of Saint John CG radio station from Yarmouth CG radio station	693	696	459	237	-
Addition and renovation to Halifax CG radio operations building	360	656	87	468	101
VHF communication station - Harrington Harbour	-	764	-	502	262
Data acquisition and display systems (DADS)	-	5,817	-	385	5,432
Receivers for CG radio stations, EPIRB channel 15	-	574	-	284	290
Consolidation of CG radio stations, Labrador coast	-	455	-	455	-
Provision of radar spares - VTS maritimes	-	300	41	145	114
Extend VHF coverage to upper Bay of Fundy	-	483	-	256	227
Hunter Point MF remote transceiver sites	-	1,311	-	51	1,260
Relocate VAI CG radio station to Westham Island	-	1,663	-	87	1,576
Icebreaking, Arctic and Other Ship Support					
Type 1200 - Construct 1 vessel	164,574	108,100	15,464	52,000	40,636
Type 1200 - Mid-life refit, John A. MacDonald	-	13,972	-	13,972	-
Replacement of facsimile receiving terminals in CG vessels	776	776	738	38	-
Guard receivers for CG vessels	-	302	212	50	40
EPIRB's for CG vessels	538	669	-	190	479
Pollution countermeasures equipment	2,601	2,601	2,503	98	-

	Total Estimated Final Cost		Total Forecast Costs to Mar. 31 1985	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
Icebreaking, Arctic and Other Ship Support-Continued					
Side-looking radar for ice reconnaissance	2,700	2,700	2,203	497	-
Replacement of gyrocompasses for vessels	1,805	1,805	1,405	175	225
Replacement of navigational radars for vessels	2,178	2,178	2,033	145	-
Helicopter homing beacons	1,014	1,014	302	500	212
Shipboard communications consoles replacement	3,7[illegible]	3,240	2,211	461	568
Replacement receiver multicoupler system for CCG vessels	[illegible]24	1,124	516	341	267
Polar 8 icebreaker project--definition stage	2,000	2,000	1,930	70	-
Marine/Air VHF direction finders for CG vessels	-	3,533	-	825	2,708
Ice retention-Artificial islands--Lac St. Pierre	1,350	1,350	810	540	-
Marine Search & Rescue					
Seven marine search-and-rescue vessels (two cutters, two lifeboats, two crash boats and one steel tug)	9,426	11,389	7,116	3,492	781
Type 300--Gaspé lifeboat	1,044	1,044	963	81	-
Type 300--Souris lifeboat	929	929	854	75	-
Type 400--Replace CCGS Spume	-	3,990	784	2,758	448
Type 200--St. John's SAR cutter	-	4,556	20	1,962	2,574
Mid-life refit--CCGS Alert	-	5,494	-	500	4,994
Re-engine CG vessels--Ready and Racer	-	2,721	2,358	363	-
Type 500--design	-	853	433	420	-
Replacement of CCGS Daring	-	19,142	18,811	304	27
Type 100--construct 2 vessels (Expo '86)	-	2,342	931	1,411	-
Kitsiliano CCG Base	-	1,439	244	1,195	-
Regulatory					
Equipment for national marine testing and training program	13,211	13,211	13,166	45	-
Ship Safety computerized reporting system	-	716	454	262	-
Pollution control equipment storage building - Victoria	-	887	-	887	-
Public Wharves and Harbours					
Wharf improvements--Cartwright, Newfoundland	1,000	2,041	2,028	13	-
Wharf and shed extension--Chatham/Newcastle, New Brunswick	17,182	17,182	13,968	3,214	-
Wharf improvements--Goderich, Ontario	16,046	17,641	4,889	8,400	4,352

	Total Estimated Final Cost		Total Forecast Costs to Mar. 31 1985	Estimates 1985-86	Future Years' Requirements
	Previous Estimate	Current Estimate			
Public Wharves and Harbours-Continued					
Rebuild wharf--Pointe-au-Pic, Quebec	6,835	5,689	5,609	80	-
Dredge disposal facility--Thunder Bay, Mission Bay	6,244	13,200	5,866	500	6,834
Improvements to the breakwater, access road and the waterline--Chandler, Quebec	4,372	4,372	204	1,082	3,086
Mooring dolphins & turning basin--Dalhousie, New Brunswick	-	6,209	2,674	3,535	-
Wharf construction--Holyrood, Newfoundland	-	6,099	-	175	5,924
Wharf reconstruction--Georgetown, Prince Edward Island	-	8,986	1,550	7,436	-
Wharf reconstruction--St. Augustin, Quebec	-	5,879	310	30	5,539
Wharf extension--Gros Cacouna, Quebec	-	5,617	720	3,422	1,475
Relocate hangar--Blanc Sablon	-	610	-	325	285
Fleet dock reconstruction--Argentia	-	10,683	-	220	10,463
Replace St. Pierre Wharf--North Sydney, N.S.	6,274	6,274	2,000	4,274	-
Prince Edward Island--Transportation Development Agreement	-	8,100	209	5,350	2,541
Direction and Administration					
Prescott Base buildings	7,997	7,997	5,925	2,072	-
Parry Sound Base reconstruction	17,462	17,462	4,958	6,270	6,234
Wharf renewal--Prince Rupert	2,208	2,208	1,074	1,134	-
Workshop reconstruction--Sorel	272	2,447	106	181	2,160
Admin/Telecom building--Hay River	-	1,132	-	43	1,089
Upgrade Prince Rupert building:					
Enlarge admin. building	310	301	28	273	-
Expand workshops	767	756	17	381	358
Helicopter hangar--Nfld	-	1,389	-	78	1,311
Summary					
Total spending on major capital projects				315,461	
Other capital spending				38,909	
Allowance for lapse				(13,982)	
Total capital expenditures				340,388	

4. Transfer Payments

Figure 60 presents a summary of all grant and contribution expenditures of the Marine Transportation Program.

Figure 60: Details of Transfer Payments

	Estimates 1985-86 $	Forecast 1984-85 $	Actual 1983-84 $
Grants			
Grant to the Writer's Federation of Nova Scotia for the Evelyn Richardson Memorial Literary Award	150	150	150
Grant to Institutions Assisting Sailors:			
Welland Canal Mission for Sailors	300	300	300
Missions to Seamen, Toronto, Ontario	300	300	300
Seamen's Mission Society, Saint John, N.B.	200	200	200
British Sailor's Society (Canada)	10,000	10,000	10,000
Mariners' House of Montreal, Montreal, P.Q.	600	600	600
Mission to Seamen - Lakehead Branch	300	300	300
Mission to Seamen, Sarnia & Windsor	300	300	300
Seafarer's Club, Prince Rupert, B.C.	300	300	-
Grant to the Canada Safety Council for the promotion of boating safety	1,667	1,667	1,667
Total Grants	14,117	14,117	13,817
Contributions			
Fees for membership in the International Association of Lighthouse Authorities and for membership in the Permanent International Association of Navigational Congresses	6,500	6,500	5,794
Contribution to the Council of Forest Industries in support of the Waterborne Debris Abatement Program	-	50,000	50,000
Contribution in respect of a Student Summer and Youth Employment Program	-	155,670	138,035
Contribution to the Canadian Red Cross Society in respect of its boating safety program	250,000	250,000	250,000
Payment to the Regional Canadian Marine Rescue Auxiliary Associations for the provision of voluntary search and rescue services and the promotion of boating safety through accident prevention and education	650,000	360,000	461,717
Canada's share of the cost of the North Atlantic Ice Patrol	15,000	15,000	994
Contribution to the Centre for Cold Oceans Resource Engineering (C-Core) to support its research and development program	50,000	50,000	50,000
Contribution to Canadian Shippers' Council	150,000	150,000	-
Total Contributions	1,121,500	1,037,170	956,540
Total Grants and Contributions	1,135,617	1,051,287	970,357

B. Cost Analysis

The Program's Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments, less the receipts and revenues credited to the vote. Other cost items, as well as receipts credited to the Consolidated Revenue Fund (Figure 62), must also be considered in determining the full cost of operating the Program.

Figure 61: Net Cost of Program by Activity for 1985-86 ($000) (excluding capital expenditures)

	1985-86 Operating Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	Net Cost	Forecast 1984-85
Departmental Operations						
Aids to Navigation	182,271	7,470	189,741	1,623	**188,118**	168,050
Ship Movement Systems and Services	56,792	2,347	59,139	2,815	**56,324**	51,912
Icebreaking, Arctic and Other Ship Support	111,999	2,977	114,976	13,492	**101,484**	103,230
Marine Search and Rescue	46,865	1,871	48,736	-	**48,736**	46,710
Regulatory	33,489	1,322	34,811	3,500	**31,311**	29,277
Public Wharves and Harbours	39,994	232	40,226	10,213	**30,013**	29,093
Direction and Administration	20,568	952	21,520	4,667	**16,853**	25,322
Payments to Crown Corporations						
Major Ports	21,209	-	21,209	-	**21,209**	37,529
Bridges	3,855	-	3,855	-	**3,855**	4,387
Pilotage Services	-	16	16	-	**16**	2,248
Canals	-	-	-	-	**-**	3,000
	517,042	17,187	534,229	36,310	**497,919**	500,758

The 'other costs' represent the following free services:

- accommodation provided by this Department 3,000
- accommodation provided by Public Works 7,387
- accounting services provided by Supply and Services 693
- employee benefits absorbed by Treasury Board 4,626
- workers' compensation payments absorbed by Labour 1,481

C. Revenue Analysis

Cost recovery will continue to be a major concern of the Marine Transportation Program. Emphasis will be placed on financing new or extended services through user contributions. However, tariff and fee changes should be gradual and regular rather than large and disruptive. Figure 62 presents in detail the various revenue sources.

Figure 62: Revenue Sources ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Vote Netting Revenue			
Cost Recovery Re:			
Arctic Resupply Operations	6,722	6,722	6,799
Prescott Shops Operation	90	132	85
Marine Helicopter Services (from Fisheries and Oceans)	1,219	1,219	774
Marine Telecom Services (from Environment)	131	146	132
Marine Telecom Services (from Air Program)	160	160	131
Employee Deductions for Rental Housing	438	372	408
	8,760	8,751	8,329
Revenue Credited to the Consolidated Revenue Fund			
Wharfage and Harbour Dues	10,213	7,515	6,828
Ship Safety & Registration Dues	3,500	1,644	1,598
Marine Radio Traffic Revenue	2,400	1,781	1,768
Charter of Cable Repair Ship	6,770	6,510	7,966
Interest on Investment*	3,168	3,257	3,400
Other	1,499	8,263	7,215
	27,550	28,970	28,775
Total Revenue	36,310	37,721	37,104

*For details, see Figure 63. Interest will be deferred until 1989 on some of the Saint John loans; this explains the different interest quoted in Figures 62 and 63 for 1985-86.

Deferred Interest	($000)
1983-84:	1,855
1984-85:	2,393
1985-86:	2,849

D. Loans

The various loans presently outstanding are summarized in Figure 63. The interest collected from the loans is credited to the Consolidated Revenue Fund (see Figure 62).

Figure 63: Outstanding loans

Debtor and Purpose	Balance Mar 31/85	Maturity Dates	Interest Rates	Scheduled Repayment 1985-86 Principal	Interest
LOANS TO THE CANADA PORTS CORPORATION FOR THE FOLLOWING MAJOR PORTS:					
St. John's	1,613,985	2000	9.33	47,547	150,585
Saint John	6,818,661	2000	12.43	153,599	847,560
	518,563	2002	15.625	6,408	81,025
	7,194,009	2002	15.125	93,641	1,088,094
	4,563,585	1993	11.125	320,501	507,699
	2,122,988	1993	11.0	149,887	233,528
	4,881,253	1994	11.875	279,840	579,649
(forecast)	4,190,000	1995	12.0	-	377,100
Belledune	1,036,830	2000	6.44	38,947	66,772
Chicoutimi	720,575	2000	9.09	21,667	65,500
Montreal	8,370,538	2000	6.25	319,403	523,159
Vancouver	4,666,423	2000	7.50	160,484	349,982
LOANS TO SAINT JOHN HARBOUR BRIDGE AUTHORITY					
	11,024,767	2020	6.88	80,328	735,960
	1,880,288	2020	7.06	13,056	132,569
	849,083	2020	7.375	5,280	62,524
	552,776	2020	8.50	2,523	46,933
LOANS TO HARBOUR COMMISSIONS					
Hamilton	775,000	2000	4.125	50,000	31,453
	192,368	1987	5.56	73,804	9,688
	198,904	1987	6.06	76,040	10,923
Lakehead	354,661	1989	7.44	69,066	25,117
Port Alberni	978,538	1991	8.06	123,179	70,306
LOAN TO THE CITY OF MONTREAL					
Atwater Tunnel	642,338	1991	3.125	83,641	20,073
				2,168,841	6,016,199

E. Canadian Coast Guard Fleet

Distribution of the fleet's operating costs over the operational activities is shown in Figure 64. Distribution of costs is based on actual and forecast utilization of the fleet.

Figure 64: Distribution of Fleet Operating Resources by Activity ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Aids to Navigation						
Conventional aids	78,435	1,210	74,713	1,194	61,475	1,002
Sounding and dredging	4,982	73	4,721	84	3,497	68
Radio aids	830	2	504	6	366	5
	84,247	1,285	79,938	1,284	65,338	1,075
Icebreaking, Arctic and Other Ship Support						
Icebreaking and escorting	51,549	754	50,181	754	39,660	585
Flood control	7,618	110	7,407	110	6,041	86
Services to other departments and agencies	14,830	215	14,094	203	9,347	155
	73,997	1,079	71,682	1,067	55,048	826
Marine Search and Rescue						
Coast Guard rescue operations	33,225	577	33,654	575	31,663	613
	191,469	2,941	185,274	2,926	152,049	2,514

Investment in the Coast Guard Fleet: Figure 65 summarizes the investment in vessels and aircraft.

Figure 65: Coast Guard Fleet - Estimated Replacement Cost ($000)

No. of Vessels and Aircraft	Vessel Type		Estimated Replacement Cost* (1984-85 dollars)
1	1300	Heavy Gulf Icebreaker	206,400
6	1200	Medium Gulf/River Icebreakers	648,600
1	1200	Medium Gulf/River Icebreaker/Cable Ship	131,000
11	1100	Major Naval Tenders/Light Icebreakers	655,600
13	1100	Medium Naval Tenders/Ice Strengthened	539,400
5	900	Small Naval Tenders/Ice Strengthened	94,500
4	800	Small Naval Tenders	16,600
5	700	Special River Naval Tenders	43,700
5	600	Large Search and Rescue Cutters	322,100
4	500	Intermediate Search and Rescue Cutters	53,100
7	400	Small Search and Rescue Cutters	27,900
16	300	Search and Rescue Lifeboats	16,700
8	100	Small Rescue Craft	9,400
174		Various-size workboats	22,900
31		Inshore Rescue Boats	700
34		Helicopters	101,000
5		Hovercraft	35,400
1		Fixed-wing aircraft	6,000
			2,931,000

* The estimated replacement cost is based upon either actual recent replacement costs or inflated historical costs.

F. Maritime Pollution Claims Fund

Background

The Marine Program has within its accounts a trust account that provides for the operation of the Maritime Pollution Claims Fund, established February 15, 1972, by amendment to the Canada Shipping Act. From this fund, claims may be paid for losses caused by pollutants discharged from vessels in Canadian waters. Under the Act, a levy of 0.15¢ per ton was assessed against carriers of oil in bulk landed at or shipped from a port in Canada. This levy was revoked by a further amendment to the Act, effective September 1, 1976. The balance of the fund, at that time, was $40,189,441. The Department of Transport provides administrative support at no cost to the fund. An Administrator, appointed by the Governor in Council and reporting to the Minister of Transport, is responsible for the fund's operation.

Purpose

The fund is established to ensure payment to any claimant who has taken reasonable steps to recover from the shipowner the cost of remedial action or of actual loss or damage arising from the pollutant discharge and who has been unsuccessful in so recovering. Depending on the circumstances of each case, the Administration of the fund is required to pay to the claimant the amount by which the established claim exceeds the limit of the shipowner's liability, any amount remaining unpaid after reasonable steps to effect recovery, any amount due from a ship that cannot be identified, and any interest due on delayed payments.

Statement for the period ended September 30, 1984:

• Net levies (February '72 to September '76)	$34.9 million
• ADD: Interest and penalties credited to the fund	$62.5 million
	$97.4 million
• LESS: Administration expenses	$(0.3) million
Claims settlements	$(2.7) million
• Balance in the fund - September 30, 1984	$94.4 million

G. 1983-84 Main Estimates - Financial Comparison of the Restated Financial Plan with the Original by Activity

The distribution of person-years and associated costs is being changed effective April 1, 1985. Financial information throughout this document has been presented on the basis of the new distribution. Figure 66 provides a financial reconciliation between the new distribution and the old distribution used in the 1983-84 Main Estimates.

Figure 66: Reconciliation of new and old distribution of person-years and associated costs ($000) by activity for 1983-84 Main Estimates

	Aids to Navigation	Ship Movement	Ice-breaking	Search and Rescue	Regulatory	Public Wharves and Harbours	Direction and Administration	Total
	$ PY	$ PY	$ PY	$ PY	$ PY	$ PY	$ PY	$ PY
Original Plan	258,893 2,582	81,769 1,019	101,173 1,071	60,469 765	31,985 476	50,931 91	44,269 684	609,489 6,688
Reallocation of resources related to materiel management and accommodation functions, and the offices of the District Managers.	8,800 245	1,685 42	2,135 54	- -	653 16	- -	(13,269) (357)	- -
Change in the allocation of costs for certain fleet functions such as: Ice Reconnaissance, Arctic Resupply, Helicopter Services	5,587 -	(14,685) -	9,062 -	- -	36 -	- -	- -	- -
Restated Plan	253,200 2,827	68,767 1,061	112,368 1,125	60,469 765	32,654 492	50,931 91	31,020 327	609,489 6,688

H. Geographic Location of Bases, Major Ports and Installations

Figure 67: Canadian Coast Guard Bases and Sub-bases

Figure 68: Vessel Traffic Management Stations

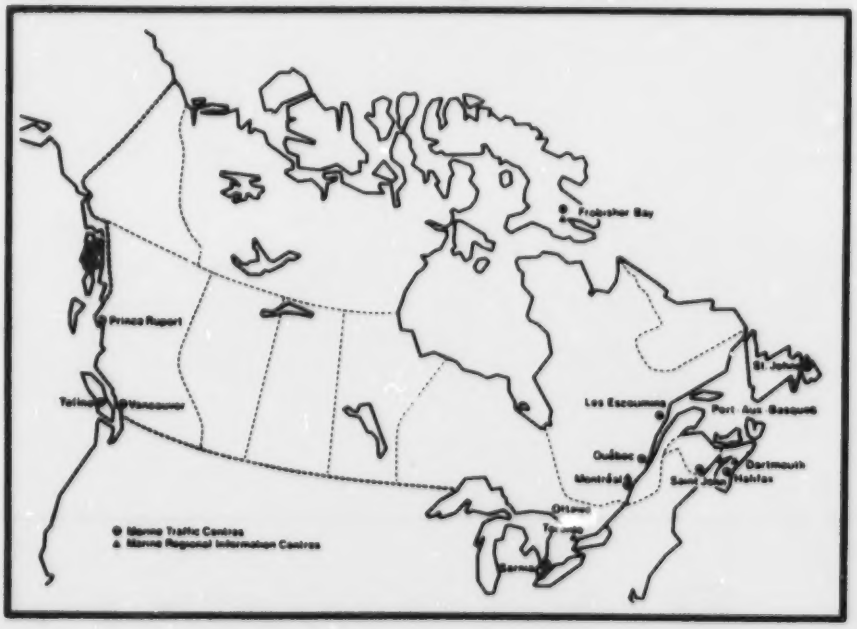
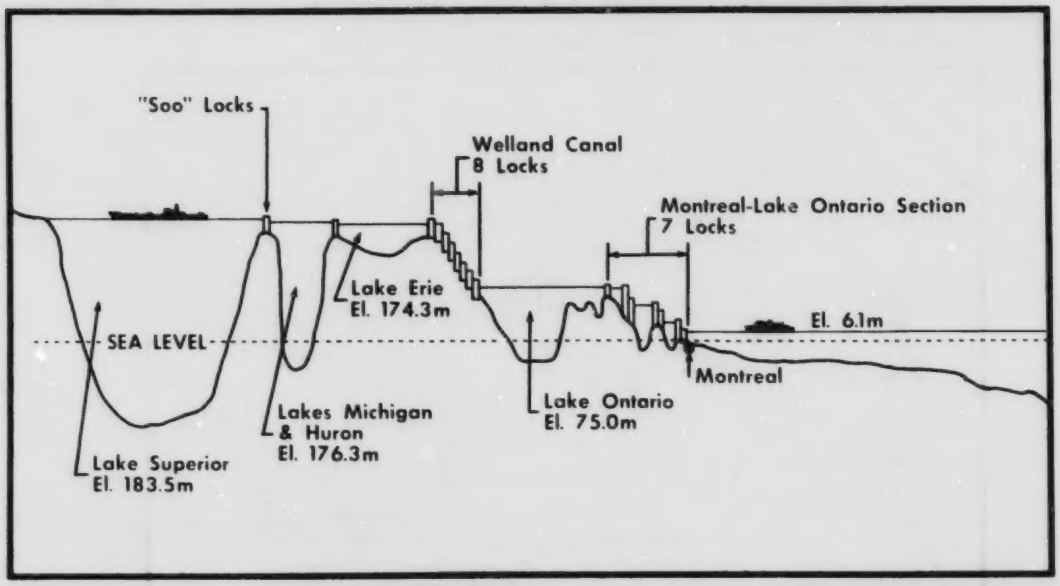


Figure 69: Ports Canada - Ports and Elevators

⊕ National Office, Ottawa
1. Port of St. John's, Nfld.
2. Halifax Port Corporation, N.S.
3. Port of Saint John, N.B.
4. Port of Belledune, N.B.
5. Port of Sept-Iles, Que.
6. Port of Chicoutimi, Que.
7. Port of Baie des Ha! Ha!, Que.
8. Port of Quebec Corporation, Que.
9. Port of Trois-Rivieres, Que.
10. Montreal Port Corporation, Que.
11. Prescott Elevator, Ont.
12. Port Colborne Elevator, Ont.
13. Port of Churchill, Man.
14. Vancouver Port Corporation, B.C.
15. Prince Rupert Port Corporation, B.C.

Figure 70: Profile View of the St. Lawrence Seaway System



Air Transportation Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $812,668,000 in support of the 1985-86 Air Transportation Program. Other expenditures estimated at $58,996,000 for contributions to employee benefit plans will be made under existing statutory authority. It is estimated, however, that the activities of the Self-Supporting Airports and Associated Ground Services Revolving Fund will result in a net cash inflow of $94,390,000.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Air Transportation Program		
55	Operating expenditures	358,522	344,878
60	Capital expenditures	397,685	372,652
65	Grants and contributions	49,263	48,063
70	Payment to Revolving Fund – Capital expenditures	7,198	121,732
(S)	Contributions to employee benefit plans	58,996	50,896
(S)	Self-Supporting Airports and Associated Ground Services Revolving Fund	–94,390	16,253
	Total Program	*777,274*	*954,474*

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Air Transportation Program	
55	Air Transportation – Operating expenditures including expenditures on other than federal property and authority to spend revenue received during the year including the spending of an amount equal, in the opinion of the Minister of National Revenue, to the net amount received during the year from the air transportation tax payable under Part II of the Excise Tax Act minus the portion thereof credited to the Airports Revolving Fund; and to authorize the payment of commissions for revenue collection pursuant to the Aeronautics Act	358,522,000
60	Air Transportation – Capital expenditures including contributions towards construction done by local or private authorities	397,685,000
65	Air Transportation – The grants listed in the Estimates and contributions	49,263,000
70	Air Transportation – Notwithstanding Subsections 31 (2) and (3) of the Adjustment of Accounts Act and in accordance with Section 33 of the Act, to authorize for the current fiscal year the use of appropriations for capital expenditures and to provide in this respect an amount of	7,198,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates							1984–85 Main Estimates
	Authorized person-years	Budgetary					Total	
		Operating	Capital	Transfer payments	Sub-total	Less: Revenues credited to the vote		
* Self-Supporting Airports and Associated Ground Services	1,948	279,509	93,086	.....	372,595	459,787	−87,192	137,985
Sub-total	**1,948**	**279,509**	**93,086**	.....	**372,595**	**459,787**	**−87,192**	**137,985**
Airports and Associated Ground Services	2,985	189,182	140,776	47,846	377,804	143,817	233,987	232,517
Air Navigational Services	5,890	353,103	155,299	1,303	509,705	108,724	400,981	365,814
Regulatory Services	807	51,309	1,007	80	52,396	822	51,574	165,022
Aircraft Services	511	46,932	93,775	.....	140,707	13,721	126,986	....
Direction and Administration	931	50,891	6,828	34	57,753	6,815	50,938	53,136
Recovery from the Self-Supporting Airports and Associated Ground Services Revolving Fund	.....	−96,394	.....	.....	−96,394	−96,394	.....	.....
Sub-total	**11,124**	**595,023**	**397,685**	**49,263**	**1,041,971**	**177,505**	**864,466**	**816,489**
	13,072	**874,532**	**490,771**	**49,263**	**1,414,566**	**637,292**	**777,274**	**954,474**

* The Self-Supporting Airports and Associated Ground Services activity is funded through the use of a Revolving Fund. The Estimates shown on this table refer to the cash requirements for the Fund over the fiscal year. These do not directly reflect the operating profit or loss that the Fund will realize since the latter is calculated on an accrual accounting basis. Therefore, some cash expenditures included in the Estimates do not impact upon the operating balance and certain other items that must be taken into consideration in calculating the profit or loss do not require a direct cash expenditure.

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Section I
Program Overview

A. Highlights

During 1985-86 the Air Transportation Program intends:

- to continue the implementation of the Radar Modernization Project (RAMP). The project will take approximately nine more years to complete at a total estimated cost of $811 million. The forecast expenditures to the end of the fiscal year 1984-85 are $48 million with planned spending of $89 million in 1985-86 (see page 4-15);

- to continue with a major program to renovate, replace and expand airport facilities and air navigation equipment. The program (excluding RAMP) has a total estimated cost of $1,158 million with forecast spending of $331 million to the end of the fiscal year 1984-85 and planned expenditures of $300 million for 1985-86 (see pages 4-24, 4-28, 4-32);

- to continue improving the framework for civil aviation by completing the implementation of the recommendations made by the Commission of Inquiry on Aviation Safety (see page 4-16).

The Air Transportation Program Activity Structure for 1985-86 has been modified to reflect important legislative changes and management initiatives:

- the Regulatory Services Activity has been amended to exclude the accident investigation function which has been transferred to the independent Canadian Aviation Safety Board which was formally established by Act of Parliament on October 1, 1984 (see page 4-33);

- the Aircraft Services Activity is a new activity for the program, established to consolidate the management of the departmental aircraft fleet under one common support service organization which is responsible for aircraft services required to support program operations of the department and in addition those of other government departments (see page 4-35);

- the financial structure and composition of the Self-supporting Airports Activity has been revised to reduce the number of airports included in the Airports Revolving fund from 23 to 9 to highlight the self-sufficient performance targets and management objectives set for this network of major airports (see page 4-20).

B. Financial Summary by Activity

Figure 1: Summary of Net Resource Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See page
Airports and Associated Ground Services				
Self-Supporting Airports	(87,192)	101,400	(188,592)	4-20
Other Airports	233,987	230,893	3,094	4-25
	146,795	332,293	(185,498)	
Air Navigational Services	400,981	315,200	85,781	4-30
Regulatory Services	51,574	52,770	(1,196)	4-33
Aircraft Services	126,986	141,285	(14,299)	4-35
Direction and Administration	50,938	59,200	(8,262)	4-37
	777,274	900,748	(123,474)	
Authorized person years	13,072	13,430	(358)	4-40

Explanation of Change: The financial requirements for 1985-86 are 14% or $123 million lower than the 1984-85 forecast expenditures. This decrease is primarily due to:

	$ Million
• increase in salaries and personnel cost $21.4, reduction in overtime ($4.6) and transfer of resources to the Canadian Aviation Safety Board ($7.4)	$ 9.4
• decrease in grants and contributions	(11.0)
• increase in revenue due to increase in aircraft and passenger movements as well as rate increases in air transportation tax, concession and landing fees	(121.9)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of September 30, 1984) is $54 million or 6% lower than the 1984-85 Main Estimates of $954 million The difference of $54 million reflects the following major items:

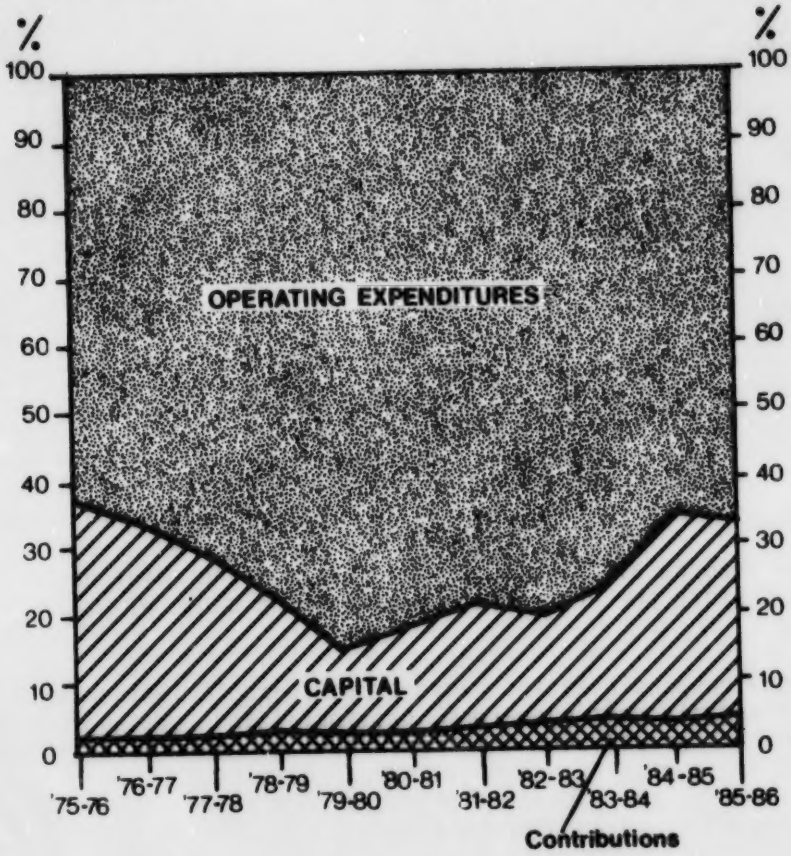
	$ Million
• decrease in goods and services due to restraints on travel and hiring and discretionary spending on material and supplies	$(12.0)
• decrease in capital requirement	(45.0)
• increase in grants and contributions	12.0
• increase in revenue due to increase in aircraft and passenger movements resulting in additional air transportation tax, concession and landing fees	(9.0)

Figure 2: Estimated 1985-86 Program Expenditures and Receipts ($000)

	Expenditures					
	Operating	Capital	Grants & Contributions	Total	Revenue Recoveries and Other Receipts	Net Resource Requirement
Airports and Associated Ground Services						
Self-Supporting Airports	279,509	93,086	-	372,595	459,787	(87,192)
Other Airports	189,182	140,776	47,846	377,804	143,817	233,987
	468,691	233,862	47,846	750,399	603,604	146,795
Air Navigational Services	353,103	155,299	1,303	509,705	108,724	400,981
Regulatory Services	51,309	1,007	80	52,396	822	51,574
Aircraft Services	46,932	93,775	-	140,707	13,721	126,986
Direction and Administration	50,891	6,828	34	57,753	6,815	50,938
	970,926*	490,771	49,263	1,510,960	733,686*	777,274

* Includes internal transactions totalling $96.4 million.

Figure 3: Ten Year Overview of Total Expenditures - Percentage Distribution by Type of Resource



C. Background

1. Introduction

The Air Transportation Program is the vehicle for discharging a major part of the federal government's responsibility for the national civil air transportation system. This system has four important components:

- the terminals (airports);
- the airways (Canadian and international airspace);
- the vehicles (aircraft); and
- the operators (air carriers and aircraft operators).

The Program includes:

- the aeronautical regulation of all components of the system;
- the development and operation of the national system of civil airports owned by the federal government; and
- the development and operation of air navigational services necessary to permit the safe and efficient operation of civil aircraft in Canadian and adjacent international airspace.

The Program also includes the operation and maintenance of aircraft used to support the Program's operations and those of other government programs.

These responsibilities require considerable liaison with air carriers and aircraft operators, provincial and foreign governments, and other federal government departments such as National Defence and Regional Industrial Expansion. The economic regulation of commercial air services by the Canadian Transport Commission also affects the operations and funding of this Program.

2. Legal Mandate

The National Transportation Act and the Aeronautics Act are the principal acts governing the Air Transportation Program. The Aeronautics Act, in particular, requires the Minister of Transport to control and regulate civil aviation and to supervise all matters connected with civil aeronautics. It also enables the Minister to develop, operate and maintain airports and air navigational services.

3. Program Objective

The objective of the Air Transportation Program is "to attend to the development and operation of a safe and efficient national civil air transportation system that contributes to the achievement of government objectives, and to operate specific elements of the system".

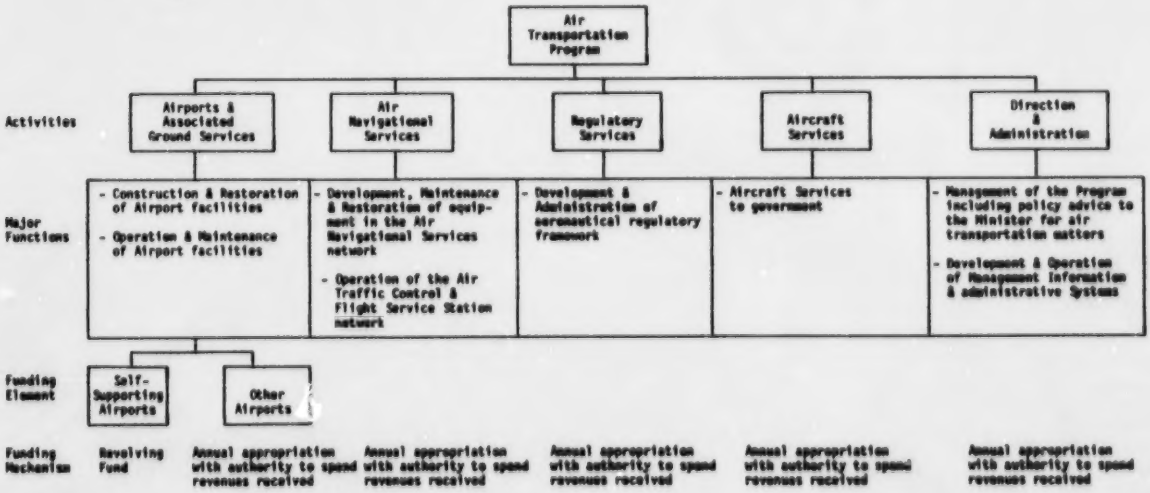
In addition, the Program has a number of sub-objectives which address such matters as productivity, cost recovery, equity and accessibility in the national civil air transportation system.

4. Program Organization for Delivery

Activity Structure: Figure 4 shows the activities of the Program. The Airports and Associated Ground Services activity is subdivided into two for Main Estimates display purposes - Self-supporting Airports, and Other Airports. The reason for this subdivision is that the self-supporting group of airports is expected to recover its costs from revenues earned whereas the other airports, because they serve the less densely populated areas of the country, are expected to recover only a part of the cost of their operations from revenues earned. As a consequence, these airports require funding from general government revenue to support their continued operation. This difference in goals is reflected in the use of two funding mechanisms for the Airports activity: a revolving fund for the Self-supporting Airports and an annual appropriation providing authority to spend revenues received for the Other Airports.

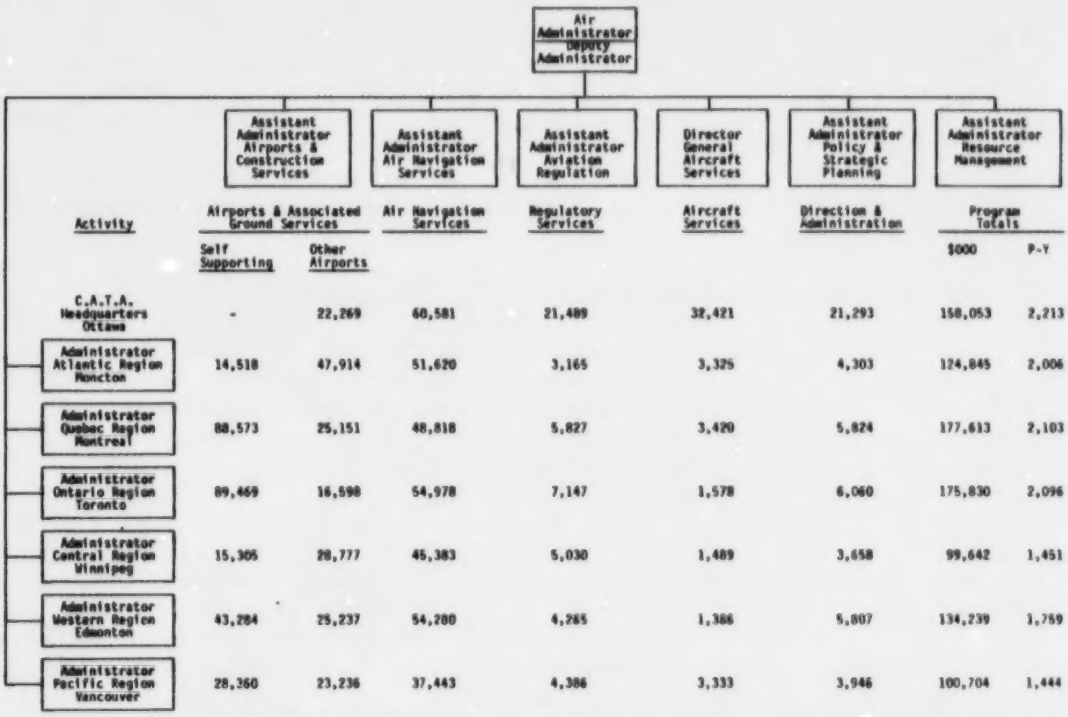
Changes to Activity Structure: Effective October 1, 1984 the accident investigation function formerly part of the Regulatory Services was transferred to the newly created Canadian Aviation Safety Board. The Aircraft Services to government also formerly part of the Regulatory Services was transferred into the newly created Activity Aircraft Services. Furthermore, effective April 1, 1985, the Self-supporting Airports Activity which consisted of 23 airports was reduced to 9 airports to highlight the self-sufficient performance targets and management objectives set for this network of major airports. The nine airports remaining in the revolving fund are Halifax, Montreal/Dorval, Montreal/Mirabel, Toronto/Lester B. Pearson, Ottawa, Winnipeg, Calgary, Edmonton and Vancouver. The remaining 14 airports located at Gander, St. John's, Charlottetown, Sydney, Saint John, Fredericton, Moncton, Quebec, London, Windsor, Thunder Bay, Regina, Saskatoon and Victoria were transferred to the Other Airport Activity.

Figure 4: Activity Summary



Organizational Structure: The Canadian Air Transportation Administration is responsible for the Program. The Administration uses a decentralized organization structure as shown in Figure 5.

Figure 5: 1985-86 Activity Operating Expenditures by Organizational Component ($000)



Activity	Airports & Associated Ground Services		Air Navigation Services	Regulatory Services	Aircraft Services	Direction & Administration	Program Totals	
	Self Supporting	Other Airports					$000	P-Y
C.A.T.A. Headquarters Ottawa	-	22,269	60,581	21,489	32,421	21,293	158,053	2,213
Administrator Atlantic Region Moncton	14,518	47,914	51,620	3,165	3,325	4,303	124,845	2,006
Administrator Quebec Region Montreal	88,573	25,151	48,818	5,827	3,420	5,824	177,613	2,103
Administrator Ontario Region Toronto	89,469	16,598	54,978	7,147	1,578	6,060	175,830	2,096
Administrator Central Region Winnipeg	15,305	28,777	45,383	5,030	1,489	3,658	99,642	1,451
Administrator Western Region Edmonton	43,284	25,237	54,280	4,285	1,386	5,807	134,239	1,759
Administrator Pacific Region Vancouver	28,360	23,236	37,443	4,386	3,333	3,946	100,704	1,444
	279,509	189,182	353,103	51,309	46,932	50,891	970,926*	13,072

* Includes internal transactions totalling $96.4 million.

D. Planning Perspective

1. Environment

Technological Factors: Since the end of the second world war, air transportation has been at the forefront of technological change. During this time, aircraft size, speed and numbers have increased dramatically and have put pressure on the Air Transportation Program to accommodate these changes. The changes in the number and complexity of aircraft also resulted in increased demands for the licensing of aircraft and of the associated personnel.

Since the mid 1970s, particularly as a result of the dramatic increases in the price of fuel, the emphasis in aircraft technology has changed from bigger and faster to more efficient. Aircraft fuel now constitutes approximately 30% of the cost of aircraft operation, as compared to about 10% in the 1960s. Aircraft manufacturers are reacting by producing much more fuel-efficient aircraft, with fuel utilization as much as 30% better than the aircraft fleet of the 1970s.

Economic Factors: The major Canadian air carriers saw an improvement in traffic and their financial positions amidst a recent upturn in the economy. In addition, regulatory reform of the airline industry is expected to provide an added stimulus to the passenger traffic of the Canadian air carriers as increased competition puts downward pressures on costs and fares.

Air Transportation Demand: Total mainline plus international charter enplaned and deplaned passengers at the "Top 30" airports increased dramatically during the 1970's, doubling between 1971 (23.0 million passengers and 1980 (48.6 million passengers). However, traffic has been severely depressed by the recession. It is expected that the 1980 traffic volume, the previous high, will be reached again by 1985. Growth in the second half of the 1980's is projected to be in the order of 5% per annum.

Itinerant air carrier aircraft movements at the tower controlled airports increased by 50% between 1971 and 1980. More recently, the number of air carrier movements declined between 1980 and 1982 (6.2%) with a further 3.1% decrease in 1983, reflecting the continuing impact of the recession. Air carrier aircraft movements during the 1970's have generally grown at a rate below that of the passenger demand, reflecting increasing load factors and larger aircraft. The trend toward a steady increase in average aircraft size is no longer expected to continue as airlines seek to acquire and increase the utilization of medium size aircraft in order to offer higher frequency and better service. The forecast of air carrier movements is based on the forecast of passenger demand and assumptions on load factor and aircraft size. The result is a forecast of fairly rapid growth in the short term in line with the expected growth in passenger demand. In the longer term, the growth in air carrier movements is expected to stabilize at a lower rate,

resulting in an average growth rate of 5.0% per annum between 1983 and 1991. Itinerant movements, the combination of air carrier and general aviation aircraft movements are predicted to grow at 4.8% per annum between 1983 and 1991.

Figures 6 and 7 show actual and forecast volumes of passenger traffic and itinerant movements respectively at the "Top 30" Canadian airports and at the tower controlled airports. The forecasts were prepared in November 1984.

Other significant variables affecting the Program are air cargo traffic, the size of the registered aircraft fleet with valid certificate of airworthiness and the number of licenced personnel. Forecast average annual growth of these variables based on data available as of November 1984 is as follows:

	1983-1991
Air Cargo Traffic (Top 30 Airports)	5.8%
Number of Registered Aircraft with Valid C of A	2.3%
Number of Licenced Personnel	3.1%

Figure 6: Enplaned & Deplaned Passengers at Canadian Airports (000)

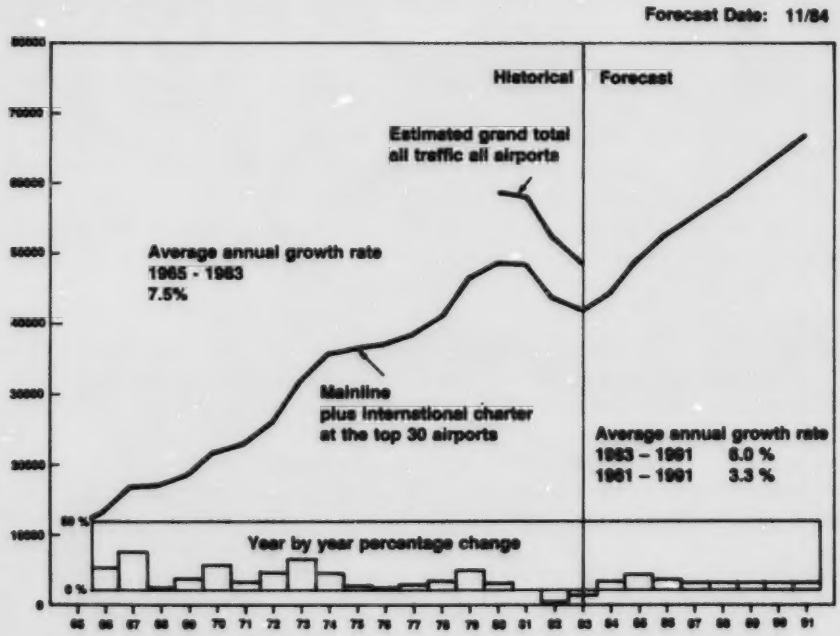
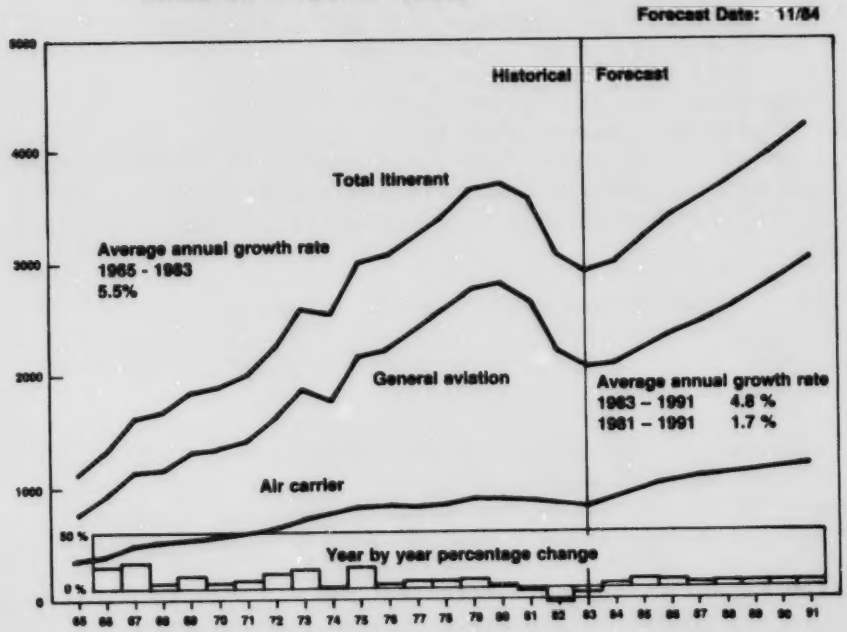


Figure 7: Itinerant Aircraft Movements at Top 30 Canadian Airports (000)



Maintenance of Airport and Air Navigation Infrastructure: Until the mid- 70s, there was a heavy investment of available resources in new and more sophisticated infrastructure in order to meet rapid growth in demand. Much of the infrastructure now in place was completed between the mid-60s and mid-70s and requires significant capital resources to maintain the existing facilities and equipment in acceptable operational condition. This trend is evident in the percentage of available resources allocated to operate and maintain the infrastructure that exists. Thus, 75% to 85% of available capital resources have been used for maintaining the existing plant over the last five years and this trend is expected to continue over the medium term.

2. Initiatives

Modernization and Expansion of Facilities

Radar Modernization Project (RAMP): This major program to replace ageing, existing primary and secondary radar and display systems is proceeding into its second phase, the procurement of radar site equipment. The contract for this equipment was awarded in the spring of 1984. It is anticipated that further contracts will be awarded during 1985-86 for display site equipment and the Radar Data Processing system (RDPS). The overall major crown project will take approximately 10 years to complete and is expected to cost $ 811 million in current dollars. Funding for 1985-86 is budgeted at $89 million.

Special Government Capital Projects: The Air Administration continues with the implementation of these projects which started in 1983. The remaining 18 projects with a total estimated cost of $339 million, and spending forecast to the end of the 1984-85 fiscal year of $180 million, are budgeted for 1985-86 at $123 million. Major projects include reconstruction and expansion of air terminal buildings at Hamilton, Sault Ste. Marie, Fort McMurray, Frobisher Bay, and Inuvik; construction of a regional office building; utility systems restoration; and replacement of obsolete communication and instrument landing systems. (For further details see Section III, Figure 35, pages 4-57 and 4-58).

Other Restoration and Replacement: A further $149 million will be spent during 1985-86 to restore and replace airport facilities across Canada. Major projects include reconstruction of air terminal buildings and rebuilding of runways and taxiways.

In addition to the amounts shown above for the RAMP project, some $40 million in capital expenditures will be spent during 1985-86 on replacement of air traffic service facilities and equipment; communication systems, and air navigation and landing systems.

System Expansion to Meet Increased Demand: Air terminal buildings and facilities, totalling $76 million, are underway or will start in 1985-86 to satisfy increased demand which has already occurred and to accommodate forecast growth. Forecast expenditures on these projects to the end of 1984-85 total $11 million with spending of $32 million budgeted during 1985-86. An additional $13 million is budgeted in 1985-86 for expansion of aircraft manoeuvring areas and maintenance buildings.

Some $30 million will be spent during 1985-86 on expansion of capacity to meet increased demand of air traffic services facilities and air navigation and landing systems.

For further details of the capital program refer to Section II, pages 4-24, 4-28 and 4-32 and to Section III, Figure 35, Capital Projects by Major Project and Location (page 4-42).

Management and Organizational Initiatives

Aviation Safety: In response to Dubin Commission recommendations, a number of actions have been undertaken such as:

- establishment of the Canadian Aviation Safety Board;
- implementation of all recommendations concerning enforcement (these recommendations relate to a more vigorous and strict policy of enforcement, a new manual of enforcement procedures, and amendments to the Aeronautics Act to provide a sound legal basis for the new enforcement system and to establish a Civil Aviation Appeal Tribunal);

- development of a Canadian Airworthiness Code with an Advisory Board that includes industry representatives to assist in its development;

- arrangements to ensure that the departmental aircraft fleet is operated to standards demanded of commercial air carriers;

- development of bilateral airworthiness agreements with the U.K., France, West Germany, Netherlands and Italy modelled on the recently concluded Canada-United States agreement;

- implementation of improved surveillance program of air carrier like maintenance activities;

- enhancement of airworthiness type approval capability to support the Government initiatives in developing a Canadian domestic helicopter industry;

- implementation of a Continuing Airworthiness Division within the Airworthiness Branch to review and provide corrective action for service difficulties on Canadian operated or manufactured aeronautical products; and

- development of an improved incident occurrence reporting system, including voluntary incident reporting.

Canadian Airspace System Development Plan: To ensure rational evolution of the Canadian airspace system, the Administration is attempting to define a long-range technical framework for the acquisition and development of facilities and equipment that will likely be needed up to the year 2000 for the provision of air navigational services. An approach which coordinates all major anticipated expenditures to the year 2000 and which will improve services and increase productivity has been developed for discussion with users of the airspace system. Following extensive discussion and consultation with users of the system during 1984-85, efforts will be directed to the orderly replacement/restoration of ANS facilities in accordance with the requirements outlined in the Canadian Airspace System Development Plan.

3. Program Effectiveness

The program objective of "attending to the development and operation of a safe and efficient national civil air transportation system" requires results in two main areas: safety of the system and development and operation of an efficient system. Summary statistical information about aviation safety is presented below.

Aviation Safety: Since the earliest days of air transportation, safety has been a major preoccupation of the Air Transportation Program. To date, the national civil air transportation system has achieved a consistently high level of safety. Figures 8 and 9 demonstrate the record achieved over the last few years.

The five-year average number of accidents per year to Canadian registered aircraft for the period 1969-73 was 580.6. After a moderate increase to 691.4 in the period 1974-78, the five-year average number of accidents fell to 630.8 in the period 1979-83. At the same time, the number of registered aircraft in Canada rose from 10,772 in 1969 to 25,899 in 1984, a 140% increase.

Figure 8: Five-year average number of accidents per year to Canadian registered aircraft by type of operation (Note 1)

Type of Operation	1969-1973	1974-1978	1979-1983
Scheduled	3.2	2.2	2.8
Non-scheduled[2]	9.2	7.6	6.4
Charter and contract	139.4	141.0	137.6
Speciality	99.4	123.4	112.4
Flying clubs	23.2	24.2	22.6
State	5.2	6.0	6.4
Private	285.2	357.4	322.4
Commercial non-revenue[3]	15.8	29.6	20.2
All Aircraft[4]	580.6	691.4	630.8

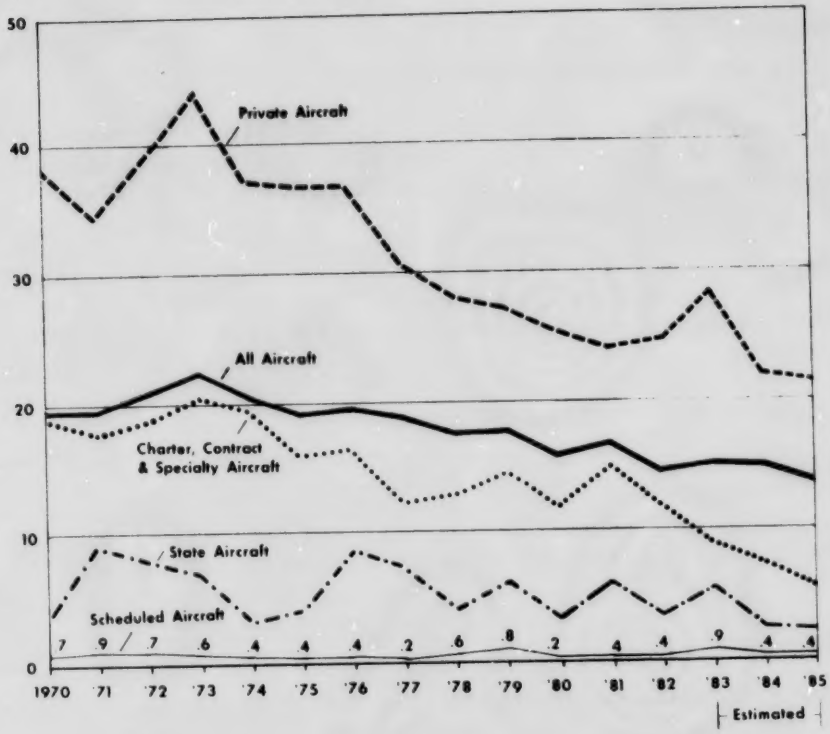
Notes: 1. Data on number of aviation incidents is not included since it has only been collected consistently over the last three years and is not yet considered to be useful for comparison.

2. Non-scheduled operations refer to commercial air carriers offering public transportation to passengers and cargo at a toll per unit of traffic but not on a fixed schedule. Examples include most carriers serving northern Canada.

3. Commercial non-revenue operations are non-revenue producing flights by commercial operators for aircraft ferrying and crew training.

4. Data on ultralight accidents is not included. Number of recorded ultralight accidents are: 1981-6; 1982-24; 1983-60.

Figure 9: Accident Rates per 100,000 hours of flying by Type of Operation



Note: The activity data for 1983, 1984 and 1985 have been estimated and are subject to change when Statistics Canada figures are finalized.

The effectiveness of the Program's efforts to improve safety is reflected by the downward trend in accidents per 100,000 hours of flying for all but scheduled type of operations. The accident rate for scheduled operations has remained virtually constant at a very low level.

Section II
Analysis by Activity

A. Airports and Associated Ground Services

The over-all objective of this Activity is to foster and promote the development and operation of a safe and efficient national civil airports system that contributes to the achievement of government objectives.

The presentation which follows sub-divides the Activity into two components, Self-Supporting Airports and Other Airports, because of the different sub-objectives and funding mechanisms that apply to each of these components.

A.1 Self-supporting Airports Component

Sub-Objective

To develop and operate those international and national airports included in the Self-Supporting Airports Revolving Fund in such a way as to recover their costs.

Resource Summary

This component accounts for approximately 29% of the Program's total operating expenditures and 19% of its capital expenditures.

Figure 10: Self-supporting Airports - Statement of Revolving Fund Operations ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Revenue	499,787	410,000	392,426
Expenses	337,267	433,581	394,876
Operating Profit (Loss)	122,520	(23,581)	(2,450)
Add: Depreciation	57,758	62,581	59,081
Resources Provided from Operations	180,278	39,000	56,631
Capital Expenditures	93,086	140,400	87,890
Net Resource Required (Provided)	(87,192)	101,400	31,259
Funded as follows:			
Self-supporting Airports Revolving Fund	(94,390)	2,100	17,185
Vote 70	7,198	99,300	14,074
	(87,192)	101,400	31,259
No. of Airports	9	23	23

For summaries of the projected use of the revolving fund authority and profit or loss by individual airport see Section III - Supplementary Information, page 4-63.

Description

Airports Included: Effective April 1, 1985, this component includes 7 of the 8 international and 2 of the 17 national airports in Canada. The international airports are located at: Halifax, Montreal/Mirabel, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. The 2 national airports included in this component are located at: Montreal-Dorval and Ottawa. Prior to April 1, 1985, this component consisted of 23 airports of which 14 airports located at Gander, St. John's, Charlottetown, Sydney, Saint John, Fredericton, Moncton, Quebec, London, Windsor, Thunder Bay, Regina, Saskatoon and Victoria were transferred to Other Airports component.

Operations: The two main tasks involved in the operation of these airports are: the provision of airport services to passengers and aircraft; and the maintenance and upkeep of airport facilities. The main airport services offered are aircraft firefighting and crash rescue, airport policing and passenger security.

The airport facilities requiring maintenance and upkeep include a wide range of building structures (e.g., airport terminals, parking garages, maintenance and other ancillary buildings); surface structures (e.g. runways, taxiways, aprons, roads, and parking lots); mechanical and electrical systems and various types of fixed and mobile equipment. Included in the maintenance and upkeep of these facilities are such costs as utilities, cleaning of buildings, snow removal and repairs.

Performance Information/Resource Justification

Expenses: Figure 11 provides a breakdown of the estimated expenses that will be incurred to operate the Self-Supporting Airports during 1985-86. Because these airports are expected to recover all costs of operations, the expenses include a charge for the air traffic control services provided in the immediate vicinity of each airport by the Air Navigational Services Activity, depreciation, the grants in lieu of taxes paid by Public Works and interest expense related to the net amount of spending charged against the Self-Supporting Airports Revolving Fund appropriation authority. The Management and Specialized Support Services charge represents recoveries made by the Other Airports component and the Direction and Administration Activity for management, marketing, administrative, architectural, engineering and other technical support services provided to this component. (For details of this charge and the Air Traffic Control charge, refer to page 4-62).

Figure 11: Self-Supporting Airports - Summary of Expenses ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Site Operations				
Airport Services	46,689	483	61,414	719
Maintenance and Upkeep of Facilities	89,359	1,102	111,967	1,464
Management, Administration and Other Specialized Staff Support	19,014	363	25,128	474
	155,042	1,948	198,509	2,657
Other Costs and Charges				
Air Traffic Control Charges	52,676	-	84,622	-
Management and Specialized Support Services	43,718	-	57,618	-
Depreciation	57,758	-	62,581	-
Grants in Lieu of Taxes	21,309	-	21,875	-
Interest	6,764	-	8,376	-
	182,225	-	235,072	-
	337,267	1,948	433,581	2,657
No. of Airports	9		23	

Ongoing airport operations will consume $155 million or 46% of the total Self-Supporting Airports program operating budget. Two major factors (Figure 12) affecting the cost of airport site operations are the hours an airport is open to provide the services to air carriers and the travelling public and the scale of the airport facilities maintained for the arrival and departure of aircraft.

Figure 12: Summary of Key Workload Determinants

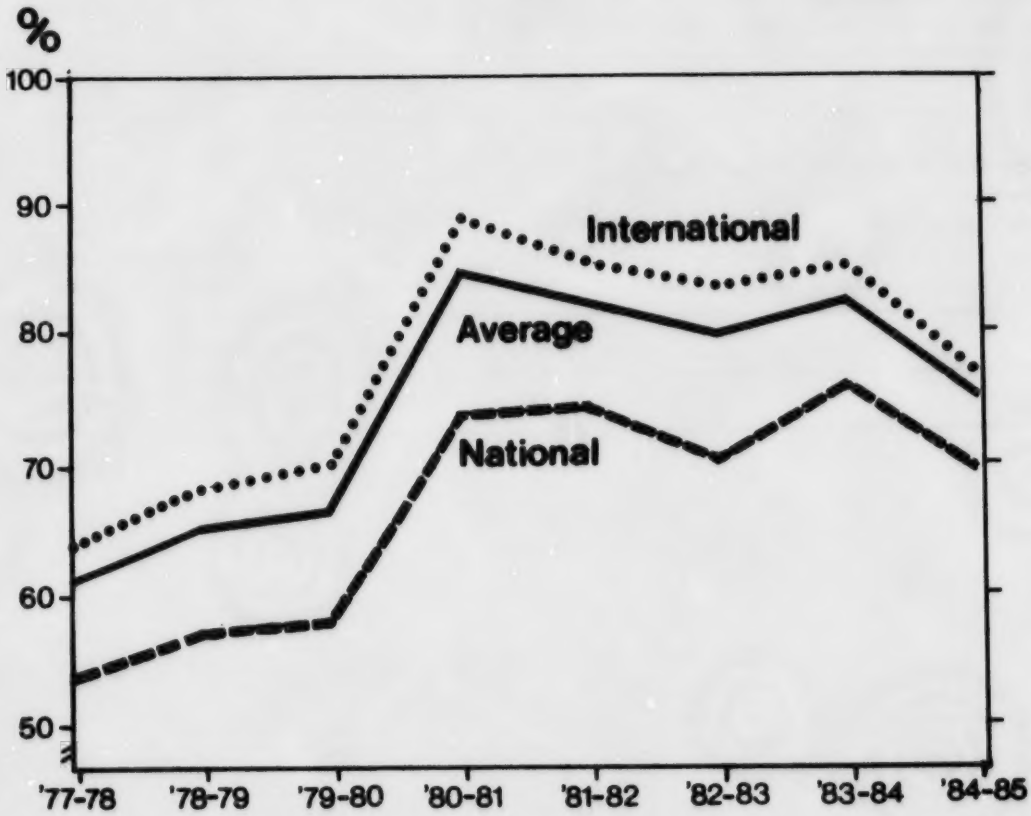
		Forecast 1984-85
Total Published Hours of Operation at 7 International and 2 national airports		65,437
	No.	Area (000s)m^2
Principal airport facilities maintained[1]		
Air Terminal Buildings	11	597
Runways	25	4,160
Taxiways	155	3,124
Aprons	49	3,697

Note 1: Inventory as at 31 March, 1985. Planned inventory figures for 1985-86 were not available when this document was prepared.

Revenue Analysis: Figure 13 shows the actual and projected degree to which this component has been achieving its objective of full cost recovery for the eight year period ending March 31, 1985. On April 1, 1985, the Self-Supporting Airport Revolving Fund was reduced from 23 to the 9 largest airports. This new group of airports is expected to be near full cost recovery in 1985-86.

Costs are defined so as to approximate the costs which a commercial operator would normally incur. As a result, the expenses shown in Figure 11 are adjusted to provide for interest on the total amount of the government's investment and to deduct the estimated cost of services provided to state and military aircraft. For details of the types and amount of revenue earned by the Self- Supporting Airports, refer to Section III A. 5. Program Revenues, page 4-60.

Figure 13: Recovery of Costs by Self-Supporting Airports



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Capital Expenditure Analysis: Figure 14 provides a summary analysis of the capital program planned for 1985-86. For details by project, see Section III, Figure 35, pages 4-42 to 4-45 and page 4-57.

Figure 14: Summary of 1985-86 Estimates Capital Projects, Self-Supporting Airports ($000)

	Total Estimated Cost	Forecast Spending to March 31, 1985	Estimates 1985-86	Balance to Complete
Restoration due to physical or functional obsolescence				
Terminal buildings and facilities	133,587	50,821	55,071	27,695
Aircraft manoeuvring areas	50,837	11,032	22,660	17,145
Maintenance buildings and equipment	4,212	1,602	151	2,459
Airport emergency services	1,974	-	1,974	-
Miscellaneous projects under $250,000	3,329	-	3,329	-
	193,939	63,455	83,185	47,299
Expansion of capacity to meet increased demand				
Terminal buildings and facilities	19,921	12,718	7,203	-
Aircraft manoeuvring areas	5,930	1,905	2,672	1,353
Maintenance buildings and equipment	806	-	26	780
	26,657	14,623	9,901	2,133
	220,596	78,078	93,086	49,432

A.2 Other Airports Component

Sub-Objectives

To attend to the development and operation of a network of regional and local airports that enables all areas of Canada to have reasonable access to air transportation.

To recover costs from airport users to the extent feasible.

Because the airports in this component serve the less densely populated and also the more isolated areas of the country, there is a substantially lower volume of aircraft and passenger movements from which revenue can be earned. In the interest of equitable treatment of air transportation system users, the government assumes unrecovered costs required to provide and maintain an adequate system capacity and level of service across the entire country.

Resource Summary

This component accounts for 20% of the Program's total operating expenditures and 29% of its capital expenditures.

Figure 15: Other Airports - Net Resource Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Airports Operated by Transport Canada*			
Operating Expenditures			
Site Operations and Activity-Wide Support Services	**189,182**	141,000	124,498
Capital expenditures	**140,776**	128,000	99,742
	329,958	269,000	224,240
Airports Operated by Others			
Operating Contributions	**16,967**	19,642	16,461
Capital Contributions	**30,879**	39,091	17,482
	47,846	58,733	33,943
Total Expenditures	**377,804**	327,733	258,183
Revenue and Recoveries	**143,817**	96,840	88,996
	233,987	230,893	169,187

Note: 1985-86 Estimates reflect the transfer of the 14 airports from Self-supporting airports. 1984-85 Forecast and 1983-84 Actual reflect the activity prior to the transfer which was effective April 1, 1985.

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Description

Airports Operated by Transport Canada: Effective April 1, 1985, this component is responsible for the operation of the international airport at Gander, the national airports located at St. John's, Charlottetown, Sydney, Saint John, Fredericton, Moncton, Quebec, London, Windsor, Thunder Bay, Regina, Saskatoon, Victoria, Whitehorse and Yellowknife. It also includes the operation of 131 regional and local airports. Prior to April 1, 1985, this component did not include the international and national airports mentioned above with the exception of Whitehorse and Yellowknife. The nature of the operations at the airports included in this component is similar to those at Self-supporting Airports. The main difference is a much smaller scale of operations in most instances. (For a description of the nature of operations, refer to page 4-20).

Airports Operated by Others: The component also provides financial assistance to regional and local airports.

Resource Justification/Performance Information

Airports Operated by Transport Canada: Figure 16 provides a summary of expenditures for site operations, the total expenditures on activity-wide support services that are planned and controlled from this component and the amount of the recovery from Self-Supporting Airports for these support services. Figure 17 provides a summary of major workload determinants affecting site operations.

Figure 16: Regional and Local Airports Operated by Transport Canada - Gross Operating Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Site Operations				
Airport Services	38,445	628	21,961	419
Maintenance and Upkeep of Facilities	86,854	1,180	61,270	857
	125,299	1,808	83,231	1,276
Activity-wide Support Services				
Architectural and Engineering Support	22,000	430	21,357	449
Management and Administration	33,127	604	28,991	567
Other	8,756	143	7,421	135
	63,883	1,177	57,769	1,151
Total Expenditures	189,182	2,985	141,000	2,427
Recovery from Self-Supporting Airports	37,598	-	49,600	-

Note: Estimates 1985-86 reflect the activity including the transfer of 14 airports. 1984-85 forecast refelect the activity prior to the transfer.

Figure 17: Summary of Key Workload Determinants

		Forecast 1984-85
Total Published Hours of Operation at 1 International, 15 national, 23 regional and 62 local airports[1]		250,354
Principal regional and local airport facilities maintained (inventory as of March 31, 1985)2	No.	Area (000s)m^2
Air Terminal Buildings/Passenger Shelters	94	153
Runways	192	15,946
Taxiways	305	2,897
Aprons	149	4,904

Note: 1. This figure excludes those airports which operate without Published Hours of Operations. An example of airports without Published Hours of Operation are Arctic Community Airports in the Northwest Territories and the Yukon.

Note: 2. Planned inventory figures for 1985-86 were not available when this document was prepared. The inventory figures are for 101 of the 147 airports in this component.

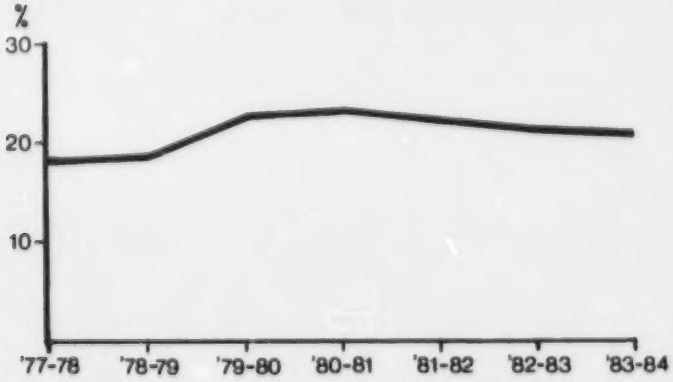
Figure 18 provides an estimate of the degree to which the regional and local airports operated by Transport Canada recover their full costs of operation. Costs are defined to approximate those that a commercial operator would normally incur. The operating expenditures shown in Figure 16 are adjusted to reflect:

- the cost of any air traffic control services provided by Air Navigational Services in the immediate vicinity of these airports; and

- an allowance for depreciation, grants in lieu of taxes and for interest on the government's investment in these airports.

A deduction is made for the estimated cost of services provided to state and military aircraft. (The approach is the same as that used for Self-Supporting Airports.)

Figure 18: Recovery of Costs - Regional and Local Airports Operated by Transport Canada



Capital Expenditures Analysis: Figure 19 provides a summary analysis of the capital program planned for 1985-86. For details by project, see Section III, Figure 35, pages 4-45 to 4-49 and pages 4-57 to 4-58.

Figure 19: Summary of 1985-86 Estimates Capital Projects for the Regional and Local Airports Operated by Transport Canada ($000)

	Total Estimated Cost	Forecast spending to March 31, 1985	Estimates 1985-86	Balance to Complete
Restoration due to physical or functional obsolescence				
Terminal buildings & facilities	143,647	66,942	47,608	29,097
Aircraft manoeuvring areas	43,479	23,837	16,071	3,571
Maintenance buildings & equipment	19,577	9,308	7,687	2,582
Airport emergency services	28,015	8,213	19,802	-
Miscellaneous projects under $250,000	5,587	-	5,587	-
	240,305	108,300	96,755	35,250
Expansion of capacity to meet increased demand				
Terminal buildings & facilities	78,908	23,206	33,542	22,160
Aircraft manoeuvering areas	11,082	1,719	6,540	2,823
Maintenance buildings & equipment	14,551	4,768	3,939	5,844
	104,541	29,693	44,021	30,827
	344,846	137,993	140,776	66,077

Airports Operated by Others: The component also provides financial assistance to both regional and local airports operated by municipalities and others. Figure 20 summarizes planned operating and capital contributions by type of airport.

Figure 20: Airports Operated by Others - Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Contributions			
Local - Northern	**5,574**	7,466	5,588
Local - Southern	**11,393**	12,176	10,873
	16,967	19,642	16,461
Capital Contributions			
Labrador and Newfoundland Local Airports	**13,535**	13,713	5,426
Northern Quebec Local Airports	**9,345**	2,600	1,001
Other Local Airports	**7,999**	22,778	11,055
	30,879	39,091	17,482
	47,846	58,733	33,943

B. Air Navigational Services

Objective

The principal objective of this Activity is to assure the safe and efficient movement of civil aircraft in Canadian and adjacent international airspace.

Resource Summary

The Activity accounts for 36% of the Program's total operating expenditures and 32% of the capital expenditures.

Figure 21: Activity's Net Resource Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Air Navigational Services	400,981	315,200	243,746
Consisting of:			
Operating Expenditures	353,103	345,600	303,692
Capital Expenditures	155,299	103,000	64,684
Grants and Contributions	1,303	100	434
Total Expenditures	509,705	448,700	368,810
Revenue and Recoveries	108,724	133,500	125,064
	400,981	315,200	243,746

Description

This Activity offers three main services to support air transportation, all related to helping aircraft move safely and efficiently from one point to another. These are air traffic control, flight information services and navigational aids. A network of 7 area control centres, 9 terminal control units and 61 airport control towers exist to provide enroute, arrival and departure air traffic control in certain air corridors and in the vicinity of the busier airports. Some 114 flight service stations, located at airports across the country, provide flight information services ranging from weather reports and the availability of navigational aids to search and rescue alerting services. In addition, several hundred navigational aids, located at airports and various other places across the country, exist to assist pilots in determining their location and direction while enroute between airports and to help them land and take off safely.

For operating purposes, the Activity is divided into two main functions, Air Traffic Services and Technical Support Services for Systems Operation and Maintenance. The Air Traffic Services function consists mainly of the personnel required to operate the various air traffic control facilities and flight service stations. The Technical Support Services for Systems Operation and Maintenance function consists of the personnel, goods and services needed to develop and maintain the facilities and equipment systems used to provide air traffic control and flight information services, as well as the navigational aids service. This functional breakdown is used to present the resource justification and performance information which follows.

Performance Information/Resource Justification

Operating Expenditures: The Air Traffic Services function is expected to require 58% of operating expenditures and 63% of the human resources planned for this Activity. Technical Support Services for Systems Operation and Maintenance account for 39% of operating expenditures and 34% of the personnel allocation. Activity management and staff support account for the remaining 3% of operating expenditures and personnel requirements.

Figure 22: Air Navigational Services - Operating Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Air Traffic Services				
Air Traffic Control	168,080	2,901	164,478	2,956
Flight Service Stations	37,388	824	36,604	834
	205,468	3,725	201,082	3,790
Technical Support Services for Systems Operation and Maintenance	137,185	2,011	134,278	2,018
Management and Staff Support	10,450	154	10,240	156
	353,103	5,890	345,600	5,964

Figure 23 summarizes some of the key variables that affect this Activity's operating resource requirements.

Figure 23 - Key Variables Affecting Operating Resources

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Air Traffic Control			
No. of Air Traffic Control Sites	77	77	77
Hours Open for Service	514,004	514,004	511,108
Aircraft movements in controlled airspace (000)	1,874	1,779	1,600
Flight Service Stations			
No. of Flight Station Service Stations	114	114	114
Hours Open for Service	946,080	946,080	948,672
Flight Plans Filed	581,923	555,270	529,838
Technical Support Services for System Operation and Maintenance			
No. of Sites with Equipment Requiring Maintenance			
Surveillance (radar) Systems	22	22	22
Navigation Aids	934	923	920
Communications Systems	339	339	339

Capital Expenditure Analysis: Figure 24 provides a summary analysis of the Capital Program planned for 1985-86. For details by project see Section III, Figure 35, pages 4-49 to 4-56 and page 4-58.

Figure 24: Summary of 1985-86 Estimates Capital Projects - Air Navigation Services ($000)

	Total Estimated Cost	Forecast Spending to March 31, 1985	Estimates 1985-86	Balance to Complete
Restoration due to physical or functional obsolescence				
Air traffic services facilities and equipment	76,042	17,373	11,204	47,465
Surveillance systems	810,504	47,539	88,700	674,265
Communication systems	50,161	13,964	10,551	25,646
Air navigation and landing systems	392,547	62,609	18,300	311,638
	1,329,254	141,485	128,755	1,059,014
Expansion of capacity to meet increased demand				
Air traffic services facilities and equipment	33,519	6,072	13,672	13,775
Surveillance systems	14,455	7,233	5,180	2,042
Communication systems	3,105	908	627	1,570
Air navigation and landing systems	22,745	6,553	7,065	9,127
	73,824	20,766	26,544	26,514
	1,403,078	162,251	155,299	1,085,528

Revenue Analysis: For details of the type and amount of revenue earned by this activity, refer to Section III, A. 5. Program Revenues, page 4-60.

C. Regulatory Services

Objectives

To promote and maintain safe flight in the national civil air transportation system.

Resource Summary

The operating expenditures for this Activity are 5% of total operating expenditures for the Program.

Figure 25: Activity Resource Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Aeronautical Regulatory Services	51,309	49,000	48,552
Aviation Safety*	-	3,500	6,758
Total Operating Expenditures	51,309	52,500	55,310
Capital Expenditures	1,007	1,000	1,145
Grant and Contributions	80	55	93
Total Expenditures	52,396	53,555	56,548
Revenue and Recoveries	822	785	734
	51,574	52,770	55,814

* Aviation safety resources were transferred to the Canadian Aviation Safety Board on October 1, 1984. The forecast covers the six month period operating expenditures were absorbed by this activity.

Description

Aeronautical Regulatory Services: This element performs all regulatory functions connected with civil aeronautics other than for the economic regulation handled by the Canadian Transport Commission. It certifies and monitors:

- the competence of aeronautical personnel such as pilots, flight engineers, aircraft maintenance engineers and air traffic control operators;
- the airworthiness of aircraft;
- the reliability and safe operation of airport and air navigation facilities and equipment; and
- the operations of scheduled airlines and other commercial aircraft companies.

An extensive program of examinations, licensing, inspections and surveillance exists to carry out these functions.

Performance Information/Resource Justification

Aeronautical Regulatory Services: Figure 26 provides a breakdown of operating resource requirements.

Figure 26: Aeronautical Regulatory Services - Operating Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Licencing, Inspection & Surveillance	42,830	683	40,923	683
Legislation, Standards and Enforcement Actions	5,214	80	4,971	80
Management & Administration	3,265	44	3,106	44
	51,309	807	49,000	807

Major workload variables affecting the operating expenditures are the degree of regulatory coverage required for each of the national air transportation system's components and the growth of these components. Figure 27 summarizes the sizes of these components.

Figure 27: Summary of Key Workload Variables

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
No. of Licenced Pilots	63,700	63,300	62,900
No. of Registered Aircraft	28,613	27,306	26,058
No. of Commercial Operators	1,007	952	907
No. of Licenced Airports	1,275	1,225	1,200

In 1983, revisions to the Air Regulations made the registration of ultra-light aeroplanes and the licensing of ultra-light aeroplane pilots mandatory. As of September 30, 1984, the Administration has registered 1,807 ultra-light aeroplanes and issued 958 ultra-light aeroplane pilot licences. Because the costs of acquisition and operation of these ultra- lights are low when compared to the costs for conventional aircraft, the Administration anticipates that this workload variable will increase in 1985-86 and subsequent years.

Revenue: Licensing and examination fees ($0.8 million) are the main sources of revenue for this Activity. For further details of revenue, refer to Section III, A. 5. Program Revenues, page 4-60.

D. Aircraft Services

Objective

To provide efficient aircraft services.

Resource Summary

The operating expenditures for this activity are 5% of the total operating expenditure for the Program. Capital accounts for 19% of the Program's requirements.

Figure 28: Activity Resource Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Operating Expenditures	46,932	43,900	40,215
Capital Expenditures	93,775	109,000	-
Total Expenditures	140,707	152,900	40,215
Revenues and Recoveries	13,721	11,615	11,297
	126,986	141,285	28,918

Description

The main task of this element is to operate and maintain the Program's aircraft fleet. This aircraft fleet is used for calibration and inspection of air navigation aids, and for transportation and training of Program personnel. It also provides aircraft flight and maintenance services to other government programs, the main one being the operation and maintenance of Canadian Coast Guard aircraft and helicopters for the Marine Transportation program.

Performance Information/Resource Justification

Figure 29 provides a breakdown of operating resource requirements.

Figure 29: Aircraft Services - Operating Expenditures ($000)

	Estimates 1985-86		Forecast 1984-85	
	$	P-Y	$	P-Y
Aircraft Operations	12,828	89	12,000	89
Maintenance	26,728	345	25,000	347
Training	2,138	29	2,000	29
Management & Administration	5,238	48	4,900	48
	46,932	511	43,900	513

Key workload determinants for the Aircraft Services component include the hours of flying demanded by the various users of the aircraft and the number and types of aircrafts operated. Figure 30 summarizes these key variables.

Figure 30: Summary of Key Workload Variables

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
No. of Aircraft	93	91	89
Total Hours of Flying			
Transport Canada Operations	29,000	26,500	24,330
Other Government Programs	18,500	18,000	16,437
	47,500	44,500	40,767

E. Direction and Administration

Objective

To manage the Air Transportation Program to assure the development and operation of a safe and efficient national civil air transportation system responsive to air transportation user requirements and to federal government socio-economic objectives.

Resource Summary

This Activity accounts for 5% of the Program's operating expenditures (Figure 31).

Figure 31: Activity Resource Requirements ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Personnel	7,596	222	8,583	226	7,391	201
Planning	6,586	98	7,438	98	6,137	97
Finance	18,773	278	21,212	283	15,294	261
Purchasing and Supply	3,346	100	3,781	102	3,562	101
Management and Administration	14,590	233	16,486	237	13,568	229
Total Operating Expenditures	50,891	931	57,500	946	45,952	889
Capital Expenditures	6,828		9,000		1,835	
Grants and Contributions	34		1,400		544	
Total Expenditures	57,753		67,900		48,331	
Revenue and Recoveries	6,815		8,700		7,702	
	50,938	931	59,200	946	40,629	889

Description and Resource Justification

The Direction and Administration Activity provides the Program-wide management, policy and administrative functions. It consists of the offices of the Canadian Air Transportation Administrator and the Regional Administrators, headquarters policy and liaison staff, and the headquarters and regional units that provide program-wide support in the following functional areas: planning, finance, personnel, purchasing and supply, and internal administrative services.

Capital Expenditures: The Air Administration is accelerating the construction of office accommodation to house the Quebec Region Air Administration headquarters in Montreal at a total estimated cost of $17 million. Spending of $6 million is budgeted during 1985-86 and includes minor expenditures for office furnishings and equipment.

Revenue: The major item is a recovery for management services ($6 million) provided to the Self-Supporting Airports. For further details, refer to Section III, A. 5. Program Revenues, Page 4-60.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 32 presents the Air Transportation program expenditures by object. This Figure includes expenditures made from the Self-Supporting Airports Revolving Fund, net of internal charges for air traffic control and management services (Figure 37, page 4-61).

Figure 32: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	467,691	459,553	417,595
Other Personnel Costs	87,932	86,623	85,989
	555,623	546,176	503,584
Goods and Services			
Transportation and Communications	65,635	60,939	48,632
Information	2,156	2,051	886
Professional and Special Services			
Security services	25,768	29,725	26,325
Meteorological services	7,788	7,401	4,647
Building cleaning services	13,993	15,506	13,785
Other	53,305	52,946	41,589
Rentals	8,117	7,695	6,303
Purchased repairs and upkeep	27,651	28,073	21,174
Electric power	17,657	18,888	17,485
Other utilities, materials and supplies	67,331	68,061	63,459
All other expenditures	29,508	31,799	26,812
	318,909	323,084	271,097
Total Operating Expenditures	874,532	869,260	774,681
Operating Revenues and Other Receipts			
Air Transportation Tax	278,024	227,500	207,619
Rentals and Concessions	173,399	137,200	136,195
Landing Fees	83,204	70,400	68,486
General Terminal Fees	46,927	40,500	38,843
Other Revenue and Receipts	40,581	29,946	15,941
Recoveries from other Government Depts.	15,157	13,654	14,278
Total Revenues and Recoveries	637,292	519,200	481,362
Net Operating Expenditures	237,240	350,060	293,319
Capital	490,771	490,400	255,296
Grants and Contributions	49,263	60,288	35,014
	777,274	900,748	583,629

2. Personnel Expenditures

The Air Program's personnel costs (including statutory contributions to employee benefit plans) account for 64% of the total operating expenditures.

Figure 33 below provides a breakdown of the authorized number of personnel by activity, and Figure 34 shows the authorized person-years and the annual salary provision by occupational category. It indicates the variety of human resources required to operate and maintain facilities and provide air transportation services.

Figure 33: Person-Years Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Airports and Associated Ground Services			
Self-Supporting Airports	1,948	2,657	2,533
Other Airports	2,985	2,427	2,274
	4,933	5,084	4,807
Air Navigational Services	5,890	5,964	5,782
Regulatory Services	807	923	941
Aircraft Services	511	513	488
Direction and Administration	931	946	889
	13,072	13,430	12,907

Figure 34: Authorized Person-Years and Salary Provision (Note)

	Authorized Person-Years			Current Salary Range		1985-86 Average Salary Provision
	85-86	84-85	83-84			
Management	131	126	98	50,350	96,300	63,727
Scientific & Professional						
Eng. & Land Survey	438	501	445	23,306	76,130	45,325
Architect & Town Planning	37	41	38	18,610	76,130	41,533
Economic & Statistics	28	28	26	14,570	65,080	45,746
Other	6	6	7	13,609	68,070	42,039
Administrative and Foreign Service						
Program Administration	600	615	607	13,912	57,987	38,743
Administrative Services	475	478	459	13,890	57,987	36,131
Financial Administration	105	110	108	13,853	57,980	38,472
Personnel Administration	76	77	84	13,330	63,870	38,912
Other	90	89	99	12,766	61,433	35,127
Technical						
ATC Qualified	2,232	2,245	2,245	14,776	62,449	46,637
ATC Trainees	-	68	202	14,072	15,576	-
Electronics	1,302	1,333	1,323	16,619	51,950	36,967
Radio Operators	908	908	929	14,411	43,863	29,270
Aircraft Operations	520	549	561	34,323	63,173	48,693
General Technical	390	413	381	12,635	55,682	30,068
Eng. & Scientific Support	306	353	325	14,041	50,866	37,260
Technical Inspection	201	223	185	12,635	57,691	38,269
Drafting & Illustration	94	123	116	15,557	40,310	30,152
Other	27	27	22	12,635	57,764	32,958
Administrative Support						
Clerical & Regulatory	1,240	1,239	1,200	12,932	31,743	21,431
Sec. Steno & Typing	410	411	401	12,636	31,946	20,881
Other	97	104	103	12,665	37,130	22,991
Operational						
General Labour & Trades	2,048	2,142	2,078	14,776	40,676	25,721
Firefighting	728	724	731	21,147	37,036	29,357
General Services	143	140	134	13,253	39,988	23,658
Heating and Power	121	126	129	18,242	35,598	26,624

Note The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

Figure 35 summarizes capital expenditures by major project and location. This figure identifies capital projects having a total estimated cost of $250,000 or more.

Figure 35: Capital Expenditures by Major Project and Location

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	**Estimates 1985-86**	Future Years Requirements
	(thousands of dollars)				
AIRPORTS AND ASSOCIATED GROUND SERVICES					
SELF-SUPPORTING AIRPORTS					
NOVA SCOTIA					
HALIFAX INTERNATIONAL AIRPORT					
Install air conditioning..	6,715	7,048	392	**5,193**	1,463
Rehabilitate main entrance road	307	284	117	**167**	-
Replace air terminal building curtain walls .	2,930	2,970	166	**1,444**	1,360
Replace cable tray 15 approach	-	388	-	**388**	-
Replace public furniture air terminal building ..	-	272	-	**272**	-
QUEBEC					
DORVAL NATIONAL AIRPORT					
Elaboration of Airport Master plan	-	731	448	**218**	65
MIRABEL INTERNATIONAL AIRPORT					
Repair hot water system ..	749	749	75	**674**	-
ONTARIO					
OTTAWA NATIONAL AIRPORT					
Apron improvements phase III	-	4,265	-	**4,265**	-
Terminal complex development and asbestos removal	48,600	48,600	25,079	**19,421**	4,100
Develop commercial industrial area	2,455	2,449	100	**2,349**	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
SELF-SUPPORTING AIRPORTS (Cont'd)					
ONTARIO (Cont'd)					
LESTER B. PEARSON INTERNATIONAL AIRPORT					
Project administration ...	12,486	12,766	12,566	200	-
Major repairs T1 apron ...	3,984	3,807	1,644	64	2,099
Asbestos removal administration building	2,520	2,664	204	1	2,459
Rebuild portions of T2 apron phase II	1,107	1,108	75	1,033	-
Modifications to international immigration area T2	831	827	68	759	-
Modifications to transborder sector	358	356	29	327	-
Repair taxiway K	-	593	-	593	-
Asbestos removal T1 departure level	1,798	1,968	-	1,925	43
Rebuild field electrical centres	2,249	2,145	-	2,145	-
MANITOBA					
WINNIPEG INTERNATIONAL AIRPORT					
Air Terminal Building modifications	31,882	32,348	3,638	10,046	18,664
Major Repairs to slab joints - apron 1	768	768	240	256	272
Rehabilitate apron 1	18,570	13,804	1,000	3,645	9,159
Replace outdoor regulator with indoor regulator ..	1,233	1,210	-	1,032	178
Restore taxi C3	265	265	-	265	-
ALBERTA					
CALGARY INTERNATIONAL AIRPORT					
Expand Canadian inspection services facility	7,924	7,923	5,210	2,713	-
Upgrade fire training site and roads	300	299	-	299	-
Phase II project planning team	961	718	581	137	-
Regulator and switch gear.	1,087	855	2	608	245

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
SELF-SUPPORTING AIRPORTS (Cont'd)					
ALBERTA (Cont'd)					
Repair storm water discharge control/general aviation areas	4,452	4,452	1,781	2,671	-
Repair storm drainage	2,516	1,938	23	8	1,907
Modifications to international finger	4,181	3,937	136	3,310	491
Combined Services Building development area	1,062	806	-	26	780
EDMONTON INTERNATIONAL AIRPORT					
Apron Expansion	7,932	7,933	3,503	4,430	-
Repair storm drainage	1,683	1,531	17	1	1,513
Sewer line improvements ..	3,920	1,127	-	41	1,086
BRITISH COLUMBIA					
VANCOUVER INTERNATIONAL AIRPORT					
Resurface runway 08-26 ...	5,346	5,346	458	4,888	-
Rebuild taxi 'N'	1,657	2,232	36	1	2,195
Airport contingency plan .	492	492	408	84	-
Replace fire training area	350	850	-	850	-
Install public elevators main concourse	560	489	-	489	-
Repairs to apron VI	-	283	-	283	-
Install fire suppression system	955	825	-	825	-
Environmental impact statement for parallel runway	458	1,478	124	1	1,353
Illumination of airfield signs	482	851	509	342	-
Repair Laing bridge	-	3,939	736	3,203	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
BULK PROCUREMENT					
Headquarters - Ottawa					
Spare parts program for Crash Fire and Rescue, sweepers and snow-blowers	285	285	190	95	-
Snowblowers	5,872	5,872	3,927	1,945	-
Runway sweepers	2,756	2,755	1,777	978	-
Crash, Fire and Rescue resources implementation plan	32,076	21,031	5,274	15,757	-
Air blower snow remover ..	190	255	235	20	-
Energy program retrofits .	-	4,975	995	995	2,985
National Integrated Marketing System	428	428	345	83	-
National Airport Site Management Information System (NASMIS).....	6,117	6,129	-	1,405	4,724
Power Improvement various sites	-	300	-	300	-
Emergency Power various sites	-	995	650	345	-
Interruptible power unit .	-	600	200	400	-
Consulting Assistance in Implementing AMMS	3,497	3,497	1,031	1,270	1,196
OTHER AIRPORTS					
NEWFOUNDLAND					
Gander -					
Rehabilitate electrical power distribution system	1,731	1,779	10	1,321	448
New maintenance garage	5,966	4,448	2,408	2,040	-
St. Anthony - Construct airport complex and associated facilities.	12,366	12,247	4,586	6,077	1,584
St. John's -					
Construct maintenance garage, firehall and sand storage building	5,766	5,765	2,714	3,051	-
Pave glide path areas and roads to site ...	-	742	-	742	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
OTHER AIRPORTS (Cont'd)					
NEWFOUNDLAND (Cont'd)					
Stephenville-					
Upgrade obstruction lights Indian Head approach runway 28 ..	942	654	-	654	-
Replace airfield lighting runways and taxiways	-	925	-	51	874
Wabush - Rehabilitate electrical system visual aids runway 01-19	1,802	1,522	41	1,356	125
PRINCE EDWARD ISLAND					
Charlottetown -					
New air terminal building	7,169	7,169	1,109	4,582	1,478
Construct parking lot and road system	3,466	3,466	772	2,694	-
NOVA SCOTIA					
Sydney - Modifications to air terminal building	420	420	-	420	-
Yarmouth -					
Construct new Air Terminal Building and combined services building	10,257	10,322	2,065	3,792	4,465
Upgrade field electrical centre	1,910	1,909	1,000	909	-
NEW BRUNSWICK					
Fredericton - Expand Air Terminal Building.	3,510	3,510	82	1	3,427
Moncton - Maintenance garage expansion/ modifications	664	813	-	77	736

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
OTHER AIRPORTS (Cont'd)					
QUEBEC					
Alma - Visual aids	339	311	11	300	-
Eastmain - Develop new airport	5,265	5,304	4,344	306	654
Fort Rupert - Develop new airport	4,996	4,998	1,700	2,512	786
Kuujjuaq - Construct multi-purpose building	1,401	1,403	-	1,403	-
Quebec - Construct new general aviation zone - Phase 1	1,573	1,573	150	1,423	-
Val D'Or - Redevelop airport	7,328	7,797	1,603	6,194	-
Wémindji - Develop new airport	6,109	6,163	3,365	1,336	1,462
ONTARIO					
London - Illuminate operational guidance signs	453	373	-	26	347
North Bay - Connect to city water system	-	1,337	840	497	-
Connect to city sewage system	-	975	390	585	-
Sault Ste. Marie - Upgrade electrical power system	549	564	28	536	-
Thunder Bay - Replace field electrical centre	1,297	1,252	377	875	-
Toronto Island - General aviation improvements	2,426	3,283	915	2,368	-
Improve and restore overall features	-	261	6	255	-
Windsor - Restore approach lighting runway 25	441	387	-	26	361

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
OTHER AIRPORTS (Cont'd)					
SASKATCHEWAN					
Regina - Air Terminal Building expansion ...	28,381	28,464	23,013	3,342	2,109
Saskatoon - Replace access road to hangar area	488	488	-	488	-
ALBERTA					
Grande Prairie - Air terminal building	3,278	3,278	1,141	48	2,089
Lethbridge -					
Air Terminal building.	2,005	2,478	730	39	1,709
Firehall	955	934	35	899	-
Maintenance garage and workshop	1,910	1,903	53	4	1,846
BRITISH COLUMBIA					
Castlegar - Expand Air Terminal building	6,685	6,675	124	1	6,550
Fort Nelson -					
Air Terminal Building expansion	9,762	7,440	887	5,060	1,493
Overlay runway 03-21 .	1,416	1,417	39	1,378	-
Fort St. John - Air Terminal Building expansion	17,976	12,160	813	4,763	6,584
Terrace - Overlay taxi "A" and apron 1	652	652	-	652	-
Victoria - Expansion of air terminal building .	11,883	12,048	2,605	5,875	3,568
NORTHWEST TERRITORIES					
Baker Lake -					
Runway overlay	1,456	1,456	176	1,280	-
New equipment maintenance garage	2,900	2,993	-	134	2,859
Coral Harbour - Regravel runway 15-33.	2,456	2,456	447	1,488	521
Fort Liard - Develop airport to Arctic (C) standard	2,114	2,144	1,568	168	408

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
OTHER AIRPORTS (Cont'd)					
NORTHWEST TERRITORIES (Cont'd)					
Fort Smith - Field electrical centre and interruptible power unit upgrading	1,057	1,039	-	1,039	-
Nanisivik - Rehabilitate Runway 11-29	3,977	3,887	181	1,404	2,302
Spence Bay - Aircraft refuelling facilities.	-	435	-	435	-
Tuktoyaktuk - Apply crushed gravel	-	745	612	65	68
Yellowknife - Air Terminal Building.	8,596	8,363	293	3,821	4,249
Water distribution system	1,653	1,625	-	1,625	-
YUKON					
Watson Lake - New power house and interruptable power unit ..	942	887	52	835	-
Whitehorse - Air Terminal Building	15,069	13,705	6,597	4,834	2,274
Faro - Hazard beacon ...	286	261	20	241	-
AIR NAVIGATIONAL SERVICES					
Headquarters - Ottawa - Bulk Procurement:					
High Power (500W) Radio Beacons	654	654	419	123	112
Low Power (25W) Radio Beacons	263	263	117	146	-
Modular Aeronautical Communications Switch ..	47,636	47,765	-	4,829	42,936
Very High Frequency Direction Finder Navigational Aids	-	274	214	60	-
Very High Frequency transmitters receivers & multicouplers	1,321	1,321	1,164	157	-
Replacement of tube type Instrument Landing System	1,011	1,011	1,004	7	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
AIR NAVIGATIONAL SERVICES (Cont'd)					
CATA Emergency Planning Program - CATA policy for emergencies	750	750	-	275	475
Communications equipment for Flight Service Station	5,416	5,416	-	404	5,012
Microwave Landing System research and development	346	346	308	38	-
Aircraft Noise Monitoring System	-	925	677	180	68
Low Power (25W) Radio Beacons	795	796	596	200	-
Multi-Channel Magnetic Recording	1,537	1,538	870	186	482
Very High Frequency Transceiver Procurement..	-	994	839	155	-
Aviation Communication Propagation Study	477	477	225	252	-
Joint Enroute Terminal System	29,244	29,244	29,150	94	-
Self-Contained Aircraft Position Fixing Equipment	6,504	6,080	2,701	2,500	879
Provision of French equipment manuals	2,748	2,748	1,710	341	697
Telecom Duty Manager workstation enhancements ...	857	857	266	454	137
Radar Automation Modernization Program (RAMP)	810,504	810,504	47,539	88,700	674,265
Aeronautical communications flight inspection.	-	947	-	258	689
Satellite and other long range communications techniques to civil aviation	-	416	-	53	363
Replacement of tube type instrument Landing System Program	5,200	5,200	4,463	115	622
High Power (500W) Radio Beacons	1,690	1,690	1,542	148	-
Develop new flight inspection system and retrofit 5 King Air 100 Aircraft .	3,230	3,230	3,138	92	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
AIR NAVIGATIONAL SERVICES (Cont'd)					
Instrument Landing Equipment	3,778	3,779	3,698	81	-
Very High Frequency Direction Finder Navigational Aids.....	2,819	2,819	420	804	1,595
Microwave Landing System .	-	302,460	-	2,761	299,699
Very High Frequency Omni-directional Range/ Distance Measuring Equipment Systems.....	9,669	9,669	6,918	751	2,000
Very High Frequency transmitters, receivers and multicouplers	10,305	10,305	6,482	1,901	1,922
Airport Surface Detection Equipment Phase II	13,530	13,530	6,556	5,000	1,974
National Flight Data Processing	7,724	7,724	6,190	315	1,219
Improve Aviation Weather Services in Yukon & Northwest Territories ..	1,582	1,582	875	359	348
Costs associated with Tactical Air Navigation Aid (TACAN) Replacement Program	4,210	4,131	30	971	3,130
Pilot Terminal replacement Air Traffic Services Research and Experimentation Centre	798	798	160	480	158
Development of Precision Distance Measuring Equipment	450	450	50	225	175
Very High Frequency Omni-Test Equipment	-	895	50	500	345
Transmissometer retrofit .	-	1,507	269	800	438

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
AIR NAVIGATIONAL SERVICES (Cont'd)					
NEWFOUNDLAND					
Deer Lake - Relocate localizer runway 25	-	358	-	358	-
Gander -					
Upgrade and automate Flight Service Station operations	3,382	3,382	1,695	1,332	355
Modifications to the Gander Automated Air Traffic System	-	334	162	172	-
Relocate Flight Service Station to Area Control Centre Building	2,019	2,097	428	1,669	-
Renovate transmitter building	-	518	-	518	-
NEW BRUNSWICK					
Moncton Regional Office - Installation of Instrument Landing System at various sites	321	394	202	192	-
QUEBEC					
Québec - Bulk procurement of Distance Measuring Equipment	-	256	225	31	-
Natashquan - Install Very High Frequency Omni-Directional Range/ Distance Measuring Equipment	727	974	-	550	424
ONTARIO					
Attawapiskat - Install Automated Weather Observation Reporting Equipment	153	393	1	1	391
Bearskin Lake - Installation of Non-Directional Beacons	652	663	1	651	11

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
AIR NAVIGATIONAL SERVICES (Cont'd)					
ONTARIO (Cont'd)					
Carp - Install Non-Directional Beacons	256	282	44	40	198
Cat Lake - Establish Non-Directional Beacons	-	440	-	1	439
Chapleau - Installation of Very High Frequency Omni-directional Range/ Distance Measuring Equipment	1,621	2,271	1	1	2,269
Cochrane - Installation of Non-Directional Beacon .	322	365	1	79	285
Geraldton - Installation of Very High Frequency Omni-directional Range/ Distance Measuring Equipment	-	1,175	1,173	2	-
Hamilton - New Control Tower	5,332	5,640	241	3,312	2,087
Hearst - Installation of Very High Frequency Omni-directional Range/ Distance Measuring Equipment	-	1,166	1,164	2	-
Installation of Non-Directional Beacon.	351	395	1	81	313
Hornepayne - Install Non-Directional Beacons	241	300	164	136	-
Kapuskasing - Installation of Very High Frequency Omni-directional Range/ Distance Measuring Equipment .....,	843	1,207	1	1	1,205
Kasabonika Lake - Install Non-Directional Beacons.	-	405	-	1	404
Kleinburg - Purchase easements for Very High Omni-Directional Range Sites	-	357	-	357	-
Lansdowne House - Install Automated Weather Observation Reporting System.	151	410	1	1	408

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
AIR NAVIGATIONAL SERVICES (Cont'd)					
ONTARIO (Cont'd)					
London - Replace tube type Instrument Landing System	385	519	260	259	-
Manitouwadge - Installation of Non-Directional Beacon	602	645	1	96	548
North Bay - Installation of Instrument Landing System on runway 08	1,541	1,547	395	1,152	-
Ottawa - Replace very high omni-directional range equipment	-	369	-	68	301
Sarnia - Install partial instrument landing system	928	1,172	-	450	722
Toronto -					
Control Tower Reconfiguration	3,348	3,127	2,777	350	-
Installation of and Evaluate Teledon Videotex System	983	999	680	319	-
Update peripheral communication control	-	455	324	5	126
Amend registered zoning 06R-24L	-	308	-	308	-
Area Control Centre Reconfiguration	385	385	118	127	140
Replacement of Regional Air Traffic Simulators Communication Equipment	488	529	100	429	-
Replacement of Instrument Landing System Runway 06L	988	1,267	343	924	-
Relocate Flight Service Station	1,488	1,752	553	1,199	-
Thunder Bay - Air Control Tower	-	2,664	-	2,664	-
Trenton - Installation of Very High Frequency Omni-directional Range/ Distance Measuring Equipment	383	627	478	149	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
AIR NAVIGATIONAL SERVICES (Cont'd)					
ONTARIO (Cont'd)					
Wiarton - Replace tube type Instrument Landing System	96	576	-	88	488
Winisk - Install Automated Weather Observation Reporting System	151	410	1	1	408
MANITOBA					
Winnipeg - Establish new area control centre	30,326	31,037	5,831	13,993	11,213
The Pas - Installation of Very High Frequency Omni-Directional Range Equipment	257	541	-	214	327
Dauphin - Installation of Very High Frequency Omni-Directional Range Equipment	257	464	-	146	318
Jackhead Harbour - Installation of Very High Omni-Directional Range/ Distance Measuring Equipment	501	973	-	501	472
SASKATCHEWAN					
Key Lake - Installation of Very High Omni-Directional Range/ Distance Measuring Equipment	3,831	991	-	502	489
ALBERTA					
Calgary - Air Operations Building Control Tower .	15,708	16,337	528	675	15,134
Edmonton - Consolidation of Communications Facilities and Availability improvement	-	409	-	19	390
Computerized Interconnection System	-	342	-	342	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
AIR NAVIGATIONAL SERVICES (Cont'd)					
ALBERTA (Cont'd)					
Fort McMurray - Upgrade Instrument Landing Systems	178	443	-	178	265
Lethbridge - Replacement of Air Traffic Control Tower	2,381	2,462	46	1	2,415
Rocky Mountain House - Conversion of Very High Frequency Omni-Range to Doppler Very High Frequency Omni-Range	419	837	-	41	796
Empress - Replacement of Tube Type Instrument Landing System	129	429	-	18	411
BRITISH COLUMBIA					
Port Hardy - Replace Instrument Landing System	196	603	407	196	-
Princeton - Replace Very High Omni-Directional Range Equipment	188	451	255	155	41
Prince George - Replace Very High Omni-Directional Range/Distance Measuring Equipment	249	755	-	128	627
NORTHWEST TERRITORIES					
Fort Smith - Installation of Very High Frequency Omnidirectional Range/Distance Measuring Equipment	449	865	378	70	417
Yellowknife - Communications/Non-Directional Beacon site consolidation	338	585	-	585	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
		(thousands of dollars)			
REGULATORY SERVICES					
HEADQUARTERS					
Computerized airworthiness information system	365	365	-	177	188
AIRCRAFT SERVICES					
HEADQUARTERS					
Flight inspection fleet replacement	57,680	57,680	44,091	13,589	-
NEW BRUNSWICK					
Moncton - Construct new flight service operations base	-	7,798	235	1	7,562
SPECIAL GOVERNMENT CAPITAL PROJECTS					
SELF-SUPPORTING AIRPORTS					
QUEBEC					
DORVAL NATIONAL AIRPORT					
Building alterations to meet Dominion Fire Commission standards	1,550	1,548	1,398	150	-
Construct multi-level parking lot	16,530	16,980	12,210	4,770	-
Landscaping and signage	900	825	475	350	-
Repair access route	1,425	1,500	1,103	397	-
Replace groundside lighting.	-	650	452	198	-
Strengthen apron	5,325	5,075	3,075	2,000	-
OTHER AIRPORTS					
QUEBEC					
Frobisher Bay - Construct airport complex and associated facilities	6,035	6,534	2,611	3,923	-

Figure 35: Capital Expenditures by Major Project and Location (Cont'd)

Projects by Activities	Previously Estimated Total Cost	Currently Estimated Total Cost	Forecast Expenditures to March 31, 1985	Estimates 1985-86	Future Years Requirements
	(thousands of dollars)				
OTHER AIRPORTS (Cont'd)					
ONTARIO					
Hamilton - Airport expansion including firehall	48,762	34,732	23,014	9,922	1,796
Sault Ste Marie - Expand Air Terminal Building.	9,477	7,041	4,654	2,387	-
Thunder Bay - Commercial development area	3,147	4,745	3,773	972	-
ALBERTA					
Fort McMurray - Air Terminal Building expansion	19,331	19,075	15,462	3,613	-
NORTHWEST TERRITORIES					
Inuvik - Air Terminal Building expansion ...	8,905	8,905	5,853	3,052	-
AIR NAVIGATIONAL SERVICES					
HEADQUARTERS					
Instrument landing system analyzer	-	2,350	1,583	767	-
Solid state very high frequency transmitters and receivers for air-ground communications.	8,985	9,415	6,050	2,414	951
Replacement of Tube Type Instrument landing system	-	12,469	6,998	5,471	-
AIRCRAFT SERVICES					
HEADQUARTERS					
Purchase ice reconnaissance aircraft	-	46,228	28,005	16,723	1,500
Purchase twenty Canadair CL-215 water bombers .	173,795	144,670	54,697	59,946	30,027
DIRECTION AND ADMINISTRATION					
QUEBEC					
Regional Office - Construction office building	16,513	16,513	8,291	5,964	2,258

4. Transfer Payments

Figure 36 presents a summary of all grants and contributions made by the Program.

Figure 36: Details of Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Royal Canadian Flying Clubs Association	25	25	25
Roger Demers Trust Fund	-	5	-
	25	30	25
Contributions			
Air Cadet League of Canada for Cadet Training Scholarship	25	25	24
Contributions toward the operation of air services	121	397	449
Payments to other government or international agencies for the operation and maintenance of airports, air navigation and airways facilities	636	100	68
Contribution for the operation of municipal or other airports	16,967	19,642	15,807
Contribution to assist in the establishment of, or improvements to, municipal, local, local commercial, or other airports and related facilities	30,767	37,131	14,742
Contribution to CEGEP Saint-Jean-sur-Richelieu for air traffic controller training program	667	949	365
Contribution to flying clubs, schools and instructors	55	55	69
Contribution towards the operation of Toronto Island Airport	-	-	655
Special Employment Intensive Program	-	1,959	2,740
Federal Summer Employment Opportunities Program	-	-	70
	49,238	60,258	34,989
	49,263	60,288	35,014

5. Program Revenues

Description of Revenue Sources

Over 95% of Program revenues come from the air transportation tax, rentals, concessions, and the fees charged for airport services (Figure 37 next page).

Air Transportation Tax: This tax is paid by the passenger at the time a ticket is purchased and is applicable to most commercial airline traffic. Revenue Canada Customs and Excise collects this tax and transfers the funds to the Program. The air navigational services activity receives an allocation of 14% of the revenue from the tax. This allocation is intended as a contribution towards the recovery of the costs of domestic enroute air traffic services. The other 86% is allocated to individual airports based on the number of passengers taking off and landing at each airport in relation to the total numbers taking off and landing in Canada. The methodology for allocating tax revenue between airports and domestic enroute facilities, and among individual airports, is currently under review.

Rentals and Concessions: These revenues come mainly from the rental or lease of terminal building space and related facilities such as parking lots. There are two main types of leasing arrangements: (1) where the arrangement includes a charge based on a percentage of the sales made in the space leased (usually applies to operators of retail services such as car rentals, restaurants, shops and parking lots). (2) a fixed charge per square metre of space occupied. The most significant source of revenue is from the rental of space to airlines for ticket counters and offices.

Landing Fees: Landing fees, assessed on the basis of aircraft weight, also vary with the origin of the flight and the type of airport and aircraft used. The highest fee is for trans-Atlantic flights made by jet aircraft landing at one of the airports in the Self-Supporting Airports Revolving Fund. The lowest fee applies to a domestic flight made by turboprop aircraft landing at an airport located in northern Canada.

General Terminal Fees: These fees, applicable only at 23 major airports, are levied when an aircraft makes use of an air terminal building for processing passengers. The fee is based on the seating capacity of the aircraft. The rate for international flights is higher than for domestic flights due to the need to provide more space for services such as customs and immigration clearance.

Other Revenue:

Other Nationally-Established Airport Fees: The other nationally established airport fees include the fuel concession fee and the passenger security fee. The fuel concession fee, the largest revenue producer of the fees in this category, is set at a fixed rate per litre

of fuel pumped and is payable by the concessionaire operating the service.

Miscellaneous - Airports Activities: These range from recoveries for electricity and heat used by tenants to loading bridge, snow removal and garbage disposal fees.

Figure 37: Summary of Estimated 1985-86 Revenue, Recoveries and Other Receipts by Source and Activity ($000)

	1985-86 Estimates							
	Self-Supporting Airports	Other Airports	Air Navigational Services	Regulatory Services	Aircraft Services	Direction & Administration	Total	1984-85 Forecast Total
Revenue								
Air Transportation Tax	181,383	56,596	40,045	-	-	-	**278,024**	227,500
Rentals and Concessions	145,444	26,504	761	6	8	676	**173,399**	137,200
Landing fees	70,734	12,470	-	-	-	-	**83,204**	70,400
General terminal fees	42,755	4,172	-	-	-	-	**46,927**	40,500
Other Revenue	19,354	5,938	13,452	816	1,002	19	**40,581**	29,946
Total Revenue	459,670	105,680	54,258	822	1,010	695	**622,135**	505,546
Recoveries from:								
Self-Supporting Airports								
Air traffic control charge	-	-	52,676	-	-	-	**52,676**	84,622
Management services charge	-	37,598	-	-	-	6,120	**43,718**	57,618
	-	37,598	52,676	-	-	6,120	**96,394**	142,240
Marine Transportation Program Coast Guard helicopters and telecommunication services	-	-	963	-	12,711	-	**13,674**	11,878
Environmental Services Program Weather Services	117	539	827	-	-	-	**1,483**	1,776
Total Recoveries	117	38,137	54,466	-	12,711	6,120	**111,551**	155,894
Total Revenue and Recoveries	459,787	143,817	108,724	822	13,721	6,815	**733,686**	661,440

Miscellaneous - Other Activities: Air Navigational Services also receives revenue from air traffic services to international flights passing through the north Atlantic and polar air routes, and from the use of the activity's telecommunication facilities. These two types of revenue are expected to amount to $13.1 million in 1985-86. The principal sources of revenue in the regulatory activity are fees such as pilots' licence fees.

Assumptions Used to Project 1985-86 Revenue

Increases due to traffic changes are related to forecasts of the number of take-offs and landings (landing and general terminal fees) and to forecasts of the number of passengers (the air transportation tax and most concession fees). Projected rate increases are subject to consultation with the aviation industry. Price level changes affect the amount of revenue collected from concessions, because such fees are generally based on a percentage of the concessionaire's sales, subject to a minimum guarantee.

Description of Recoveries

The Air Transportation Program also charges certain government users for the services they receive. These charges are referred to as recoveries. A description of the largest two follows.

Air Traffic Control Charge: The Air Navigational Services Activity includes all air traffic services, of which, a significant portion relate to control in the immediate vicinity of self-supporting airports. The Activity therefore charges the Fund for these services. The charge is based on the costs of air traffic control towers and other air navigation facilities at an airport, as well as an allocation of a part of the costs of off-airport facilities, such as area control centres, which provide essential navigational services to aircraft approching and departing from the airport.

Management Services Charge: The Self-supporting Airports also receive management and functional services, the latter including expertise in emergency and security services, maintenance and construction of facilities, personnel, finance, planning and administration. The charge for these services is 30% of the direct personnel and other operating costs incurred by the self-supporting airports. The Other Airports are credited with 86% of this charge. The balance is credited to the Direction and Administration activity.

B. Self-Supporting Airports Revolving Fund

1. Financial Summary by Airport

The self-supporting group of airports operates using commercially oriented accounting practices. The financial summaries presented in this sub- section show the profit or loss by individual airport and by category of airport (Figures 38 to 40).

Figure 38: Self-Supporting Airports Revolving Fund Financial Summary by Airport - 1985-86 Estimates ($000)

Airport	Operating Results			Capital Expenditures
	Revenue	Expenses	Profit (Loss)	
Halifax	7,890	16,736	(8,846)	7,464
Montreal/Dorval	36,476	43,685	(7,209)	7,416
Montreal/Mirabel	22,601	61,253	(38,652)	674
Toronto/Lester B. Pearson	95,433	81,425	14,008	7,047
Ottawa	12,203	19,740	(7,537)	26,035
Winnipeg	13,545	21,102	(7,557)	19,240
Calgary	30,106	34,832	(4,726)	9,772
Edmonton	15,793	19,604	(3,811)	4,472
Vancouver	44,357	38,890	5,467	10,966
Air Transportation Tax*	181,383	-	181,383	-
Total	459,787	337,267	122,520	93,086

*Note: Methodology for allocating Air Transportation Tax is currently under review, see page 4-60.

Figure 39: Self-Supporting Airports Revolving Fund Financial Summary by Airport - 1984-85 Forecast ($000)

Airport	Operating Results			Capital Expenditures
	Revenue	Expenses	Profit (Loss)	
Self-Supporting Airports				
Halifax	12,095	17,480	(5,385)	1,681
Montreal/Dorval	50,722	43,500	7,222	20,197
Montreal/Mirabel	23,870	59,700	(35,830)	2,470
Toronto/Lester B. Pearson	130,478	81,138	49,340	15,588
Ottawa	16,009	19,444	(3,435)	20,119
Winnipeg	17,876	22,709	(4,833)	5,268
Calgary	40,269	33,803	6,466	10,058
Edmonton	21,180	21,368	(188)	2,835
Vancouver	60,299	38,859	21,440	6,866
	372,798	338,001	34,797	85,082
Airports Transferred to Other Airports as of April 1, 1985				
Gander	2,463	14,109	(11,646)	3,010
Charlottetown	982	3,960	(2,978)	4,106
Fredericton	1,336	4,288	(2,952)	1,073
Moncton	1,579	7,504	(5,925)	1,133
Saint John	1,500	4,846	(3,346)	3,231
St. John's	3,685	8,034	(4,349)	4,346
Sydney	1,185	4,332	(3,147)	614
Quebec	4,718	10,693	(5,975)	1,612
London	1,810	5,144	(3,334)	2,486
Windsor	1,853	4,323	(2,470)	3,050
Regina	4,384	9,182	(4,798)	18,306
Saskatoon	4,426	7,134	(2,708)	1,467
Thunder Bay	2,972	5,793	(2,821)	5,405
Victoria	4,309	6,238	(1,929)	5,479
	37,202	95,580	(58,378)	55,318
Total	410,000	433,581	(23,581)	140,400

Figure 40: Self-Supporting Airports Revolving Fund Financial Summary by Airport - 1983-84 Actual ($000)

Airport	Operating Results			Capital Expenditures
	Revenue	Expenses	Profit (Loss)	
Self-Supporting Airports				
Halifax	11,605	15,341	(3,736)	5,034
Montreal/Dorval	48,542	41,229	7,313	6,114
Montreal/Mirabel	22,835	54,569	(31,734)	1,590
Toronto/Lester B. Pearson	124,693	76,159	48,534	15,008
Ottawa	15,326	18,198	(2,872)	7,554
Winnipeg	17,152	20,443	(3,291)	2,610
Calgary	38,606	31,014	7,592	2,171
Edmonton	20,317	18,527	1,790	4,179
Vancouver	57,529	36,465	21,064	4,876
	356,605	311,945	44,660	49,136
Airports Transferred to Other Airports as of April 1, 1985				
Gander	2,382	12,296	(9,914)	1,801
Charlottetown	949	3,233	(2,284)	6,855
Fredericton	1,284	4,049	(2,765)	1,146
Moncton	1,520	7,065	(5,545)	2,862
Saint John	1,445	4,307	(2,862)	2,014
St. John's	3,552	7,375	(3,823)	3,080
Sydney	1,144	3,946	(2,802)	2,278
Quebec	4,524	9,178	(4,654)	4,767
London	1,741	4,619	(2,878)	983
Windsor	1,779	3,723	(1,944)	590
Regina	4,212	6,334	(2,122)	9,337
Saskatoon	4,259	6,173	(1,914)	1,532
Thunder Bay	2,896	5,193	(2,297)	659
Victoria	4,134	5,440	(1,306)	850
	35,821	82,931	(47,110)	38,754
Total	392,426	394,876	(2,450)	87,890

2. Projected Use of Authority

The Fund operates under the continuing authority of the Adjustment of Accounts Act (S.C. 1980, c.17):

	($000)
Anticipated Unused Authority as of April 1, 1985 . .	NIL
1985-86 Main Estimates (net cash required)	(94,390)
Anticipated Unused Authority as of April 1, 1986 . .	94,390

C. Investment in Fixed Assets

Figure 41 presents a summary of the Program's investment in fixed assets at March 31, 1984 at replacement value.

Figure 41: Air Transportation Program Fixed Assets Excluding Land at March 31, 1984 ($000)

	Replacement Value
Buildings	2,555,000
Support facilities and structures	5,056,000
Vehicles, furniture and equipment	251,000
Navigational and telecommunications equipment	2,310,000
Aircraft	289,000
Other assets	17,000
	10,478,000

Investment in fixed assets is shown at replacement value reflecting the cost of replacing current assets at 1984 dollars. Most of the investment in support facilities and structures consists of runways, taxiways and other airside surfaces at airports, and roads, bridges, ramps and parking areas. It also includes sewage and drainage, power and light, and heating and refrigeration systems. Other assets consist of developmental costs (including land acquisition costs) for expansion of facilities, the construction of which has not yet started plus miscellaneous other assets.

D. Cost Analysis

The Program's 1985-86 Estimates include all the revenues and most, but not all, of the expenditures that must be taken into account when the net operating cost is determined. Figure 42 provides an estimate of the net cost to operate the Program for 1985-86. It includes the following adjustments to its net financial requirements (Figure 1):

- the removal of capital expenditures; and
- the inclusion of services provided without charge by Public Works, Supply and Services, Treasury Board and other departments.
- the inclusion of the cost of accommodation provided without charge by this department.

Figure 42: Estimated Net Operating Cost of Program by Activity for 1985-86 ($000)

	1985-86					1984-85
	Operating Expenditures	Add Other Costs	Total Costs	Deduct Revenue	**Net Cost**	Forecast Net Cost
Airports & Associated Ground Services						
Self-Supporting Airports	279,509		279,509	459,787	**(180,278)**	(39,000)
Other Airports	189,182		189,182	143,817	**45,365**	44,160
	468,691		468,691	603,604	**(134,913)**	5,160
Air Navigation Services	353,103		353,103	108,724	**244,379**	212,100
Regulatory Services	51,309		51,309	822	**50,487**	51,715
Aircraft Services	46,932		46,932	13,721	**33,211**	32,285
Direction and Administration	50,891	78,047	128,938	6,815	**122,123**	128,927
	970,926	78,047	1,048,973	733,686	**315,287**	430,187

This Figure makes no provision for certain other adjustments that should be made to arrive at an estimate of the Program's net cost. These adjustments are:

- an allowance for depreciation;
- inclusion of the effect of increases or decreases in accounts receivable and inventories; and
- certain accrued expenses.

The 1985-86 allowance for depreciation for the Program as a whole would amount to $58 million (1984-85 $63 million). However, records are not detailed enough to provide a breakdown by Activity. Information about inventories and accounts receivable, other than for Self-Supporting Airports, is not available.

Figure 43: Services Provided Without Charge to the Air Transportation Program ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
By This Department			
Accommodation provided to the Air Transportation Program	54,185	53,840	50,709
By Other Departments			
Accommodation provided by the Department of Public Works	13,869	14,524	13,833
Accounting and cheque issue services provided by the Department of Supply and Services	1,293	2,486	2,378
Contributions to Canada and Quebec Pension Plan Accounts provided by Treasury Board	7,475	8,052	6,638
Employee Compensation Payment provided by the Department of Labour	1,225	1,225	876
Total services provided by other Departments	23,862	26,287	23,725
Total services provided to the Air Transportation Program	78,047	80,127	74,434

Surface Transportation Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested to spend $1,002,269,000 to operate the Surface Transportation Program during the 1985-86 fiscal year. Existing statutes authorize the expenditure of an additional $4,076,000.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985–86 Main Estimates	1984–85 Main Estimates
	Surface Transportation Program		
75	Operating expenditures	27,036	27,386
80	Grants and contributions	241,622	310,877
85	Payments to CN Marine Inc. and Canadian National Railway Company	132,911	164,707
90	Payments to VIA Rail Canada Inc.	600,700	679,400
(S)	Termination of tolls – Victoria Bridge	2,500	2,390
(S)	Contributions to employee benefit plans	1,576	1,498
	Appropriations not required		
–	Payments to Canadian National Railway Company and CN Marine Inc. for benefits provided to employees	.....	2,000
–	Payments for testing and evaluation of railways in Newfoundland	.....	2,000
	Total budgetary	1,006,345	1,190,258
	Non budgetary appropriation not required		
–	Payment for the acquisition of no par value stock of the Canadian National Railway Company of Canada	.....	13,226
	Total Program	*1,006,345*	*1,203,484*

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985–86 Main Estimates
	Surface Transportation Program	
75	Surface Transportation – Operating expenditures	27,036,000
80	Surface Transportation – The grants listed in the Estimates and contributions including: (a) payments to cover commitments made or approved prior to September 1, 1977 pursuant to Parts I and II of the Railway Relocation and Crossing Act and authority to make payments in accordance with terms and conditions approved by the Governor in Council under a program for urban transportation assistance, and pursuant to Parts I and II of the Railway Relocation and Crossing Act; (b) payments for purposes described in paragraphs 20(1)(a) and (b) and Subsection 20(6) of the Railway Relocation and Crossing Act, in respect of the construction, reconstruction and improvement of grade separations where recommended by the Canadian Transport Commission on or after September 1, 1977; and (c) payments to supplement pension allowances under the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1985 $50 per month instead of $20 per month as fixed by the said Act	241,622,000
85	Payments to CN Marine Inc. and Canadian National Railway Company pursuant to contracts with Her Majesty: (a) for the operation of the following subsidized water transportation services: Newfoundland ferries and terminals; Newfoundland coastal service and terminals; Prince Edward Island ferries and terminals; Yarmouth, N.S. – The New England States, U.S.A. ferries and terminals; Digby – Saint John ferries and terminals, and (b) to pay the cost of rail/water and narrow gauge/standard interface, ferries and terminals	132,911,000
90	Payments to VIA Rail Canada Inc. in respect of the costs of the management of the Company, payments for capital purposes and payments for the provision of rail passenger services in Canada in accordance with contracts entered into pursuant to subparagraph (c)(i) of Transport Vote 52d, Appropriation Act No. 1, 1977, and payments to a railway company for the prescribed portion of the costs incurred by the Company for the provision of income maintenance benefits, layoff benefits, relocation expenses, early retirement benefits, severance benefits and other benefits to its employees where such costs are incurred as a result of the implementation of the provisions of the contract or discontinuance of a rail passenger service pursuant to subparagraph (c)(ii) of Transport Vote 52d, Appropriation Act No. 1, 1977	600,700,000

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Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985–86 Main Estimates					1984–85 Main Estimates
	Authorized person-years	Budgetary			Total	
		Operating	Capital	Transfer payments		
Urban Transport	2	1,044	.....	15,945	16,989	16,690
Road Safety and Motor Vehicle Regulation	136	12,147	1,972	247	14,366	13,932
Highway Transport	20	2,398	.....	59,544	61,942	64,452
Water Transport	26	135,103	461	30,581	166,145	211,493
Rail Freight Transport	31	3,332	.....	123,205	126,537	194,326
Rail Passenger Transport	25	602,756	.....	8,000	610,756	693,318
Direction and Administration	48	2,975	35	6,600	9,610	9,273
	288	759,755	2,468	244,122	1,006,345	1,203,484

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Total Use
Budgetary	$	$	$
Vote 60 - Surface Transportation-Operating expenditures	24,611,000	30,369,758	25,273,608
Vote 65 - Surface Transportation-The grants listed in the Estimates and contributions including: (a) payments to cover commitments made or approved prior to September 1, 1977 pursuant to Parts I and II of the Railway Relocation and Crossing Act and authority to make payments in accordance with terms and conditions approved by the Governor in Council under a program for urban transportation assistance, and pursuant to Parts I and II of the Railway Relocation and Crossing Act; (b) payments for purposes described in paragraphs 20(1)(a) and (b) and subsection 20(6) of the Railway Relocation and Crossing Act, in respect of the construction, reconstruction and improvement of grade separations where recommended by the Canadian Transport Commission on or after September 1, 1977; and (c) payments to supplement pension allowances under the Intercolonial and Prince Edward Island Railway Employees Provident Fund Act so as to make the minimum allowance payable in the calendar year 1983 $50 per month instead of $20 per month as fixed by the said Act ..... (Words as previously provided in Appropriation Act No. 2, 1982-83)	248,955,000	568,336,658	543,057,828
Vote 70 - Payments to CN Marine Inc. and Canadian National Railway Company pursuant to contracts with Her Majesty: (a) for the operation of the following subsidized water transportation services: Newfoundland ferries and terminals; Newfoundland coastal service and terminals; Prince Edward Island ferries and terminals; Yarmouth, N.S. - The New England States, U.S.A. ferries and terminals; Digby - Saint John ferries and terminals, and (b) to pay the cost of rail/water and narrow gauge/standard gauge interface, ferries and terminals ..... (As previously provided in Appropriation Act No. 2, 1982-83)	158,864,000	158,673,405	156,611,996
Vote 75 - Payments to the Northern Transportation Company Limited pursuant to contracts with Her Majesty for water transportation services in respect of the Keewatin Resupply operation	650,000	1,160,000	643,435

Extracts from Volume II of the Public Accounts

Use of Appropriations for 1983-84 (Cont'd)

	Main Estimates	Total Appropriations	Total Use
Budgetary	$	$	$
Vote 80 - Payments to VIA Rail Canada Inc. in respect of the costs of the management of the Company, payments for capital purposes and payments for the provision of rail passenger services in Canada in accordance with contracts entered into pursuant to subparagraph (c)(i) of Transport Vote 52d, Appropriation Act No. 1, 1977, and payments to a railway company for the prescribed portion of the costs incurred by the Company for the provision of income maintenance benefits, layoff benefits, relocation expenses, early retirement benefits, severance benefits and other benefits to its employees where such costs are incurred as a result of the implementation of the provisions of the contract or discontinuance of a rail passenger service pursuant to subparagraph (c)(ii) of Transport Vote 52d, Appropriation Act No. 1, 1977 ..... (As previously provided in Appropriation Act No. 2, 1982-83)	755,400,000	763,979,115	611,112,965
Vote 85 - Payments to reimburse, in accordance with regulations prescribed by the Governor in Council, Canadian National Railway Company and CN Marine Inc., for the prescribed portion of the costs incurred by them for benefits provided to their adversely affected employees in respect of changes of a permanent nature arising from the rationalization of railway operations provided by the Terra Transport Division of Canadian National Railway Company, in Newfoundland and implemented in accordance with government approved plans for the provision of Newfoundland transportation services ..... (As previously provided in Appropriation Act No. 2, 1982-83)	2,000,000	2,000,000	958,287
Vote 90 - Payments to the Canadian National Railway Company (CNR) in accordance with terms and conditions approved by Treasury Board to conduct a program of testing and evaluation of railway operations in Newfoundland consistent with the objectives of the Government of Canada and the with principles of the National Transportation Act and to reimburse CN, from the program, for wage and wage-related costs incurred by CN at the request of the Minister during the testing and evaluation period ..... (As previously provided in Appropriation Act No. 2, 1982-83)	21,000,000	21,000,000	12,810,426
Statutory - Payments to the Canadian Railway Company in respect of the termination of the collection of tolls on the Victoria Bridge, Montreal.	2,200,000	1,659,218	1,659,218
Statutory - Contributions to Employee Benefit Plans	1,404,000	1,563,000	1,563,000
Statutory - Total authorized limit in accordance with Section 73 (2) of the Western Grain Transportation Act	-	177,000,000	141,993,110
	1,215,084,000	1,725,741,154	1,496,683,873
Non-Budgetary			
Vote L96 - To authorize the Minister to acquire in trust for Her Majesty on such terms and conditions as may be negotiated with Canadian National Railway Company (CNR) and approved by the Governor in Council, in respect of the East Coast ferry and coastal services no par value shares in the capital stock of CNR which shares CNR shall issue ..... (As previously provided in Appropriation Act No. 2, 1982-83)	42,900,000	69,084,000	69,032,000
Total Program	1,257,984,000	1,794,825,154	1,564,715,873

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

The Surface Transportation Program has established these 1985-86 goals:

- to contribute to a reduction in roadway traffic casualties through a continuing cooperative effort with provincial road safety authorities. Federal efforts will focus on responsibilities for improving and enforcing motor vehicle safety standards, research to identify new safety measures, and public information (see pages 5-23 and 5-28);

- to contribute to a reduction in fuel consumption by administering the government/industry voluntary fuel economy program, which has a target of 8.6 L/(100 Km) for the 1986 passenger car fleet (see pages 5-24 and 5-28);

- to work with provinces and territories through the Canadian Conference of Motor Transport Administrators (CCMTA) to develop and implement Phase I of regulatory reform in the trucking industry (see page 5-33);

- to provide financial assistance of $59.5 million for Maritime provinces highway strengthening and improvement programs (see pages 5-20 and 5-33);

- to improve the efficiency and effectiveness of interprovincial ferries and to reduce costs per unit of output through the provision of new equipment and adjustment to administrative practices (see page 5-37);

- to reduce CN Marine Inc. operating costs by the provision of new, more efficient vessels (see pages 5-19 and 5-42);

- to improve the safe, efficient and competitive operation of the rail freight system throughout the country through revisions to railway transportation policies, regulations and selective financial assistance (see page 5-45);

- to review the Western Grain Transportation Act (see page 5-45);

- to provide a contribution of $99.8 million for rehabilitation work on grain dependent Prairie Branch Lines (see page 5-45);

- to improve the institutional, legal and management aspects of the rail passenger program (see pages 5-19 and 5-51);
- to restore specific rail passenger services (see pages 5-19 and 5-51);
- to continue to fund a comprehensive capital program for VIA Rail to increase efficiencies in operation and improve the quality of service (see pages 5-19 and 5-51);
- to undertake a comprehensive audit of VIA Rail to ensure the program is being delivered economically, efficiently and effectively (see pages 5-19 and 5-51);
- to contribute to reducing accidents at level crossings through participation in a public information program as well as financial assistance under the Railway Relocation and Crossing Act (see pages 5-24 and 5-25);
- to develop a more structured approach to the transportation needs of the disabled in the surface modes (see page 5-25); and
- to undertake the development of a new program for urban transportation (see page 5-25).

2. Financial Summary by Activity

Figure 1: Financial Requirements by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Budgetary				
Urban Transport	16,989	19,825	(2,836)	5-25
Road Safety and Motor Vehicle Regulation	14,366	14,681	(315)	5-28
Highway Transport	61,942	85,174	(23,232)	5-33
Water Transport	166,145	203,174	(37,029)	5-37
Rail Freight Transport	126,537	361,574	(235,037)	5-45
Rail Passenger Transport	610,756	575,588	35,168	5-51
Direction and Administration	9,610	11,602	(1,992)	5-56
	1,006,345	1,271,618	(265,273)	
Non-Budgetary				
Water Transport				
Investment in CNR	-	6,100	(6,100)	5-44
	1,006,345	1,277,718	(271,373)	
Authorized person-years	288	295	(7)	

Explanation of Change The 1985-86 estimated expenditures of $1.006 billion represent a net decrease of $271.4 million or 21% below the 1984-85 forecast. Major items accounting for the change include:

	Increase (Decrease) ($ million)
• decrease in highway expenditures due to the completion of these projects in 1985-86 ($19.7 million); completion of Newfoundland Highway Strengthening Program in 1984-85 ($7.4 million) (Highway Transport);	(27.1)
• reduced requirement due to CN Marine Inc. becoming a separate crown corporation thereby eliminating a profit allowance and a dividend payment to CN Marine Inc. ($21.5); selective increased cost recovery and operating efficiencies arising from restructuring the coastal Newfoundland, Gulf and Bay of Fundy services ($16.1 million) (Water Transport);	(37.6)
• Hopper Car purchases made in 1984-85 ($164.7 million), reprofiling of contributions to the railways for Prairie Branch Line Rehabilitation ($33.1 million), Western Grain Transportation Act payments not required for 1985-86 ($29.3 million) (Rail Freight Transport);	(227.1)
• the increased expenditures in 1985-86 arise because forecasted expenditures for 1984-85 are approximately $104 million less than original estimates due to the elimination of depreciation and advanced payments. Reference levels for VIA in 1985-86 are $600.7 million some $80 million less than 1984-85 (Rail Passenger Transport; and	32.0
• reduction in drawdown requirement by CN Marine for the acquisition of capital assets (Water Transport) (Non-Budgetary)	(6.1)

Explanation of 1984-85 Forecast: The 1984-85 forecast is $75.0 million or 6% higher than the 1984-85 Main Estimates of $1.203 billion. The difference of $75.0 million reflects the following major offsetting items:

	Increase (Decrease) ($ million)
• Payments in support of the Urban Transportation Assistance Program ($6.5 million) (Urban Transport);	6.5
• Increase in special government program for Highway Projects for 1984-85 due to delays in engineering and planning in 1983-84 ($12.7 million); N.B. Highway Program - ERDA initiated in 1984-85 for which no funding was included in 1984-85 Main Estimates ($7.1 million) (Highway Transport);	19.8

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	Increase (Decrease) ($ million)
• Contributions to the railways for Prairie Branch Line rehabilitation ($61.5 million); purchases of Hopper Cars ($68.8 million); payments under the Western Grain Transportation Act for which no funding included in 1984-85 Main Estimates ($29.3 million) (Rail Freight Transport); and	159.6
• Decrease in VIA Rail payments due to decrease of VIA internal working capital ($110.7 million) (Rail Passenger Transport).	(110.7)

Figure 2: Gross Expenditures by Activity (Percentage Distribution) 1985-86

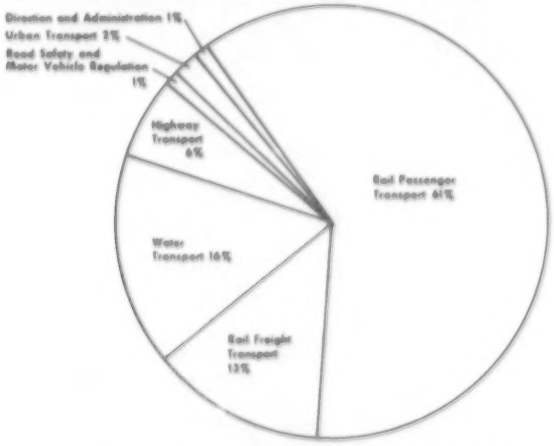
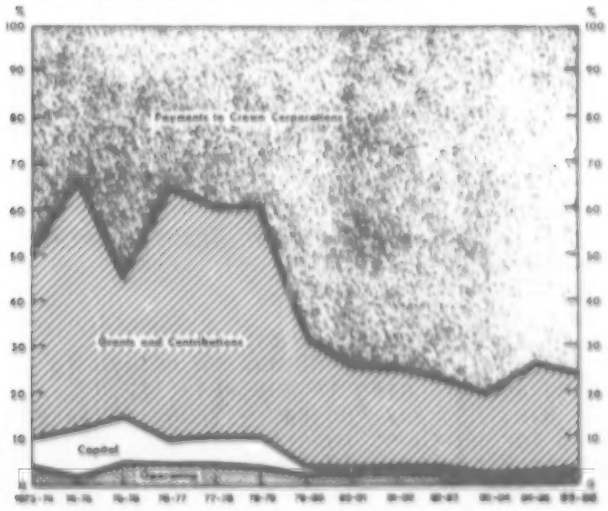


Figure 3: Gross Expenditures by Expense Category (Percentage Distribution)



B. Recent Performance

1. Highlights

The following activities reflect the major accomplishments of the Surface Administration during 1984-85. In all but three cases these initiatives were an integral part of the goals established at the beginning of the fiscal year. The three exceptions were the decisions on making CN Marine Inc. a crown corporation, the review of VIA Rail by the Rail Passenger Action Force and the implementation of certain program adjustments.

- new motor vehicle safety standards were developed for, among others, child seating, more effective rearbrake lights, and aerodynamic headlights for fuel economy purposes;

- in 1984, the road fatalities are estimated to be 4,113 a reduction of 2.4% from 1983;

- under the Primary Highway Strengthening/Improvement Program, a special government program for highway improvements, and Transportation Subsidiary Agreements under the overall Economic and Regional Development Agreements to support cost-shared programs of road construction and upgrading activities on provincial highways, secondary roads and access roads will amount to $31.5 million, $42.6 million and $8.6 million respectively;

- agreement in principle was reached between federal and provincial ministers to substantially reform economic and administrative regulation of the trucking industry;

- implementation of the demonstration project for accessibility of handicapped travellers to the Roadcruiser bus in Newfoundland as well as a demonstration project of special transportation services for seniors;

- work was begun on setting CN Marine Inc. up as a separate Crown Corporation reporting directly to the Minister of Transport as well as making a number of adjustments to the east coast ferry services and fares. In accordance with the Auditor General's recommendations, Water Transportation Assistance Directorate initiated a pre-negotiation audit of CN Marine Inc. to improve contract negotiations;

- a $571.4 million Prairie Branch Line Rehabilitation program was approved. This amount includes an Improvement Reserve to help finance the costs of rail and non-rail improvements to the grain transportation system. As well the Senior Grain Transportation Committee was established to advise the Minister on matters relating to the transportation and handling of grain;

- a method of Payment Inquiry in respect of grain transportation was initiated with a final report to be available March 31, 1985; and

- a Rail Passenger Action Force was set up to implement a new national rail passenger plan which encompasses long term capital investment and the restoration of services. As well, the group has a mandate to direct a comprehensive audit of VIA Rail, to clarify and rationalize the costing charges imposed by CN and CP and assist in the preparation of new rail passenger legislation.

Highlights of the Program's performance during 1983-84 are:

- the traffic fatality rate was 2.3 fatalities per 100 million vehicle kilometres, which was the original target for the 1979-1983 cooperative road safety program;

- fuel consumption for 1984 model-year cars sold in Canada averaged 8.4 L/(100 Km), which exceeded the goal of 8.7 L/(100 Km);

- Transport Canada made contributions of $68.8 million to the four Provinces of the Atlantic Region under the Federal/Provincial Primary Highway/Strengthening Agreement and a special government program to support cost-shared programs of highway construction and upgrading projects;

- contributions totalling $48.59 million were made under the Urban Transportation Assistance Program, see page 5-26 for more details on type of projects; and

- the Tripartite agreement with CNR and CN Marine Inc. was renegotiated towards the end of 1983-84, except for the Return on Equity issue which was extended at the current rate for 1 year only. A comprehensive audit of CN Marine Inc. was completed by a private consulting firm for the Department.

2. Review of 1983-84 Financial Performance

Figure 4: Financial Requirements by Activity ($000)

	Actual 1983-84	Main Estimates* 1983-84	Change
	$	$	$
Budgetary			
Urban Transport	59,813	61,943	(2,130)
Road Safety and Motor Vehicle Regulation	13,104	11,661	1,443
Highway Transport	70,012	43,664	26,348
Water Transport	189,824	191,635	(1,811)
Rail Freight Transport	539,384	139,565	399,819
Rail Passenger Transport	612,624	757,173	(144,549)
Direction and Administration	10,923	9,443	1,480
	1,495,684	1,215,084	280,600
Non-Budgetary			
Water Transport Investments in CNR	69,032	42,900	26,132
	1,564,716	1,257,984	306,743
Person-Years	309	300	9

* The Main Estimates activity figures have been restated to conform with the revised activity structure implemented in 1984-85. For further details see Section III page 5-67.

The difference between actual expenditures and the Main Estimates results mainly from the following major items:

	Increase (Decrease) ($ millions)
• a special government program was initiated for rail relocation and urban improvements (Urban Transport);	6.9
• a special government program was initiated for highway improvements in New Brunswick ($6.1 million) and Newfoundland ($7.4 million) (Highway Transport);	13.5
• payments to railways resulting from the implementation of the Western Grain Transportation Act ($324.6 million), hopper car purchases ($88.2 million) decrease in Newfoundland Testing and Evaluation and Employee Assistance Program ($9.2 million) (Rail Freight Transport);	403.2
• the resolution of issues affecting VIA Rail's 1983 operating budget as well as reductions in railway charges decreased government funding requirements (Rail Passenger Transport); and	(148.1)
• CNR Share purchases exceeded original projections because of an acceleration in payments for the construction of the new M.V. Caribou.	26.1

C. Background

1. Introduction

The Surface Transportation Program discharges the federal government's responsibilities for urban, highway, ferry, rail freight and rail passenger transportation and for road safety and motor vehicle regulation. Because of the pervasive influence of transportation on the economy, there is considerable liaison with provincial governments and other federal government departments, such as the Departments of Energy, Mines and Resources, Environment and Public Works, which have particular transportation responsibilities. Crown corporations (CN, VIA Rail and CN Marine Inc.) play a crucial role in providing surface transportation services. As well, the operations and funding of this Program are significantly affected by the economic and technical regulation of surface transportation by the Canadian Transport Commission.

The Program has regulatory responsibilities only in motor vehicle and tire safety, exhaust emissions and fuel consumption. Its single major operations facility is the motor vehicle test centre at Blainville, Quebec. The Surface Program has a minor capital responsibility arising from the ownership of four ferry terminals and four ships. Rather than operate facilities and provide services directly, it contracts for certain transportation services (e.g. rail passenger, ferry and coastal shipping) and makes contributions for the transportation of grain by rail, improvements to highway networks, and safer railway crossings.

Because the Federal Government has delegated a large part of it's responsibility over extra-provincial trucking and bus undertakings to provincial regulatory agencies, the Surface Administration has only a small group co-ordinating federal and provincial policy in this area. The provinces bear all other operating and administrative costs.

2. Legal Mandate

The principal acts governing the Program's undertakings are the National Transportation Act (Parts III and IV), the Railway Act, the Western Grain Transportation Act, the Canadian National Railways Act, the Motor Vehicle Transport Act, the Motor Vehicle Safety Act, the Motor Vehicle Tire Safety Act, the Motor Vehicle Fuel Consumption Standards Act and the Railway Relocation and Crossing Act. The provision of certain ferry services is also part of the Minister's mandate as required under Sections 31 and 32 of the Terms of Union with Newfoundland and the terms under which Prince Edward Island entered Confederation. Also the Crown corporations provisions of the Financial Administration Act have a significant impact on the interactions between CN, CN Marine Inc., VIA Rail and the Surface Administration.

3. Program Objective

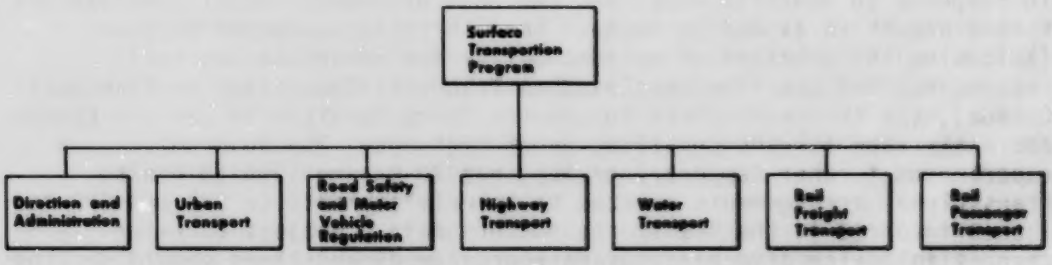
The Surface Transportation Program attends to the development and operation of a safe and efficient national surface transportation system that contributes to the achievement of government objectives, and operates specific elements of this system.

In addition, the Program has sub-objectives which address, in more detail, safety, efficiency, equity and accessibility in the transportation system and which support the federal government's social and economic objectives.

4. Program Organization for Delivery

Activity Structure: The activity structure which came into effect on April 1, 1984 is used to present the financial plan for 1985-86, along with the financial forecast for 1984-85, and to report on actual financial performance for 1983-84. As a result, the 1983-84 financial plan as originally presented in that year's Main Estimates has been restated in terms of the new activity structure. (Figure 52, page 5-67, provides a comparison of the restated to the original break-out of the 1983-84 Main Estimates financial plan by activity.)

Figure 5: Activity Structure



Organization Structure: Each activity is the responsibility of a single Director General. Each Director General reports to the Administrator, Canadian Surface Transportation Administration, who in turn reports to the Deputy Minister of Transport.

D. Planning Perspective

1. Environment

For surface transportation, a wide range of policy decision and financing options have traditionally been available to government both to achieve its transportation objectives and to accommodate, at times competing, public demands.

This latter point is exemplified by a general desire for more moderate government in a climate where there is demand for a transportation system which provides services to all regions of Canada, provides a choice of modes, with modern equipment and facilities, and is also reliable and relatively affordable. The challenge will be to balance these demands with the ability to provide such a transportation system within government and industry fiscal capacities.

Although there has been reduced traffic growth in surface modes, there is persistent pressure on the system for improved rail passenger and ferry passenger services; two parts of the system which are largely funded by the federal government. The movement of grain, coal and other commodities has and will continue to require the investment in transportation infrastructure for Canada's economic performance to improve.

The Surface Program has grown significantly over the past 10 years in response to specific modal and regional problems. Major contributors to the growth in expenditures have been the rail passenger program (following the transfer of responsibility for administering rail passenger subsidies from the Canadian Transport Commission to Transport Canada), the increased costs to provide ferry services in Eastern Canada and assistance for the construction of highways. The Program experienced further temporary growth in 1983-84 and 1984-85 due to transitional arrangements related to interim payments to CNR and CPR for losses incurred in the transportation of grain. Subject to major changes in policy direction, overall program expenditures should decline over the next few years and then level off.

Given generally limited fiscal flexibility, the best avenues to pursue transportation efficiency improvements will continue to be the selective introduction of changes to the transportation system, the identification and implementation of productivity measures and the introduction of new technology.

Continued public awareness of safety-related issues have led the provinces, industry, road safety associations and consumer groups to rely heavily on the federal government as the necessary catalyst to undertake and coordinate national safety initiatives. Road traffic casualties will likely continue at present levels for the next one to two years.

Pressure to improve the efficiency and productivity of surface transportation plus regulatory reform initiatives in the United States have led Canada to consider its own regulatory structure. Provincial transport ministers and the Federal minister have agreed in principle to a program of economic and administrative reform in Canada for the trucking industry. A review of the impact of railway deregulation will also require continued attention over the next few years.

2. New Initiatives

VIA Rail: Efforts are focussing on the following major initiatives:

- legislation is to be developed and enacted to provide an appropriate and effective framework for the delivery of rail passenger services in Canada;
- a comprehensive management, operational, and financial evaluation of the Rail Passenger Program is being carried out to ensure it is being delivered in the most cost-effective and efficient manner;
- a review of operating railway charges to VIA Rail for services rendered and facilities used is being conducted with the aim of establishing a fair and reasonable basis of compensation;
- VIA's fleet is to be upgraded to modern cost-efficient standards though the purchase of new equipment; and
- service improvements across Canada were approved to go into effect in 1985. They include restoration of the "Atlantic" eastern transcontinental train service (Montreal to Halifax via Sherbrooke and Saint John, N.B.), restoration of the Super Continental service (Winnipeg, Edmonton, Vancouver), the Canadian Service (Montreal, Ottawa, Sudbury) and three regional services, (the Montreal to Sherbrooke service, the Mont Joli to Montreal service and the Toronto - Peterborough - Havelock service).

CN Marine Inc.: In order to increase the efficiency in the Gulf and Newfoundland coastal services, new vessels will be acquired which will reduce operating costs while maintaining the effectiveness of these services.

Economic and Regional Development Agreements: Subsidiary agreements on Transportation Development containing specific highway and road construction and upgrading programs were executed during 1984/85 with the provinces of Prince Edward Island and New Brunswick. These programs of road construction activities cover a five-year period terminating on March 31, 1989 with federal contributions amounting to $16.4 million in P.E.I. and $63.4 million in N.B.

3. Update on Previously Reported Initiatives

Special Government Program: Approximately $34.2 million is expected to be spent in 1985-86 on this program. Major program expenditures relate to highway construction projects, grade separation projects, and VIA Rail station improvements.

Figure 6: Expenditures on Projects by Activity ($000)

	1983-84	1984-85	1985-86	Total
	$	$	$	$
Urban Transportation	7,650	11,065	2,194	20,909
Highway Transport	13,744	42,633	22,944	79,321
Rail Freight Transport	292	-	-	292
Rail Passenger Transport	3,907	20,693	9,152	33,752
	25,593	74,391	34,290	134,274

Grain Transportation: Approval was received for additional program funding for the Branchline Rehabilitation Program, the establishment of the System Improvement Reserve and hopper car purchases. A three-year (1986-87 to 1988-89) $51.3 million System Improvement Reserve was established to help finance both rail and non-rail projects associated with the grain transportation system. In 1984-85, 2,460 hopper cars were purchased at a cost of $161.0 million.

As well, the Grain Transportation Agency and the Senior Grain Transportation Committee were established in 1984-85 to carry out their responsibilities under the Act. A Commission of Inquiry has been created to review the method of payment issue and submit recommendations to the Minister by March 31, 1985.

Rail Passenger Transport: Due to the decision of the government to implement a national rail passenger plan a revised capital investment program has been developed. The maintenance facility under construction at Toronto will be completed in 1985. The modernization of VIA Rail's fleet is considered to be a high priority due to the age of the majority of VIA Rail's fleet and the direct impact equipment has on the public. Delivery of the second order of ten LRC train sets was completed in 1984.

Upgrading of infrastructure, mainly between Toronto and Ottawa, planned for 1984 at a forecasted cost of $27.6 million has been completed. VIA's efforts to improve productivity and cost-efficiency are continuing. In 1984, lower than anticipated earnings, mainly the result of a depressed travel market, were offset partly as a result of improved productivity and improved equipment utilization and maintenance practices.

Water Transport: Renegotiation of the Tripartite Agreement with CN Marine Inc. and CNR was completed toward the end of fiscal year 1983-84. With the decision to make CN Marine Inc. a separate Crown Corporation some further revisions to the Agreement will be required to reflect the new financial and management arrangements.

Regulatory Reform in Trucking: Transport Canada in collaboration with provincial and territorial transportation ministries and agencies, will continue toward development and implementation of reformed economic and administrative regulation for the trucking industry.

4. Program Effectiveness

General: The federal government pursues its stated objectives for surface transportation mainly through the Program expenditures. This role is complicated because surface transportation includes three quite dissimilar modes of transport (railway, ferry and highway) and the federal government's jurisdiction varies within these three modes. Rail and interprovincial ferries are largely under federal jurisdiction, but the highway mode is primarily the responsibility of provincial governments.

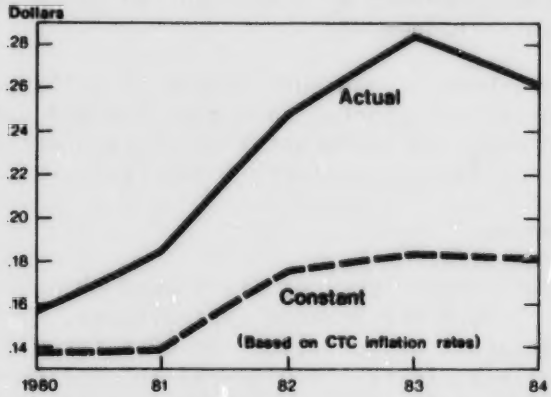
Because there are split jurisdictions and several non-quantifiable objectives, there are no comprehensive indicators of the extent to which the Program is "attending to the provision of a safe and efficient national surface transportation system". But there are specific measures of efficiency and safety for the major undertakings of the Surface Program, and together these can be used as a proxy for assessing the Program's overall effectiveness. These are presented in Figures 7 to 11, together with brief comments and references to greater detail in Section II, Analysis by Activity.

The Program meets its stated objectives in close cooperation with various other federal groups, with Crown Corporations, with other levels of government, and with industry. Thus changes in any of these measures of achievement cannot be attributed solely to the performance of the Program.

Efficiency: Two important indicators of the progress towards greater efficiency are the level of subsidies for rail passenger and ferry services.

Rail Passenger Program: One measure is the average level of federal operating subsidy per revenue passenger kilometre. This must be qualified because rail passenger services include a mixed service, from the relatively efficient inter-city services to those provided for access to remote areas. The latter are very poor financial performers but are provided to meet the basic transportation needs of the areas served.

Figure 7: Average Operating Subsidy per Revenue Passenger Kilometre*

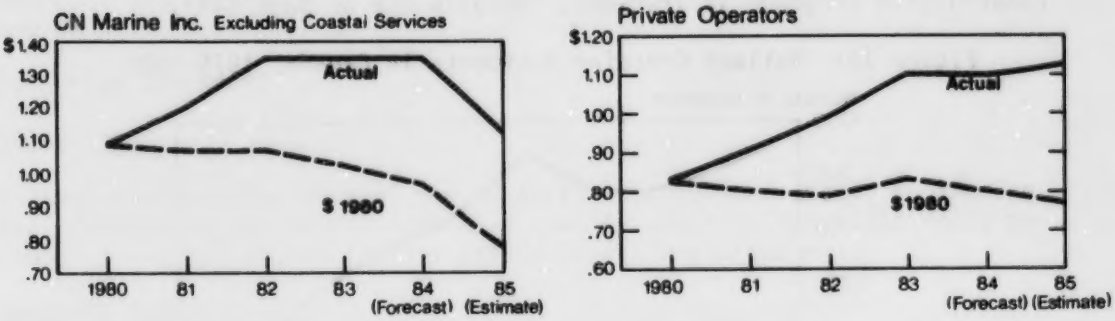


*A revenue passenger kilometre is defined as "the movement of a paying passenger the distance of one kilometre".

Ferry Subsidies: Figure 8 shows the trend in average operating subsidy payments for all ferry services to which the Surface Transportation Program contributes. Again, the need to improve access to remote communities and promote economic development must be taken into account. More details are provided on page 5-37.

The federal government meets its constitutional commitments to Prince Edward Island and Newfoundland through CN Marine Inc. The company also runs two services across the Bay of Fundy on behalf of the federal government. Factors such as the scope of operation, the type of ships required, the operating environment and the level of service requested by government limit the value of comparisons with other operators.

Figure 8: Subsidy per Auto-Equivalent Nautical Miles of Capacity Offered

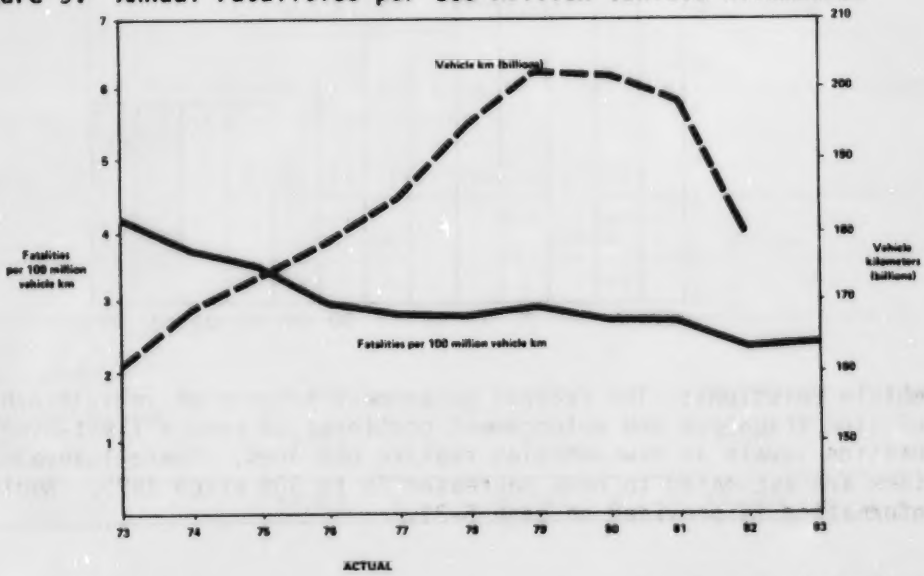


Note: Auto-equivalent nautical miles of capacity = maximum capacity of vessel in auto-equivalent units X # of trips per vessel X crossing length in nautical miles.

Safety: The Program's major areas of emphasis are on motor vehicle and railway crossing safety.

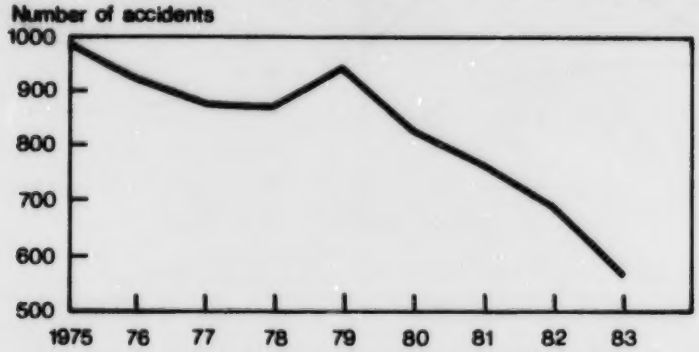
Motor Vehicle Safety: The Program has been participating with provincial governments and the automobile industry in complementary programs to reduce the road fatality rate. Figure 9 summarizes actual achievement and targets for this effort; more details are provided on page 5-30. Traffic fatality reductions were likely influenced by economic conditions as well as federal and provincial safety efforts to increase seat belt and child restraint use, improve motor vehicle safety, and increased enforcement of traffic offenses.

Figure 9: Annual Fatalities per 100 Million Vehicle Kilometres



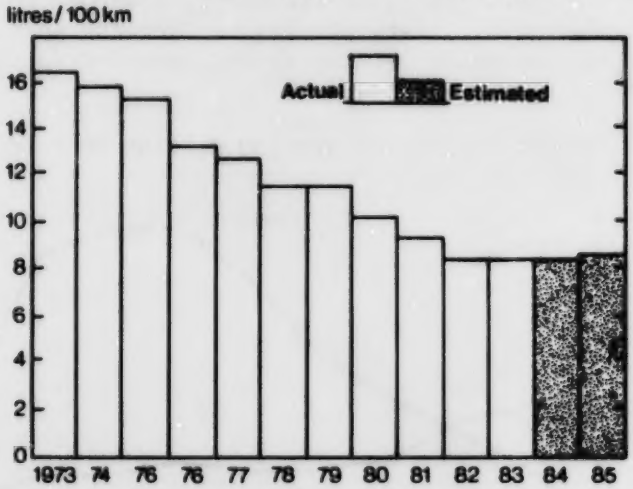
Railway Crossings: The Program contributes to the reduction of railway crossing accidents by providing financial assistance to the construction of grade separations. Details are on page 5-27.

Figure 10: Railway Crossing Accidents in Canada, 1975-1983



Fuel Consumption: The Program contributes to reducing the fuel consumption of motor vehicles by establishing and carefully monitoring voluntary fuel economy standards for new cars sold in Canada and by undertaking energy-related highway and motor vehicle R&D with industry and the provinces. Recent performance and future targets are presented in Figure 11 and explained in more detail on page 5-31.

Figure 11: Average Fuel Consumption of New Vehicle Sales (L/100 Km)



Vehicle Emissions: The federal government program of vehicle exhaust emission standards and enforcement continues to reduce fleet-average emission levels as new vehicles replace old ones. Overall levels of emissions are estimated to have decreased 25 to 30% since 1973. Additional information is provided on page 5-31.

Section II
Analysis by Activity

A. Urban Transport

Objective

To improve the efficiency of the urban transportation system; to improve the standards of urban environmental quality and land use efficiency, to conserve energy, and to improve safety at railway crossings.

Resource Summary

This activity accounts for approximately 2% of the total 1985-86 Program expenditures and 1% of the total person-years. Approximately 98% of the funds for this activity are contributions.

Figure 12: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Payments for:						
Urban Transportation Assistance	750	-	6,536	-	48,596	-
Railway Relocations and Crossings	15,634	-	12,625	-	10,965	-
Seniors Transportation Demonstration Project	311	-	262	-	-	-
Policy and Administration	294	2	402	4	252	6
	16,989	2	19,825	4	59,813	6

1983-84 Financial Performance: There were no significant changes between actual and planned financial requirements.

Figure 13: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Payments for:						
Urban Transportation Assistance	48,596	-	55,400	-	(6,804)	-
Railway Relocations and Crossings	10,965	-	6,070	-	4,895	-
Policy and Administration	252	6	473	6	(221)	-
	59,813	6	61,943	6	(2,130)	-

Explanation of Change: Decrease in Urban Transportation Assistance was due to slower than anticipated implementation. Increase was due to a special government program for the Railway Relocations and Crossings in Ontario.

Description

Urban transportation is primarily a provincial and municipal government responsibility. Financial support from the federal government is provided for Railway Relocation and Crossing Act projects and the Urban Transportation Assistance Program (UTAP). The current UTAP will be completed on March 31, 1985.

Performance Information/Resource Justification

Urban Transportation Assistance Program: Under the current program, which expires March 31, 1985, some 207 projects were carried out. Federal contributions to these projects totalled $228.2 million.

Figure 14: Breakdown of Urban Transportation Assistance Program Projects

Type of Project	Number	UTAP Contribution ($ millions)
Urban Transportation Projects	73	21.8
Commuter Rail Projects	1	29.9
Surface Metro Projects	1	2.9
Rail Relocation Studies	7	0.4
Rail Relocations	1	3.0
Rail Grade Separations	124	170.2
	207	228.2

The urban projects have consisted of bus purchases, improvements to maintenance facilities, bus shelters and radio communications systems for existing transit systems, as well as the buy-out of private companies to form a public system and even the establishment of a complete transit system (transit study, purchase of buses, construction of a storage facility, bus shelters and signs, a bus terminal and radio communication system). Special vehicles for the handicapped have been purchased, pedestrian walkways built and traffic or transportation studies have been carried out. A large project for the upgrading of the commuter rail facilities in Montreal required a UTAP contribution of $30 million.

Funding was also begun in June 1984 for a two-part demonstration project of special transportation services for senior citizens in the Winnipeg, Manitoba to be carried out over two years (1984-85 and 1985-86). The demonstration is intended to test door-to-door services in a densely populated urban milieu and a fixed-route service in a suburban setting. Each component will be testing and evaluating the suitability of a specially designed "kneeling" bus intended for the use of the transportation of the disabled.

Railway Relocations and Crossings: Figure 15 details funding by type of project. Operation Lifesaver is a publicity program to warn drivers of the dangers at railway crossings.

Figure 15: Distribution of Railway Relocations and Crossings Payments ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Regina Railway Relocation	5,560	160	1,080
Railway Relocation and Crossing Act Projects	9,974	12,365	8,511
Operation Lifesaver	100	100	75
Port Colborne - (SCI)	-	-	1,300
	15,634	12,625	10,966

The Regina Relocation Project has a total federal commitment of $23.75 million, of which $3 million has been provided under the Urban Transportation Assistance Program.

In grade separation projects, the removal of hazardous road/rail level crossings invariably results in improved safety. The total number of accidents at level crossings in 1974 was 1,074 with 114 fatalities while in 1983 there were 563 accidents with 57 fatalities. The number of injuries in the period went from 664 to 265. Further decreases are expected in all categories for the 1984 calendar year despite a 25% increase in motor vehicle registration since 1975. Reduced fatality rates at railway crossings are not solely attributed to grade separations improvements but are a result of other federal and provincial road safety programs as well.

B. Road Safety and Motor Vehicle Regulation

Objective

To contribute to the reduction of deaths, injuries and property damage resulting from motor vehicle use through improved safety of motor vehicles; to contribute to a reduction in health impairment by reducing exhaust emission levels of new motor vehicles; and to contribute to energy conservation by reducing the average fuel consumption of new motor vehicles.

Specific related goals and initiatives are:

- to contribute to achieving fewer road fatalities during the period 1984-1988 than in 1979-1983, through improved vehicle safety standards, increased safety information for the public, and cooperative programs with provincial governments to increase seat belt use and reduce impaired driving;
- to ensure new vehicles comply with the 1986 fuel consumption objective of 8.6 L/100 km, and to inform the public of fuel consumption ratings of all new cars on the Canadian market; and
- to ensure new motor vehicles built in 1985 do not exceed existing vehicle emissions standards (hydrocarbons (2.0 grams/mile), carbon monoxide (25.0 grams/mile) and oxides of nitrogen (3.1 grams/mile).

Resource Summary

This activity accounts for approximately 1% of the total 1985-86 Program expenditures and 47% of the total person-years.

Figure 16: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Road Safety and Motor Vehicle Regulation	14,366	136	14,681	138	13,104	140

Revenue is generated through the recovery of costs from industrial and other government users of the Motor Vehicle Test Centre and also from the disposition of capital acquisitions, such as vehicles, after testing is completed. This revenue, estimated at $.3 million in 1985-86, is credited to the Consolidated Revenue Fund and is not available for use by the activity.

1983-84 Financial Performance: No significant changes between 1983-84 planned and actual financial performance occurred. Increases were due to increased workload necessary to ensure satisfactory enforcement of the Motor Vehicle Safety and Tire Safety Acts, and to develop proposed Fuel Consumption Standards for Post-1985. An additional three person-years were used for the Summer Canada Program.

Figure 17: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Road Safety and Motor Vehicle Regulation	13,104	140	11,661	131	1,443	9

Description

Although provincial governments have responsibility for the construction and operation of road systems, the federal government retains responsibility for the development, implementation and monitoring of policies and programs concerning:

- road safety research and safety standards for new motor vehicles and parts;
- fuel consumption; and
- vehicle emissions.

These responsibilities are administered by the following elements of the Road Safety and Motor Vehicle Directorate:

Organizational Element	Responsibilities
Traffic Safety Standards and Research	data bases and related national statistics; research; standards.
Vehicle Safety and Energy Operations	compliance with standards and provisions of the fuel economy program; public complaints of alleged defects and correction by manufacturers/importers.
Motor Vehicle Test Centre	vehicle test programs; outside client and industry programs for motor vehicle improvements.
Planning and Regional Operations	accident investigations; development and dissemination of technical information.

Performance Information/Resource Justification

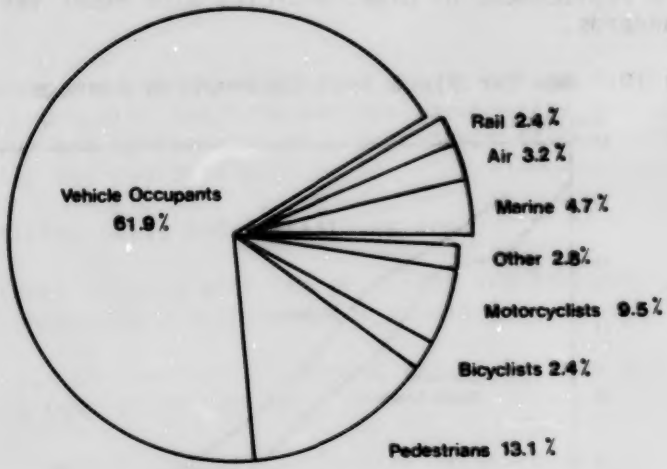
Road Safety: Research and standards development activities will continue to focus on improving motor vehicle safety, with particular emphasis on occupant restraints, braking, vehicle lighting, and transportation for the disabled. Industry compliance with safety standards will require testing of approximately 100 vehicles (at the Motor Vehicle Test Centre) and 2,500 components, technical audits of 700 manufacturers/importers, investigation of 1,500 public complaints, and monitoring of recall campaigns. Approximately 1,000 detailed accident investigations will support research and standards development activities. Technical information on road and motor vehicle safety, fuel economy and emissions will be provided to Canadians.

Capital resources will be used to purchase vehicles used for compliance testing and to purchase/modify testing equipment for the Motor Vehicle Test Centre.

A contribution of $147,000 will be made to the Roads and Transportation Association of Canada. This non-profit association of voluntary members (federal/provincial/municipal governments, carriers, manufacturers, consultants, etc.) deals with policy, economic and technical issues for all modes of transportation. Also, contributions for countermeasures research will be made to organizations, agencies, associations and institutions that conduct research, develop or evaluate studies of road safety problems or accident countermeasures affecting the road user, the vehicle or the roadway system.

As a result of Transport Canada's road safety programs, complementary provincial/territorial programs and industry efforts, Canada's road fatality rate was reduced by 45% from 1974 to 1984, primarily through improved motor vehicle safety, identification of cost-effective safety measures subsequently implemented by other levels of government, and public information. Efforts will continue to improve motor vehicle safety and cooperate with provincial governments to forestall anticipated increases in traffic fatalities. As shown in Figure 18, the road system is still the scene of 90% of all transportation accidents.

Figure 18: Fatality Percentage by Mode of Transportation



Based on Approximations for 1983

Fuel Consumption: Canada now consumes about 3.2 million terajoules of petroleum annually. Approximately 30% is used by private automobiles and light trucks, and 15% by commercial transportation. In January, 1976 the government announced an economy program directed primarily at privately operated passenger vehicles. Manufacturers agreed to voluntarily comply with this program. To define this program and monitor compliance by industry, the Surface Program has produced guidelines and standard test methods, audited manufacturers' data on consumption, analysed public complaints, and conducted surveys on vehicle labelling and the issuance of fuel consumption information to the public. As shown in Figure 19, this has contributed to annual reductions in the Canadian new car fleet average fuel consumption since 1973. To ensure the continuing improvement in motor vehicle fuel efficiency, Parliament passed the Motor Vehicle Fuel Consumption Standards Act in 1982. Additional resources of $225,000 and three person-years have been approved for 1985-86 to evaluate and develop proposed fuel consumption standards for the post-1985 period, establish improved data systems and draft supporting regulations.

Vehicle Emissions: Closely associated with efficient fuel consumption is the desired level of emissions produced by fuel-efficient vehicles. Standards for emissions of airborne pollutants have been developed in close liaison with the Departments of Environment and Energy, Mines and Resources, and other North American engineering and energy organizations. Vehicles are purchased each year - the number and variety depend on the degree of technological change - and they are tested against current consumption and/or emission standards. Socio-economic impact analyses are being conducted jointly with the Department of the Environment for the review of the adequacy of exhaust emission standards for the post-1985 period.

Figure 20 shows the predicted rates of harmful emissions. This reflects the replacement of older vehicles with newer vehicles meeting current standards.

Figure 19: New Car Fleet Fuel Consumption Averages

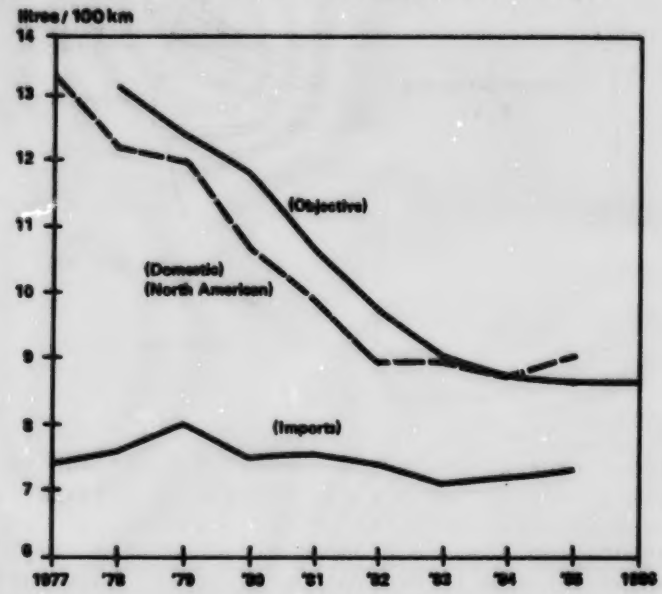
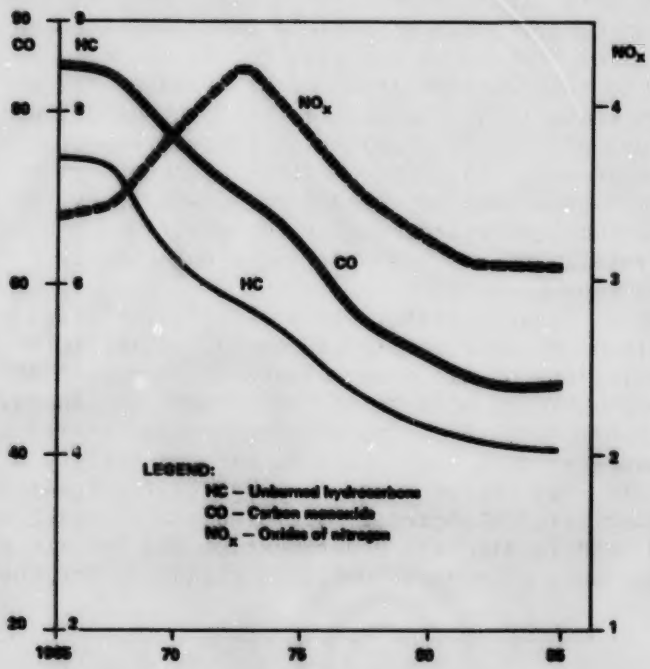


Figure 20: Predicted Average Automobile Emission Rates



C. Highway Transport

Objective

To promote the safe and efficient flow of people and goods by motor vehicles across provincial and international boundaries and to ensure the adequate provision and maintenance of a continuous highway network in Canada, nationally and regionally.

Specific related goals and initiatives are:

- to continue efforts with the provinces and industry to reduce or remove unnecessary motor carrier regulations in a uniform manner;
- to monitor and improve the compatibility between U.S./Canada trucking regulatory regimes;
- to administer the Federal/Provincial Primary Highway Strengthening/Improvement Program (Phase II) in the Atlantic Region where, in 1985-86, contributions of $23.0 million will be made to support upgrading of links of the national primary highway network. Over the course of this five-year, cost-shared program, Federal contributions will total $120.0 million;
- to administer $23.0 million that will be spent in providing assistance in Newfoundland and New Brunswick for road construction and improvement on selected highway and secondary roads under a special government program. Total federal contributions to support this three-year, cost-shared program will amount to $79.0 million;
- to manage and co-ordinate a three-year demonstration project on transportation of disabled travellers by Roadcruiser in Newfoundland; and
- to administer, during 1985/86, the federal contribution of $13.6 million to support the Highway Transportation element of the Transportation Subsidiary Agreements negotiated under the Economic and Regional Development Agreement with Prince Edward Island and New Brunswick. Total federal contribution to this five-year, cost-shared program of road construction and improvement activities on provincial highways, secondary roads and access roads will amount to $79.8 million.

Resource Summary

This activity accounts for approximately 6% of the total 1985-86 Program expenditures and 7% of the total person-years.

Figure 21: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Highway Construction Payments:						
Phase II of Maritime Program	23,000	-	24,112	-	17,800	-
Phase II of Newfoundland Program	-	-	7,355	-	16,545	-
General Development Agreements (DREE)	-	-	-	-	20,140	-
Special Highway Program -						
Newfoundland	5,504	-	22,153	-	7,356	-
New Brunswick	17,440	-	20,480	-	6,088	-
Terra Transport - Bus Station	-	-	-	-	300	-
	45,944	-	74,100	-	68,229	-
Economic & Regional Development -						
Prince Edward Island	2,000	-	1,500	-	-	-
New Brunswick	11,600	-	7,050	-	-	-
	59,544	-	82,650	-	68,229	-
Policy and Administration	2,398	20	2,524	21	1,783	21
	61,942	20	85,174	21	70,012	21

1983-84 Financial Performance: Figure 22 summarizes the major changes in financial requirements that occurred in 1983-84.

Figure 22: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Highway Construction Payments:						
Phase II of Maritime Program	17,800	-	18,000	-	(200)	-
Phase II of Newfoundland Program	16,545	-	15,540	-	1,005	-
General Development Agreements (DREE)	20,140	-	8,577	-	11,563	-
	54,485	-	42,117	-	12,368	-
Special Highway Program -						
Newfoundland	7,356	-	-	-	7,356	-
New Brunswick	6,088	-	-	-	6,088	-
Terra Transport - Bus Station	300	-	-	-	300	-
	68,229	-	42,117	-	26,112	-
Policy and Administration	1,783	21	1,547	22	236	(1)
	70,012	21	43,664	22	26,348	(1)

Explanation of Change: The change is due to the following major program additions approved in 1983-84 Supplementary Estimates:

- payments to the Province of Newfoundland under the Primary Highway Strengthening/Improvement Agreement;
- transfer of the Highway funding program under General Development Agreements with the provinces from the Department of Regional Economic Expansion to Transport Canada ($13.1 million). Final payments under these programs were made in 1983-84; and
- highway funding programs under a special government program amounting to $13.7 million for road construction and improvement projects on selected highway and secondary roads.

Description

Payments for Highway Construction: The government enters into cost-sharing agreements with the provinces for the strengthening and improvement of primary and other selected highways. Highway construction programs provide such benefits as improved safety, increased capacity, reduced user costs, higher vehicle load limits, and reduced travel times.

Policy and Administration: This component contains the resources required to develop, implement and monitor policies and programs pertaining to highway construction and motor carrier operations. Responsibilities include negotiating and administering highway construction agreements and conducting engineering and economic evaluations of highway programs. Responsibility for the regulation of extra-provincial motor carrier operations has been delegated to the provinces under the Motor Vehicle Transport Act. The Highway Transport Directorate is responsible for promoting uniform provincial regulations and developing federal policies to encourage efficient and effective inter-provincial and international trucking and bus operations.

Performance Information/Resource Justification

Highways Development: A second phase of the highway strengthening/improvement program was approved in 1982 for the three Maritime provinces (New Brunswick, Nova Scotia, Prince Edward Island). This involves an expenditure of $84 million, of which $23 million is estimated for 1985-86. A similar phase II program was approved for Newfoundland, where the federal outlay amounted to $36 million, the final payment of which was made during 1984-85. The current program in Newfoundland runs for three years (1982-83 to 1984-85) and the agreements with the Maritime provinces last for five years (1982-83 to 1986-87).

Highway programs under General Development Agreements with the provinces, transferred from the Department of Regional Economic Expansion to Transport Canada in 1982, involved the completion of the upgrading and construction of roads in British Columbia, New Brunswick and Quebec. Final payments were made to the Provinces in 1983-84.

Additional highway funding programs under a special government program for road construction and improvement projects on selected highways and secondary roads in New Brunswick and Newfoundland were approved in 1983-84. Both programs run for three years (1983-84 to 1985-86) and will involve total federal expeditures of $35 million in Newfoundland and $44 million in New Brunswick during the agreement period.

Subsidiary agreements on Transportation Development containing specific highway and road construction and upgrading programs were executed during 1984/85 with the provinces of Prince Edward Island and New Brunswick. These programs of road construction activities cover a five-year period terminating on March 31, 1989 with total costs amounting to $32.8 million in P.E.I. and $90.5 million in N.B. with federal contributions amounting to $16.4 million and $63.4 million respectively.

Figure 23: Contributions to Primary Highways Strengthening Program by Province ($000)

		To 1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	Forecast 1984-85	Total
B.C.	(1)	6,401	3,599	2,500	-	-	-	-	-	-	12,500
	(3)	-	-	-	-	-	-	704	-	-	704
Alta.	(1)	7,500	2,500	2,500	-	-	-	-	-	-	12,500
	(2)	20,194	8,048	9,205	5,885	-	-	-	-	-	43,332
Sask.	(1)	7,500	2,500	2,434	2,500	7,500	-	-	-	-	22,434
	(2)	17,978	8,310	8,734	5,554	-	-	-	-	-	40,576
Man.	(1)	6,435	2,500	1,378	6,158	-	-	-	-	-	16,471
	(2)	26,105	12,088	13,889	8,102	-	-	-	-	-	60,184
Que.	(3)	-	-	-	-	-	-	10,851	19,714	-	30,565
N.S.	(2)	-	5,175	10,254	15,049	1,522	-	6,892	9,161	10,500	58,553
N.B.	(2)	-	850	4,449	8,360	9,661	7,681	5,747	7,436	10,900	55,084
	(3)	-	-	-	-	-	-	1,587	426	-	2,013
	(4)	-	-	-	-	-	-	-	6,088	20,480	26,568
	(5)	-	-	-	-	-	-	-	-	7,050	7,050
P.E.I.	(2)	-	423	2,242	2,989	1,346	-	1,449	1,203	2,712	12,364
	(5)	-	-	-	-	-	-	-	-	1,500	1,500
Nfld.	(2)	-	-	9,805	15,984	3,628	583	12,100	16,545	7,355	66,000
	(4)	-	-	-	-	-	-	-	7,356	22,153	29,509
Total ($000)		92,113	45,993	67,390	70,581	23,657	8,264	39,330	67,929	82,650	497,907

(1) Prairie Northland Highway Program
(2) Primary Highway Strengthening/Improvement Plan
(3) Other Highway Funding Programs (transferred from DREE)
(4) Special Government Projects Program
(5) Economic and Regional Development Agreements (ERDA)

NOTE: Records are not maintained at Transport Canada to indicate the accumulated mileage/kilometres of highway improvements. In some cases, for example final paving, projects represent the final step on projects not implemented under the Program. Likewise some grading projects implemented as part of the Programs will not be completed due to time and financial constraints.

Regulatory Reform in Trucking: The purpose of regulatory reform in trucking is to increase efficiency and productivity in the Canadian trucking industry so that Canadian commercial enterprises can be competitive with those of our international trading partners. Federal and Provincial transport ministers have agreed in principle to develop and implement a first phase of regulatory reform.

D. Water Transport

Objective

To attend to the development and operation of safe, efficient, and adequate coastal steamship and ferry services in accordance with commitments made under the Terms of Confederation with P.E.I. and the Terms of Union with Newfoundland and the responsibilities accepted on the basis of government policy decisions.

Specific related initiatives for 1985-86 are:

- to limit growth in subsidy requirements by better contracting processes and tighter control of costs;
- to fully implement the decisions to make CN Marine Inc. a Crown Corporation;
- to acquire new vessel for CN Marine Inc. in order to improve the efficiency of existing services; and
- to continue to develop new performance indicators and reporting format in order to provide more effective monitoring of all ferry services.

Resource Summary

This activity accounts for approximately 16% of the total 1985-86 Program expenditures and 9% of total person-years. Grants, contributions and payments to CN Marine Inc. for ferry and coastal shipping services make up 96% of the activity's expenditures.

Figure 24: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Budgetary						
Payments in respect of ferry and coastal shipping services operated by:						
Provinces	20,475	-	19,498	-	18,557	-
Private operators	10,106	-	13,337[2]	-	12,176[2]	-
CN Marine Inc.[3]	132,911	-	168,176	-	156,612	-
Northern Transportation Company Limited[1]	-		-	-	643	-
	163,492	-	201,011	-	187,988	-
Policy and Administration	2,653	26	2,163	26	1,836	26
Total	166,145	26	203,174	26	189,824	26
Non-Budgetary						
Share purchase in CNR	-	-	6,100	-	69,032	-

[1] Resources and responsibility for the Keewatin Resupply operation provided by NTCL was transferred to the Marine Program for 1984/85 and beyond.

[2] Includes payment to the Atlantic Container Express estimated at $3.5 million in 1984-85 and $2.8 million in 1983-84.

[3] For more detailed information on the difference between Forecast and Estimates figures please see page 5-43.

Revenue is generated through the annual chartering of four vessels owned by Transport Canada. This revenue, estimated at $.44 million in 1985-86, is credited directly to the Consolidated Revenue Fund and is not available for use by the activity.

1983-84 Financial Performance: Figure 25 shows the variations that occurred between actual and planned budgetary and non-budgetary expenditures for 1983-84.

Figure 25: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Budgetary						
Payments in respect of ferry and coastal shipping services operated by:						
Provinces	18,557	-	18,571	-	(14)	-
Private operators	12,176	-	10,771	-	1,405	-
CN Marine Inc.	156,612	-	158,864	-	(2,252)	-
Northern Transportation Company Limited	643	-	650	-	(7)	-
	187,988	-	188,856	-	(868)	-
Policy and Administration*	1,836	26	2,779	27	(943)	(1)
Total	189,824	26	191,635	27	(1,811)	(1)
Non-Budgetary						
Share purchase in CNR	69,032	-	42,900	-	26,132	-

*Includes capital expenditures of $84,000 (Main Estimates $461,000)

Explanation of Change: Cash requirements for CNR Share purchases exceeded original projections because of an acceleration in payments for the construction of the new M.V. Caribou.

Description

Payments for Ferry and Coastal Shipping Services: The federal policy sets eligibility for water transport financial assistance to constitutional services, alternatives to constitutional services, Newfoundland coastal services, services offering special development opportunities and services to remote communities. Constitutional services are ferry services that the federal government must support under the Terms of Union with Newfoundland and the Terms of Confederation with Prince Edward Island. The recipients of financial assistance under this policy are:

- Newfoundland, Quebec and British Columbia;
- Atlantic Container Express, a direct water shipping company;
- five private operators of ferry services on the East Coast; and
- CN Marine Inc. operator of five passenger and highway vehicle ferry services, two rail car ferry services in the Atlantic provinces, and the Newfoundland coastal service.

Policy, Planning and Administration: This component contains the resources required for establishing and administering policies, plans and programs for all aspects of water transportation assistance and associated services subsidized by the federal government. Responsibilities include setting levels of service for subsidized water transport, negotiating and monitoring performance against operating contracts with CN Marine Inc., and private operators of ferry services, negotiating agreements with provincial governments for shared-cost ferry services and ensuring a proper federal input to inter- and intra-provincial ferry and other coastal water services.

Performance Information/Resource Justification

Ferry and Coastal Shipping Services - Payments to Provinces: In return for a commitment by the Provinces of Newfoundland and Quebec to provide adequate services in specific areas and by British Columbia to ensure adequate passenger and cargo services on the West Coast generally, the Department of Transport pays annual grants to the three provincial governments. Each subsidy is modified annually to reflect changes in the Consumer Price Index in the cities of Vancouver, St. John's and Quebec City, respectively. Figure 26 shows the payments made, or to be made.

Figure 26: Grants to the provinces ($000)

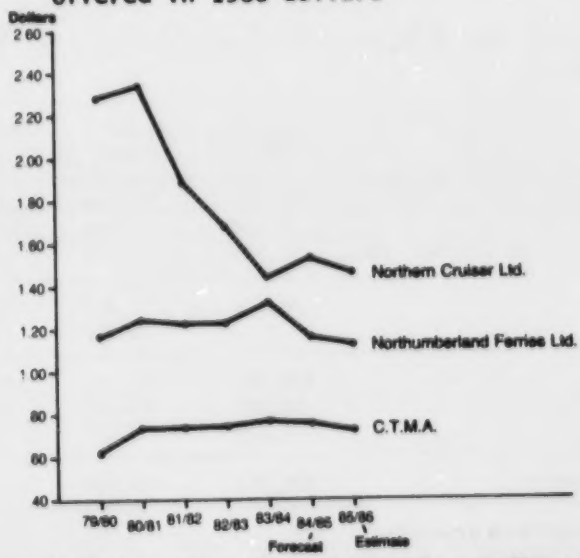
	1982-83 Actual	1983-84 Actual	1984-85 Forecast	1985-86 Estimates
British Columbia	12,542	13,683	14,361	15,080
Newfoundland	1,958	2,140	2,267	2,380
Quebec	2,472	2,734	2,870	3,015
Total	16,972	18,557	19,498	20,475

Ferry and Coastal Shipping Services - Payments to Private Operators: Subsidy payments are made to private operators to supply ferry and coastal passenger and freight services. All of the ferry services in this category are inter-provincial except the Black's Harbour/Grand Manan service in New Brunswick and the Placentia Bay service in Newfoundland. Figure 27 shows subsidy payments for the acquisition of ferry services from private carriers. Figure 28 shows subsidy per auto-equivalent nautical miles of Capacity offered for three of the largest private operators.

Figure 27: Subsidy Payments for the Acquisition of Ferry Services from Private Carriers

Service	Estimates 1985-86			Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
	Eligible Costs	Revenues	Amount of Subsidy		Federal Subsidy Level		
	($000)				($ of Eligible Costs)		
Private Carriers							
Woods Islands, P.E.I./ Caribou, N.S. (Northumberland Ferries Ltd.)	9,787	3,787	6,000	61	64	65	64
St Barbe, Nfld/ Blanc Sablon, P.Q. (Northern Cruiser Ltd.)	1,746	646	1,100	63	66	55	57
Souris, P.E.I./ Cap-aux-Meules, P.Q. (C.T.M.A.)	4,677	2,470	2,207	47	50	51	49
Black's Harbour, N.B./ North Head, N.B. (Coastal Transport Ltd.)	955	696	259	27	30	31	34
Argentia, Petite Forte, South East Bight and Little Paradise in Placentia Bay (Puddister Trading Co. Ltd.).	564	24	540	96	96	96	95
Total	17,729	7,623	10,106	-	-	-	-

Figure 28: Subsidy per Auto-Equivalent Nautical Miles of Capacity Offered in 1983 dollars



Note: Auto-equivalent nautical miles of capacity = maximum capacity of vessel in auto equivalent units x # of trips per vessel x crossing length in nautical miles.

Ferry and Coastal Shipping Services - Payments to CN Marine Inc.: Since January 1, 1979, CN Marine Inc. has provided ferry and coastal shipping services under operating contracts with the Department of Transport. The Department also has contracts for the carriage of rail cars by CN Marine Inc. between the mainland and the provinces of Prince Edward Island and Newfoundland. These contracts are renegotiated annually, subject to the terms and conditions of the Tripartite Agreement between Transport Canada, CNR and CN Marine Inc. which has recently been reviewed. New vessels will be acquired, within existing funding levels, which will result in more efficient services, increased capacity, and reduction of operating costs.

The operating contracts are by calendar year to correspond with the companies' fiscal year. Figure 29 shows the allocation of planned 1985-86 payments by calendar year.

Figure 29: Allocation of Planned 1985-86 Payments to CN Marine Inc. by Calendar Year ($000)

1985 calendar year	
Forecasted payments	132,911
Less funding provided from previous years' appropriation	32,750
	100,161
1986 calendar year	
Provision for first quarter	32,750
	132,911

Figure 30 outlines the basis used to arrive at the level of payments to CN Marine Inc. for calendar year 1985. Figures 31 and 32 details these payments by ferry service offered.

Figure 30: Basis for Payments to CN Marine Inc. (by Calendar Year in $000)

	Forecast 1985	Forecast 1984	Actual 1983	Actual 1982
Operating expenses	**157,618**	157,248	149,147	147,246
Depreciation	**11,500**	11,943	11,602	8,517
Administration and other unallocated items	**17,500**	19,221	17,824	16,725
Total expenses	**186,618**	188,412	178,573	172,488
Profit allowance	**-**	22,800	19,803	16,507
Total eligible costs	**186,618**	211,212	198,376	188,995
Revenues from users	**52,282**	46,312	43,982	37,451
Interest income	**1,425**	2,000	1,236	1,888
Federal government payments	**132,911**	162,900*	153,158*	149,656*

* Includes labour assistance payments.

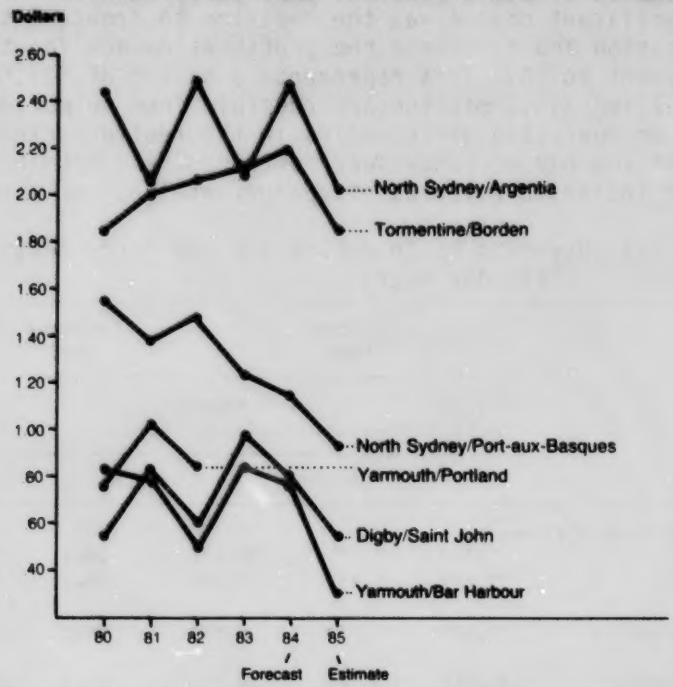
The 1985-86 reference level reflects fundamental changes in the operation and management of CN Marine Inc. as announced by the government. The most significant change was the decision to create a separate parent Crown Corporation and eliminate the profit allowance for two years and the dividend payment to CN. This represents a saving of $21.5 million. Other savings totalling $15.3 million are possible from selective increased cost recovery, from operating efficiencies in the restructuring of the Coastal, Gulf and Bay of Fundy ferry services, and from fare adjustments resulting in increased revenues of approximately $5 million.

Figure 31: Payments to CN Marine Inc. by Ferry Service (Calendar Year)

Service	Forecast 1985			Forecast 1985	Forecast 1984	Actual 1983	Actual 1982
	Eligible Costs	Revenues	Amount of Subsidy	Federal Subsidy Level			
	($000)			(% of Eligible Costs)			
North Sydney/Port-aux-Basques							
- Water	51,869	15,853	36,016	69.4	77.3	76.7	78.5
- Rail	23,451	5,452	17,999	76.8	80.9	83.7	88.5
North Sydney/Argentia	9,124	2,573	6,551	71.8	77.5	73.7	78.1
Newfoundland Coastal	35,674	3,746	31,928	89.5	91.6	92.8	93.1
Tormentine/Borden							
- Water	36,415	8,632	27,783	76.3	81.0	79.2	78.8
- Rail	4,321	167	4,154	96.1	96.3	95.2	95.6
Digby/Saint John	13,303	7,737	5,566	41.8	53.3	57.1	47.0
Yarmouth/Bar Harbor	11,036	8,122	2,914	26.4	51.5	49.6	38.8
Yarmouth/Portland *	-	-	-	-	-	-	77.0
Interest	1,425	1,425	-	-	-	-	-
Total	186,618	53,707	132,911	-	-	-	-

* The Yarmouth/Portland service was terminated on December 31, 1982.

Figure 32: Subsidy per Auto-Equivalent Nautical Miles of Capacity Offered (1980-1984 includes a profit allowance)



Note: Auto-equivalent nautical miles of capacity = maximum capacity of vessel in auto equivalent units x # of trips per vessel x crossing length in nautical miles.

CNR Share Purchase (non-budgetary): A $164.8 million fund was established to finance fixed asset acquisitions by CN Marine Inc. The original balance of the fund, created under the Tripartite Agreement, was increased during 1983-84 by $21.7 million; $6.7 million is an allowance for inflation relative to funds not drawn in accordance with the original plan, and the other $15 million represents a contribution towards the Gulfspan vessel project from the Department of Regional Industrial Expansion. Under the terms of the Agreement, the Government of Canada purchases shares in CNR, who, in turn, must apply the funds to purchase shares in its subsidiary, CN Marine Inc.

Most of the current capital funds are being used by CN Marine Inc. to acquire a new ferry (the M.V. Caribou vessel project).

E. Rail Freight Transport

Objectives

To contribute to the development and operation of a safe, efficient, and adequate national rail freight and grain transportation system that contributes to the achievement of government objectives.

Specific related goals and initiatives are:

- to ensure the provision of adequate rail capacity throughout the country;
- to review the Western Grain Transportation Act;
- to assist in increasing the capacity of the grain handling and transportation system;
- to manage the rehabilitation of selected grain-dependent branch lines in the basic rail network; and
- to recover $46.8 million in subsidy overpayments to Canadian National Railway.

Resource Summary

This activity accounts for approximately 13% of total Program expenditures for 1985-86 and 11% of total person-years. Most of the expenditures (96%) are contributions to railway companies for the costs of rehabilitating Prairie branch railway lines and to the Canadian Wheat Board for the leasing of hopper cars.

Figure 33: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Grain transportation support						
Branch line rehabilitation	99,800	-	132,900	-	93,200	-
Acquisition of hopper cars	-	-	164,665	-	86,183	-
Leasing of hopper cars	17,242	-	17,718	-	17,054	-
	117,042	-	315,283	-	196,437	-
Canada-Manitoba subsidiary Agreement on Churchill	6,000	-	300	-	-	-
Payments to Railways resulting from implementation of the Western Grain Transportation Act	-	-	29,336	-	324,593	-
Freight development - Nfld. railway containerization	-	-	9,200	-	12,810	-
Labour Assistance	-	-	2,000	-	958	-
Other freight development	163	-	490	-	292	-
Policy, planning and administration	3,332	31	4,697	29	3,156	34
Office of the Grain Transportation Coordinator*	-	-	268	4	1,138	18
	126,537	31	361,574	33	539,384	52

* The Office of the Grain Transportation Coordinator was established as a separate program during 1984-85.

The activity has two sources of revenues, estimated to total $1 million in 1985, that are credited directly to the Consolidated Revenue Fund and are not available for use by the activity.

One source of revenue is the interest paid by the railways to the government for rehabilitation program funds advanced during the year and not used by the end of November. The second source of revenue comes from the rental of grain hopper cars to the railways for the winter grain movement when not required for the transportation of grain in Western Canada.

1983-84 Financial Performance: Figure 34 shows the major components of expenditures.

Figure 34: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Grain Transportation Support						
Branch Line Rehabilitation	93,200	-	93,200	-	-	-
Acquisition of hopper cars	86,183	-	-	-	86,183	-
Leasing of hopper cars	17,054	-	17,718	-	(664)	-
	196,437	-	110,918	-	85,519	-
Payments to Railways resulting from implementation of the Western Grain Transportation Act	324,593	-	-	-	324,593	-
Freight development - Nfld Railway Containerization	12,810	-	21,000	-	(8,190)	-
Labour Assistance	958	-	2,000	-	(1,042)	-
Other freight development	292	-	-	-	292	-
Policy, planning and administration	3,156	34	3,977	37	(821)	(3)
Office of the Grain Transportation Coordinator	1,138	18	1,670	20	(532)	(2)
	539,384	52	139,565	57	399,819	(5)

Explanation of Change: The change is due to the following major program additions approved in 1983-84 Supplementary Estimates:

	Increase-(Decrease) ($ million)
• Increased funding for the acquisition of hopper cars	86.2
• Compensation to the railways for the movement of grain resulting from implementation of the changes contained in the Western Grain Transportation Act.	324.6
• Decrease due to reprofiling of cash flow for the Newfoundland Railway Containerization program and the Labour Assistance Program	(9.2)

Description

Branch Line Rehabilitation Program: This program intends to improve the branch line system in Western Canada in order to permit the movement of railway cars at certain standards, generally year-round. Work is restricted to grain-dependent lines in the permanent network.

Hopper Car Program: Contributions are provided to the Canadian Wheat Board for the purchase and leasing of hopper cars to assist in transporting grain to markets.

Compensation to Railways for Losses Incurred in the Transportation of Grain: The federal government agreed to compensate the railways for losses incurred in the transportation of grain for the 1982-83 crop year and to December 31, 1983 for 1983-84 crop year, at which date the Western Grain Transportation Act became operative.

The payments made in 1983-84 were in respect of: 1982-83 crop year $182.6 million and 1983-84 crop year $141.9 million for a total of $324.5 million. A payment was made in 1984-85 government fiscal year of $29.3 million as a final adjustment of these interim railway payments arrangements.

Freight Development - Newfoundland Railway Containerization: This five-year program commenced in 1980-81. Its primary objective was to revitalize the Newfoundland railway, and to determine the role that the railway should play in the overall transportation system. The program developed and tested a fully operational container-based railway. Funds had been allocated for the purchase of containers, the placement of modern container loading equipment at key distribution points and the purchase of appropriate narrow-gauge railway equipment including flatbed cars and yard equipment, to permit effective interlining with the marine and trucking modes. An evaluation of the railway containerization program is now underway.

Policy, Planning and Administration: This component contains the resources required for establishing and administering policies, plans and programs for all aspects of rail freight assistance and associated services provided by the Program. Responsibilities include advising the government on all matters concerning rail freight and grain movement and handling, assessing the commercial viability of the railway system, monitoring railway services and freight rates, assessing railway technology and energy efficiency, evaluating government programs and projects, providing advice on subsidies and legislative proposals, and advising the Minister on the disposition of certain lands of the Canadian Government Railways which was a group of government owned railway companies that became part of the Canadian National Railway.

Performance Information/Resource Justification

Grain Transportation Support: The two major undertakings to ensure adequate movement of grain are the Branch Line Rehabilitation Program and the provision of grain hopper cars.

Branch Line Rehabilitation: Under this program, prairie branch lines are rehabilitated and upgraded to being capable of handling modern railway grain car standards. As of March 31, 1985, $628 million will have been spent on work such as bank widening and drainage, ballast and tie replacement, rail relay, bridge repairs and resurfacing.

Studies have indicated that branch line rehabilitation has resulted in significant increases in branch line capacity, reduced line closures from weather factors, and contributed to improved car cycle times.

Figure 35: Actual and Planned Branch Line Kilometres of Rehabilitation

	Bank Widening and Drainage	Ballast and Tie Replacement	Rail Relay	Final Surfacing
1977/78	359.2	164.0	-	-
1978/79	791.5	840.4	105.1	-
1979/80	652.7	990.8	75.2	33.3
1980/81	880.9	741.9	282.1	568.1
1981/82	703.3	547.0	231.4	683.6
1982/83	764.4	708.9	159.8	544.6
1983/84 (Completed)	600.1	645.5	260.2	634.1
1984/85 (Planned)	1,547.7	826.5	279.9	518.7

Provision of Hopper Cars: Over the ten years to 1982-83, the federal government acquired 11,280 cars dedicated to grain movement, including 2,000 cars under lease for 25 years at an estimated annual cost of $17.0 million.

Recent decisions approved the purchase of an additional 3,840 cars at a cost of $250.6 million.

1983-84	$ 89.6 million	1,380 cars
1984-85	$161.0 million	2,460 cars

This will bring the total of government-owned cars to 13,120.

The combined effect of the branch line rehabilitation and hopper car programs contributed to increasing the capacity of the grain transportation and handling system.

Newfoundland Railway Containerization: Upon completion on March 31, 1985, this five-year program will be fully evaluated to determine whether it met its original objectives. Transport Canada, Labour Canada, CNR and the affected railway unions have established a special labour assistance program to aid those who may be adversely affected by changes introduced during the five-year period. The federal government will compensate the railway for a prescribed portion of the costs, and has authorized expenditures of $10 million during the testing and evaluation period.

Figure 36: Newfoundland Railway Programs Financial Schedule ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Container plan	-	-	9,200	92	12,810	93
Labour assistance	-	-	2,000	8	958	7
	-	-	11,200	100	13,768	100

Other Freight Development: This program is designed to demonstrate the effectiveness of centralized, well-equipped, all-weather potato loading facilities in P.E.I. Two facilities, at Souris and Albany, were constructed for use during the 1983-84 shipping season.

The completed facilities have been entrusted to the CNR. The P.E.I. Potatoes Marketing Board is responsible for management and operation. A federal-provincial committee, with representation from potato shippers and the railway, will evaluate the results of the program based on three years of operation to the end of 1985-86 to determine what follow-up action, if any, is required.

F. Rail Passenger Transport

Objective

To contribute to the development of a safe, efficient and adequate national rail passenger system that contributes to the achievement of government objectives.

Specific related goals are:

- to continue to make available to VIA Rail additional funds for the modernization of its equipment, facilities and infrastructure;
- to bring about operating cost savings and a reduction of government operating subsidies per passenger kilometre in constant dollars;
- to improve the institutional, legal and management aspects of the rail passenger program; and
- to improve the rail passenger services through the acquisition of appropriate rolling stock and the restoration of certain routes.

Resource Summary

This activity accounts for approximately 61% of total Program expenditures and 9% of total person-years. More than 98% of the activity expenditures (approximately 60% of the total Program expenditures) are payments for the provision of rail passenger services by VIA Rail.

Figure 37: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
VIA Rail payments:						
Operation of passenger services	420,500	-	471,131	-	445,541	-
Acquisition and renovation of plant and equipment	175,200	-	92,569	-	158,207	-
Labour assistance	5,000	-	5,000	-	7,365	-
	600,700	-	568,700	-	611,113	-
Montreal Area commuter train services	8,000	-	4,000	-	-	-
Policy, Planning and Administration	2,056	25	2,888	20	1,511	22
	610,756	25	575,588	20	612,624	22

1983-84 Financial Performance:

Figure 38: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
VIA Rail payments:						
Operation of passenger services	445,541	-	568,400	-	(122,859)	-
Acquisition and renovation of plant and equipment	158,207	-	182,000	-	(23,793)	-
Labour assistance	7,365	-	5,000	-	2,365	-
	611,113	-	755,400	-	(144,287)	-
Policy, Planning and Administration	1,511	22	1,773	22	(262)	-
	612,624	22	757,173	22	(144,549)	-

Explanation of Change: Payments for the operation of passenger trains were lower than expected, mainly due to lower than anticipated railway charges to VIA Rail, and improved productivity and cost control measures by VIA Rail. Capital payments were also lower than expected due to delayed, deferred, and avoided capital project costs.

Description

VIA Rail Payments: Since April 1, 1979, VIA Rail has been responsible, under the Rail Passenger Services Agreement with the Ministry of Transport, for managing all rail passenger services in Canada formerly operated by CNR and CPR. Before this transfer of responsibility, 80% of the passenger losses of CNR and CPR had been subsidized under the Railway Act. VIA Rail must provide the services identified by the Minister in contracts called Subsidiary Service Requests (SSR). SSR's cover all of VIA Rail's railway passenger services. As of October 1984, with the introduction of the Moncton - Edmundston service, the number of SSR's increased from 33 to 34. It will increase again in 1985 with further planned service restorations. VIA Rail, in turn, contracts with CNR and CPR for the running rights and operation of passenger trains on their rail systems, equipment maintenance and other support facilities.

Montreal Area Commuter Train Service: These grants, made to the province of Quebec, are for the modernization of commuter train services in the Montreal area.

Policy, Planning and Administration: This component contains the resources required to administer payments for rail passenger services, to develop and evaluate rail passenger policy, to assess program performance and to conduct studies on the efficiency and cost effectiveness of rail passenger services.

Performance Information/Resource Justification

VIA Rail: Figure 39 provides a summary of the financial support the government has provided to VIA Rail since it started operations in 1979. Because VIA Rail operates on the calendar year, the government contracts with VIA Rail for passenger services are also by calendar year. Figure 40 shows the allocation of planned 1985-86 VIA Rail payments by calendar year. VIA Rail's capital requirements during 1984-85 reflect an increase in the Corporation's contribution to funding capital investment of $41 million in 1984. For 1985-86, a $93 million reduction in subsidy requirements will be made to VIA Rail's reference levels. The reduction will be effected mainly through a decrease in railway charges to VIA Rail, and a decrease in VIA Rail overhead and administrative expenses. As part of its mandate, the Rail Passenger Action Force established in 1984 is supervising the implementation of the expenditure reduction.

Figure 39: Summary of VIA Rail Capital and Operation Requirements ($000)

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86*
Operations	274,351	331,000	446,308	461,490	445,541	471,131	420,500
Property, plant and equipment	67,100	117,500	89,111	130,782	158,207	92,569	175,200
Labour assistance	-	3,169	5,198	11,664	7,365	5,000	5,000
Total requirements	341,451	451,669	540,617	603,936	611,113	568,700	600,700

* The amounts dedicated to operating and capital programs is currently under review by the Rail Passenger Action Task Force and may be adjusted during 1985-86.

Figure 40: Allocation of 1985-86 Payments to VIA Rail by Calendar year ($000)

	Passenger Services	Property Plant and Equipment
1985 calendar year Approved payment*	434,800	192,300
	434,800	192,300
Less: Funding provided from last year's appropriations*	120,300	40,000
	314,500	152,300
1986 calender year Provision for first quarter*	106,000	22,900
	420,500	175,200

*Includes Special Employment Initiative Program and the transfer of funds from the Department of Regional Industrial Expansion for improvements to stations and shelters in the lower St. Lawrence.

Operation of Passenger Services: The main objective is to provide an effective system of rail passenger services in Canada. A meaningful measure of performance is the evolution of the operating subsidy per revenue passenger kilometre of service measured in constant and current dollars. The average subsidy in constant dollars is shown in Figure 7 on page 5-22, and the subsidy by type of service is shown in Figure 41.

During 1985 a number of services will be restored. This will complete the establishment of the national network as identified by the Rail Passenger Action Task Force.

- The Supercontinental - Winnipeg, Edmonton, Vancouver
- The Atlantic - Montreal to Halifax via Sherbrooke and Saint John, N.B.
- The Canadian - Montreal, Ottawa, Sudbury
- Montreal-Sherbrooke
- Toronto - Peterborough - Havelock
- Mont Joli - Montreal

The funds necessary to restore these services will be approximately $40 million. These funds will be found within the current VIA Rail budget of $600.7 million.

Figure 41: Operating Subsidy by Type of Service

	Budget 1985			Budget 1985	Forecast 1984	Actual 1983	Actual 1982
	*Cost	Revenues	Subsidy	Federal Subsidy Level			
	($ million)			($ of subsidy by type of service)			
Operations by type of service							
Transcontinental	245.2	76.5	168.7	38.8	37.9	43.1	41.5
Intercity	243.7	106.9	136.8	31.5	37.7	36.0	36.6
Local-Regional	96.3	19.1	77.2	17.8	12.0	10.0	11.2
Remote	60.9	8.8	52.1	11.9	12.4	10.9	10.7
Total	646.1	211.3	434.8	100.0	100.0	100.0	100.0

*Cost includes depreciation and administration.

Acquisition and Renovation of Plant and Equipment: Funding is being allocated on a priority basis to the upgrading of equipment. It is planned to replace all but the new LRC equipment over the coming years. Backshopping, the on-going refurbishment of the existing fleet, will continue to be an expense item until the equipment replacement program is completed. Construction of a new modern maintenance facility for VIA Rail at Toronto is underway at an estimated cost of $98.7 million. The facility is expected to significantly reduce operating costs.

A major station upgrading project is the reintroduction of rail passenger service to downtown Quebec City through the construction of Gare du Palais. The total estimated cost is $28 million. Funds are also being provided to improve VIA Rail station and shelters at Toronto and in the Gaspé, Mont Joli and Lower St. Lawrence areas. Infrastructure improvements will continue to be made on an as required basis, mainly in support of planned service restorations. Capital expenditures for 1985 are currently being determined in conjunction with the work of the Rail Passenger Action Force.

Labour Assistance: Labour assistance payments are made under regulations set by Governor-in-Council in October 1977 that allow the government to pay a prescribed portion of the total cost of employee assistance benefits. The remainder is covered by the railways. In 1985-86, approximately $5 million will be allocated to displaced employees for early retirement benefits, relocation expenses, job retraining costs, layoff benefits and other similar programs.

Montreal Commuter Train Services: The total grant for this portion of the Montréal commuter program is $40 million, with $8 million planned for 1985-86, and $28 million in the future years. This grant is intended to improve commuter train frequency, encourage ridership and lower fares.

G. Direction and Administration

Objective

To provide timely and effective direction, policy analysis, and financial and administrative services to the Program.

A specific related goal is to identify methods to improve intermodal and inter-governmental transportation planning to more effectively meet the needs of Canada's regions.

Resource Summary

This activity accounts for approximately 1% of total Program expenditures and 17% of person years. More than 69% of the expenditures for this activity are contributions and statutory payments.

Figure 42: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Office of the Administrator and Deputy Administrator	460	6	1,399	6	2,621	7
Policy and Analysis	782	11	756	9	341	8
Planning, Finance, and Administration*	8,368	31	9,447	38	7,961	27
Total	9,610	48	11,602	53	10,923	42

* Includes contributions for Newfoundland Pensions, Intercolonial and P.E.I. Railways Employees' Provident Fund and the Victoria Jubilee Bridge totalling $6.6 million in 1985-86; 1984-85 $7.6 million; 1983-84 $6.7 million.

1983-84 Financial Performance: Increase of $2.3 million in communication expenditures for the Western Grain Transportation Inquiry. The increase in the person-years is due to the reorganization of the word processing services within the Administration.

Figure 43: 1983-84 Financial Performance ($000)

	Actual 1983-84		Main Estimates 1983-84		Change	
	$	P-Y	$	P-Y	$	P-Y
Office of the Administrator and Deputy Administrator	2,621	7	473	6	2,148	1
Policy and Analysis	341	8	680	9	(339)	(1)
Planning, Finance and Administration*	7,961	27	8,290	20	(329)	7
	10,923	42	9,443	35	1,480	7

* Includes contributions of $6.7 million for Newfoundland Pensions, Intercolonial and P.E.I. Railways Employees' Provident Fund and the Victoria Jubilee Bridge (Main Estimates $7.2 million)

Description

Office of the Administrator and Deputy Administrator: The office manages and controls the undertakings and resources of the Program and advises the Minister and Deputy Minister on surface transportation matters.

Policy and Analysis: The functions are to review, analyze and propose government and departmental policies affecting the Program.

Planning, Finance and Administration: The main responsibilities are to establish and maintain effective planning, evaluating, forecasting and controlling functions; to provide financial advice and guidance to management; to provide administrative and coordination services for the Program; to administer the use and maintenance of government rail cars; and to administer the contribution agreements between the federal government and the CNR related to the Supplementary Pensions for Newfoundland Employees, the Intercolonial and Prince Edward Island Railways Employees' Provident Fund and the Victoria Jubilee Bridge.

4ECO

Performance Information/Resource Justification

Planning, Finance and Administration: The resources needed for the three contribution agreements between the federal government and the CNR and for the use and maintenance of the government rail car service total $6.9 million or 62% of the component's resources.

Supplementary Pensions - Newfoundland Employees: The Newfoundland government's railways and steamships services and a part of public telecommunications systems were entrusted to the Canadian National Railway Company for management and operation on April 1, 1949. Employees transferred were made subject to the Canadian National Railways' Pension Plan. The government of Newfoundland contributes towards costs, to the extent of its liability under the former Newfoundland pension plan based on service before Confederation. Canadian National Railway contributions cover the service of employees after April 1, 1949, in accordance with existing pension regulations. Beginning in 1954-55, the federal government assumed the balance of pension costs that were not payable by the other two parties.

The estimated cost to the federal government for 1985-86 is approximately $1.8 million. After 1983, both the number of pensioners entering the plan and the federal government's cost will increase by approximately 10% per year. There is no intake into the program, and so there will be an equal decline in the number of contributors.

Intercolonial and Prince Edward Island Railways Employees' Provident Fund: This fund was established on April 1, 1907, under authority of the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act. The object was to provide retirement or disability allowance to employees. The fund was closed to new entrants in August, 1929. An item has been included annually in the Estimates since 1921 to increase the minimum pension allowance. To improve the financial position of CNR and to reduce the apparent need for recapitalization, Cabinet in 1967 approved that responsibility for the Provident Fund deficit be assumed by the federal government.

The estimated deficit in the fund for 1985-86 is $2.3 million.

Victoria Jubilee Bridge: On June 1, 1962, the federal government discontinued collection of tolls on the Victoria Bridge in Montreal. On January 31, 1963, the Minister of Transport entered into an agreement with CNR to provide compensation annually for the loss of net revenues derived through tolls and to reimburse it for annual maintenance and repair costs of the highway portion of the bridge. Figure 44 shows the estimated costs of maintenance and foregone revenues.

Figure 44: Payments to CNR for Maintenance and Foregone Revenues of the Victoria Bridge ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Foregone revenues	640	26	640	27	640	39
Maintenance costs	1,860	74	1,750	73	1,019	61
	2,500	100	2,390	100	1,659	100

Government Rail Cars: In 1959, the Department of Transport assumed responsibility for the administration of rail car service for members of the Royal Family, the Governor General, the Prime Minister, Cabinet ministers, foreign dignitaries visiting Canada, Parliamentary committees, or delegates on official business and, as provided under Section 292 of the Railway Act, for staff and officers of the Canadian Transport Commission. This service is provided through a government-owned, two-car unit for use by the Royal Family and the Governor General and one private rail car on loan from VIA Rail for use by the Prime Minister and Cabinet ministers. Four person-years are directly involved in providing steward services.

Figure 45: Summary of Maintenance Costs for Government Rail Cars ($000)

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	%	$	%	$	%
Personnel costs	138	55	140	53	112	74
Maintenance costs	115	45	125	47	39	26
	253	100	265	100	151	100

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Surface Program expenditures by object are presented in Figure 46.

Figure 46: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	11,256	10,885	10,546
Contributions to employee benefit plans	1,576	1,498	1,690
Goods and Services			
Transportation and communication	1,324	1,535	1,103
Information	296	376	774
Professional and special services	10,083	12,632	8,747
Rentals	206	396	121
Purchased repair and upkeep	537	544	424
Utilities, materials and supplies	828	891	869
Rail passenger service (VIA Rail)	600,700	568,700	611,113
Ferry services (CN Marine Inc.)	132,911	168,176	156,612
Ferry services (Northern Transportation Co. Ltd.)	-	-	643
Newfoundland Railway Containerization Plan (CNR)	-	9,200	12,810
Newfoundland Employee Assistance (CNR)	-	2,000	958
All other expenditures	38	43	16
Total operating	759,755	776,876	806,426
Capital			
Construction and acquisition of land, buildings and works	461	337	797
Construction and acquisition of machinery and equipment	2,007	2,301	1,750
Total capital	2,468	2,638	2,547
Transfer payments	244,122	492,104	686,711
Total expenditures	1,006,345	1,271,618	1,495,684

2. Personnel Expenditures

The Program's personnel costs account for only 1% of the total operating expenditures. This includes the statutory contributions to employee benefit plans. As the primary function of the Program is contracting for transportation services, major changes in expenditure levels do not necessarily have a direct effect on personnel numbers and costs.

Figure 47 provides a breakdown of numbers of personnel by activity, and Figure 48 shows the person-years and annual salary by category.

Figure 47: Person-Year Requirements by Activity

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Urban Transport	2	4	6
Road Safety and Motor Vehicle Regulations	136	138	140
Highway Transport	20	21	21
Water Transport	26	26	26
Rail Freight Transport	31	33	52
Rail Passenger Transport	25	20	22
Direction and Administration	48	53	42
	288	295	309

Figure 48: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	24	31	29	50,350 - 96,300	63,531
Scientific and Professional					
Economic and Statistics	25	27	28	14,570 - 65,080	46,590
Engineering	36	41	43	23,306 - 76,130	46,645
Physical Science	1	-	-	15,304 - 68,070	44,750
Psychology	4	4	3	24,923 - 56,575	43,270
Administrative and Foreign Service					
Administrative Services	32	32	29	13,912 - 57,987	36,816
Computer Systems Administration	1	3	2	18,766 - 61,433	31,092
Financial Administration	6	5	5	13,835 - 57,980	36,862
Program Administration	31	34	39	13,912 - 57,987	43,025
Purchasing and Supply	1	1	1	12,766 - 57,980	28,736
Technical					
Drafting	1	1	1	15,557 - 40,310	30,401
Electronics	4	4	4	16,619 - 51,950	33,023
Engineering Support	8	6	7	14,041 - 50,866	34,948
General Technical	4	4	5	12,635 - 55,682	38,926
Social Science Support	9	7	9	12,635 - 57,764	33,554
Technical Inspection	27	26	24	12,635 - 57,691	35,933
Administrative Support					
Clerical and Regulatory	25	28	27	12,932 - 31,743	22,126
Secretarial, Steno and Typing	40	38	41	12,636 - 31,946	22,052
Operational					
General Labour and Trades	5	4	4	14,776 - 40,676	25,643
General Services	4	5	5	13,253 - 39,988	26,515

The person-year column displays the forecast distribution by occupational group of the authorized person-years for the Program. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Capital Expenditures

As shown in Figure 49, there are two main areas where capital expenditures are required in the Surface Program. Road Safety and Motor Vehicle Regulation uses capital for the acquisition of motor vehicles and parts to be tested, along with equipment necessary to do the testing. Water Transport uses capital funds to undertake miscellaneous repairs to docks and terminals.

Figure 49: Capital Expenditures ($000)

Projects by Activities	Currently Estimated Total Cost	Estimates 1985-86	Forecast 1984-85
Road Safety and Motor vehicle Regulation			
Test Centre Equipment	on-going	289	138
Vehicles and Equipment for testing	on-going	1,609	1,509
Miscellaneous Furniture and Equipment	on-going	74	326
Water Transport			
Miscellaneous repairs to docks and terminals	on-going	461	337
Rail Passenger Transport			
Purchase of bus for Rail-bus project	270	-	270
Direction and Administration			
Miscellaneous Furniture and Equipment	on-going	35	58

4. Transfer Payments

Figure 50 summarizes all grants and contributions made by the Surface Program. For details on purpose, recipient and expected accomplishments for 1985-86, refer to the page indicated.

Figure 50: Grants and Contributions ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	For Details See Page
Grants				
Water Transport				
Province of British Columbia	15,080	14,361	13,683	5-40
Province of Newfoundland	2,300	2,267	2,140	5-40
Province of Quebec	3,015	2,870	2,734	5-40
	20,475	19,498	18,557	
Rail Passenger Transport				
Montreal Commuter Train System	8,000	4,000	-	5-55
Operation Lifesaver	100	100	75	5-27
Total grants	28,575	23,598	18,632	
Contributions				
Urban Transport				
Urban Transportation Assistance Program	-	6,536	48,596	5-26
Railway Relocation and Crossing	9,974	12,365	8,633	5-27
Regina Railway Relocation	5,560	160	958	5-27
Port Colborne	-	-	1,300	5-27
Seniors Transportation Services Demonstration Project - Winnipeg	311	262	-	5-25
	15,845	19,323	59,487	
Road Safety and Motor Vehicle Regulation				
Countermeasures Research	100	50	48	5-30
Roads and Transportation Association of Canada	147	147	140	5-30
	247	197	188	

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	For Details See Page
Highway Transport				
Newfoundland Highway strengthening/improvements	-	7,355	17,800	5-35
Maritime Provinces Highway strengthening/improvements	23,000	24,112	16,545	5-35
Highway improvements in N.B. and P.E.I. under General Development Agreements	13,600	8,550	20,140	5-36
Special Highway Program				
- Newfoundland	5,504	22,153	7,356	5-36
- New Brunswick	17,440	20,480	6,088	5-36
Terra Transport	-	-	300	5-34
	59,544	82,650	68,229	
Water Transport				
Ferry and Coastal Freight Services	10,106	9,883	12,176	5-40
Atlantic Container Express	-	3,454	-	5-39
	10,106	13,337	12,176	
Rail Freight Transport				
Railway compensation for losses incurred in the transportation of grain	-	-	182,600	5-48
Prairie Branch Line Rehabilitation	99,800	132,900	93,200	5-49
Leasing of Grain Cars	17,242	17,718	17,054	5-49
Purchase of Hopper Cars	-	164,665	86,183	5-49
SYSCO Rail Purchase	-	-	292	5-47
Thunder Bay Rail Issue Task Force	3	-	-	5-45
Trucking Subsidy	70	400	-	5-45
Canada Grain Council/Grainbase	90	90	-	5-45
Canada-Manitoba Subsidiary Agreement - Churchill	6,000	300	-	5-45
Payments under Western Grain Transportation Act	-	29,336	141,993	5-47
	123,205	345,409	521,322	
Direction and Administration				
Newfoundland Supplementary Pensions	1,800	1,700	1,614	5-58
Prince Edward Island Provident Fund	2,300	3,500	3,404	5-58
(Statutory) Victoria Jubilee Bridge	2,500	2,390	1,659	5-58
	6,600	7,590	6,677	
Total contributions	215,547	468,506	668,079	
Total transfer payments	244,122	492,104	686,711	

B. Cost Analysis

Net Program Cost

The Surface Program's 1985-86 Estimates include only those expenditures to be charged to the Department's voted appropriations and statutory payments. Other cost items, as well as revenue, must also be included when the actual costs to operate the Program are considered.

Figure 51: Net Cost of Program by Activity for 1985-86 ($000)

	1985-86 Expendi-tures	Add Other Costs	Total Cost	Deduct Revenue	**Net Cost**	Total 1984-85
Urban Transport	16,989	9	16,998	-	**16,998**	27,320
Road Safety and Motor Vehicle Regulation	14,366	586	14,952	300	**14,652**	14,617
Highway Transport	61,942	86	62,028	-	**62,028**	86,404
Water Transport	166,145	112	166,257	910	**165,347**	204,018
Rail Freight Transport	126,537	133	126,670	1,000	**125,670**	287,958
Rail Passenger Transport	610,756	107	610,863	-	**610,863**	639,281
Direction and Administration	9,610	206	9,816	-	**9,816**	11,002
Total	1,006,345	1,239	1,007,584	2,210	**1,005,374**	1,270,600

The adjustments made to the estimated operating expenditures to calculate a total net cost include: accommodation provided without charge by Public Works $1.2 million; other services provided without charge by other departments $.03 million; and inclusion of all revenues generated by the Program except return on investment.

C. 1983-84 Main Estimates: Financial Comparison of Restated to Original Financial Plan by Activity

The activity structure is being changed effective April, 1984. Financial information throughout this document has been presented on the basis of the new activity structure. Figure 52 provides a financial reconciliation between the new structure and the old structure that was used in the 1983-84 Main Estimates.

Figure 52: Reconciliation of New and Old Activity Structures for 1983-84 Main Estimates ($000)

	Old Activities						
	Highway Transport	Water Transport	Railway Transport	Urban Transport	Grain Transport	Direction and Admin	Total
New Activities:							
Urban Transport				61,943			61,943
Road Safety and Motor Vehicle Regulation	11,661						11,661
Highway Transport	43,664						43,664
Water Transport*		234,535					234,535
Rail Freight Transport			25,468		114,097		139,565
Rail Passenger Transport			757,173				757,173
Direction and Administration						9,443	9,443
	55,325	234,535	782,641	61,943	114,097	9,443	1,257,984*

*Includes non-budgetary ($42.9 million).

Treasury Board of Canada Comptroller General

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Treasury Board of Canada
Comptroller General

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Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains levels of detail to respond to the various needs of its readers.

There are two chapters in this document, both of which present the Expenditure Plans for each of the Department's Programs. Each chapter begins with extracts from Part II of the Estimates for the particular Program being described. This is to provide continuity with the other Estimates documents.

The first Program Expenditure Plan is divided into two sections. Section I presents an overview of the Program and a summary of its current plans and performance. Section II provides further information on costs and expenditures by object that the reader may require to understand the Program more fully. Because of the nature of the second Program, all information is presented in a single section.

This document is designed to permit easy access to specific information that the reader may require. Detailed tables of contents are provided for each Program. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $10,605,000 in support of the 1985-86 Management Practices and Controls Program. The remaining expenditures, estimated at $1,101,000 for contributions to employee benefits will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Management Practices and Controls Program		
25	Program expenditures	10,605	10,444
(S)	Contributions to employee benefit plans	1,101	993
	Total Program	11,706	11,437

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Management Practices and Controls Program	
25	Management Practices and Controls - Program expenditures	10,605,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Total	
Financial and Management Accounting and Reporting	60	4,423	4,423	5,190
Management Practices and Processes	70	4,952	4,952	4,885
Administration	26	2,331	2,331	1,362
	156	11,706	11,706	11,437

Section I
Program Overview

A. Highlights

In 1985-86, the Office of the Comptroller General (OCG) will continue to work towards the improvement of management in government. In response to the current environment of economic restraint, the OCG will focus on initiatives which result in improved productivity and savings. The long term benefits expected from good management practices are: a more cost-effective delivery of government services and programs; an improved capacity to account for program costs and results; and the emergence of a public service which responds quickly to changes in government direction and priorities.

To contribute to the achievement of these benefits, the OCG will undertake the following in 1985-86:

- Assist departments in identifying and achieving productivity improvements (see page 1-12);
- Continue the implementation of the Improvement in Management Practices and Controls Project (IMPAC) (see page 1-9);
- Continue the implementation of internal audit and program evaluation infrastructures in departments (see page 1-9);
- Improve the efficiency and economy of departmental financial administration through projects reviewing financial policies and systems (see page 1-12);
- Continue to improve the quality of information reported to Parliament in the Estimates and Public Accounts (see page 1-12).

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85*	Change
Financial and Management Accounting and Reporting	4,423	4,566	(143)
Management Practices and Processes	4,952	4,782	170
Administration	2,331	2,089	242
Total	11,706	11,437	269
Authorized person-years	156	156	-

* The 1984-85 Forecast is the same as the 1984-85 Main Estimates (see Extracts from Part II of the Estimates, page 1-4).

C. Background

1. Introduction

The Management Practices and Controls Program carries out the responsibility assigned to the Comptroller General of Canada to develop and implement sound managerial practices in the federal government. This includes policies for financial and management accounting and reporting, program evaluation and internal audit, the provision of assistance to departments and agencies in the development and implementation of action plans for improvements in management practices, and the monitoring of the results achieved.

The Office of the Comptroller General is one of two organizations serving the Treasury Board. The other is the Treasury Board Secretariat, headed by the Secretary to the Treasury Board. Both the Comptroller General and the Secretary report to the President of the Treasury Board.

2. Legal Mandate

The Management Practices and Controls Program derives its mandate from the amendment to the Financial Administration Act, creating the position of Comptroller General of Canada in 1978. The legislation empowers the Treasury

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Board to assign to the Comptroller General such responsibilities as it deems appropriate. Subsection (2.1) of Section 4 of the Financial Administration Act states that "The Governor in Council may appoint an officer called the Comptroller General of Canada to hold office during pleasure and to perform such duties and functions as may be assigned to him by the Treasury Board, and the Comptroller General shall rank as and have all the powers of a deputy head of a department".

3. Program Objective

The objective of the Management Practices and Controls Program is to see to the establishment and maintenance of sound management practices in the federal government by developing policies and standards for financial and operational planning, reporting and controls, and by promoting and monitoring improvements in the practice of financial and operational management in departments and agencies.

Therefore, the role of the OCG is two-fold: a policy role to assist the President of the Treasury Board in the administration of the Financial Administration Act and an assistance role to departments in the improvement of their management practices.

4. Program Description

The Management Practices and Controls Program has three activities as follows:

Financial and Management Accounting and Reporting: This activity's objective is to establish and maintain sound financial and management accounting and reporting in the federal government. This is accomplished by developing and administering financial, accounting and reporting policies and by providing technical and implementation advice to departments and agencies on these policies. It includes the following components:

Financial policies and systems: This component is responsible for financial and accounting policies for departments, agencies and Crown corporations; the monitoring of the planning and design of major central and departmental financial and management accounting systems; and the provision of advice and guidance to central agencies and departments on financial systems development.

Reporting to Parliament: This component is concerned with revisions to the form and content of the Estimates and Public Accounts.

Professional development: this component ensures an OCG participation in the recruitment and training of financial officers.

Management Practices and Processes: This activity seeks the establishment and maintenance by departments and agencies of sound management processes and systems. It includes the following components:

Improvements in Management Practices and Controls (IMPAC) Project: aims to improve the processes by which programs are planned and controlled in the 32 largest government departments so that government operations will be more economical, efficient and effective. The project is pursued in three phases. Firstly, departmental management processes are surveyed to identify deficiencies. Secondly, an action plan to address shortcomings is formulated by the department and endorsed by the OCG. Thirdly, the approved action plan is implemented as the joint commitment of the deputy head concerned and the Comptroller General. During all three phases of IMPAC, the OCG works closely with departmental staff to achieve change cooperatively. The Management Practices Branch also undertakes special projects such as reorganizations at the request of Departments or other central agencies .

Program Evaluation: ensures that departments and agencies establish and maintain an appropriate program evaluation function providing relevant and objective information on the effectiveness and efficiency of programs which is accessible to decision-making at the department, central agency, and Ministerial levels. This function involves the elaboration of policies, guidelines and standards, the provision of implementation advice and assistance to departments and agencies, the monitoring of their evaluation practices, and participation in the training and development of managers and practitioners of program evaluation.

Internal Audit: is charged to establish and maintain broad scope internal auditing in the 49 major departments and agencies covered by Schedules A and B of the Financial Administration Act. It involves the elaboration of audit policies, guidelines and standards, the provision of implementation advice and assistance to departments and agencies, the monitoring of audit practices and participation in the training and development of internal auditors. Studies on internal audit issues of interdepartmental or government-wide concern are also conducted.

Administration: This activity provides administrative support services to the Program. The services provided include department-wide planning, evaluation and coordination; departmental secretariat functions and direct support to the Comptroller General; and personnel, financial, language and administration services. Administrative services are shared jointly by the OCG, Treasury Board Secretariat, and Finance Canada.

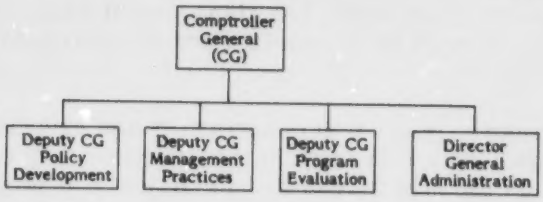
5. Program Organization for Delivery

The Management Practices and Controls Program is comprised of three activities: Financial and Management Accounting and Reporting; Management Practices and Processes; and Administration. These activities are delivered by four branches (Policy Development, Management Practices, Program Evaluation, and Administration) and a Planning and Coordination Unit.

The Policy Development Branch is responsible for all aspects of the Financial and Management Accounting and Reporting Activity and the Internal Audit component of the Management Practices and Processes Activity. The Management Practices Branch and the Program Evaluation Branch are responsible respectively for the two other components of the Management Practices and Processes Activity, namely IMPAC and Program Evaluation.

The Administration Activity is comprised of the Comptroller General's Office, the Planning and Coordination Unit, and the Administration Branch which is a shared service with the Department of Finance and the Treasury Board Secretariat. Figure 2 links the organization of the Office of the Comptroller General to the activity structure and provides a breakdown of the 1985-86 resources by activity.

Figure 2: 1985-86 Resources by Organization/Activity ($000)



Activity					Activity Total ($000)
Financial and Management Accounting and Reporting	4,423				4,423
Management Practices and Processes	1,318	1,965	1,669		4,952
Administration				2,331*	2,331
Total	5,741	1,965	1,669	2,331	11,706
Person-Years	79	28	23	26	156

* Includes only the OCG portion of the resources needed to fund the shared services provided by the Administration Branch and the Comptroller General's Office.

D. Planning Perspective

1. Environment

It is particularly important, in the present period of economic restraint, to establish and maintain sound management processes and systems for strategic and operational planning and review and to ensure sound financial management accounting and reporting in the federal government. The implementation of appropriate management practices and processes enables informed decision-making at all levels of government. This provides for lasting improvements in the efficiency, effectiveness, and economy of government operations.

In this environment, it is critical that Ministers have the relevant, timely and accurate information they require on program performance to review and challenge existing programs. Significant progress has been made in recent years to establish an adequate program evaluation function in departments and agencies. The OCG is now working with departments to improve the quality of evaluation information and to ensure that government-wide priorities are adequately reflected in the program evaluation process.

New initiatives by the Government to improve management and productivity in the Public Service can affect the scope of the Management Practices and Controls Program. The Program has already been adjusted to support the government's productivity improvement program.

2. Initiatives

Departmental Infrastructures: The strategy followed by the Office of the Comptroller General in its effort to improve management practices and controls involved an initial emphasis on the establishment of appropriate processes and infrastructures in departments. The intent of this approach is to strengthen the capacity of departments to plan and control their operations in an integrated fashion and to enhance their ability to generate information internally about the quality of management practices and controls and the performance of departmental programs.

The OCG will continue to work toward the implementation of improved management processes and infrastructures in departments. In 1985-86, it is expected that 94% of the work associated with the Improvement in Management Practices and Controls Project (IMPAC) will be achieved. It is also anticipated that the number of departments and agencies with an adequate program evaluation function will increase from 20 to 40. The proportion of programs which have been evaluated is expected to rise from 30 to 45 per cent. In addition, the OCG expects that the number of departments with an appropriate internal audit function will increase from 38 to 49 and that the quality and effectiveness of the function will also improve.

Quality Assurance: With the largely successful establishment of internal audit and program evaluation infrastructures in departments (see Section 3 -Program Effectiveness), the OCG is now giving more priority to assuring the quality and monitoring the effectiveness of the the results of program evaluation and internal audit functions in departments. In both these areas, the OCG will continue to provide leadership in terms of policies and methodologies for conducting program evaluation and internal audit studies. For example, in 1985-86, Program Evaluation Branch will be involved in the development and applications of methods for evaluating programs in specific areas such as regulation, communications and research and development. As well, it will develop and implement procedures to ensure that relevant evaluation information is available to Cabinet and that such information is being reported in a reliable and balanced way. These procedures will be developed in conjunction with the evolving Policy and Expenditure Management System. With respect to internal audit, Volume II of the Audit Handbook which presents general audit principles, will be completed in 1985-86. Furthermore, four issue specific audit guides, addressing subjects of government-wide audit application will be developed and field tested.

Productivity Improvement: Experience to date with the IMPAC project has demonstrated that a major weakness in departmental attempts to improve their management practices and controls is their ability to report on program delivery performance. The design and implementation of systems to measure the performance of programs is a major component of productivity improvement. The Office of the Comptroller General will give increasing emphasis to productivity improvement initiatives in 1985-86 by fielding project teams from the Management Practices Branch to work on specific productivity improvement pilot projects (such as the one initiated in Supply and Services Canada - Supply Administration during 1984-85).

Financial Policies and Systems: The Financial and Management Accounting and Reporting activity is equally concerned with the improvement of management and financial practices in departments. Policies and systems are reviewed to ensure that they are cost-effective and practical for departments. In 1985-86, two projects will be undertaken which should result in financial benefits in terms of the efficiency and economy of departmental financial administration.

Framework for the Control of Financial Transactions: This initiative involves a comprehensive review of existing legislation, policies, procedures and systems covering departmental transactions for payments and receipts and the development of a new control framework designed to make the best use of up-to-date systems and electronic technology. In 1985-86, the framework will be piloted in four to six departments. The expected benefits or savings associated with this initiative would take the form of reductions in workload.

Improved Cash Management: This initiative involves developing new or improved policies which contribute to better management of cash in order to optimize the government's cash flow. During 1985-86, attention will focus on projects such as prompter collection of monies due the government and making payments from Parliamentary appropriations only when the monies are actually required, as opposed to when the funds are approved.

Reporting to Parliament: Two major initiatives are underway in the OCG to improve the comprehensiveness, relevance, and clarity of information available to Parliament in the Estimates and the Public Accounts.

Revisions to the Estimates: Initial implementation of the three-part presentation of the government's spending plans will be completed as planned with the tabling of the 1985-86 Estimates. In 1985-86, the focus will be on improving the quality of Part III of the Estimates, Departmental Expenditure Plans. An important feature of Part III of the Estimates is that it reports actual performance in relation to significant planned accomplishments, including relevant program evaluation information. The 1985-86 Part IIIs include this feature for slightly more than one-half of all programs to which Part III applies. Next year, the Part III's will include this type of reporting for approximately 85% of all departmental programs with the remainder following suit one year later.

Revisions to the Summary Financial Statements: This project aims to develop a conceptual framework which should provide a basis for dealing with the current reservations of the Auditor General on the financial statements of Canada.

3. Program Effectiveness

The effectiveness of the Management Practices and Controls Program can be gauged by its ability to effect improvements in the quality of management in the federal government. The critical test of these improvements is the degree to which they enable improved decision-making and accountability in departments and agencies.

Management Practices and Processes: This section describes the extent to which the OCG and departments, working cooperatively, have succeeded in establishing and maintaining the departmental management processes and infrastructures described earlier.

IMPAC: Thirty-two departments have been surveyed through the IMPAC process and 28 departmental action plans have been endorsed by the Comptroller General. The completion of these IMPAC action plans went from approximately 40% at the end of 1981-82 to an estimated 80-85% by the end of 1984-85. IMPAC has encouraged departments and agencies to establish and use management processes in order to yield tangible financial benefits. To November 1, 1984, a total of $201 million in tangible benefits have been reported by departments, including $182 million in annually recurring benefits and $19 million in non-recurring benefits. These benefits mean that the total cost of IMPAC, an estimated $250 million one-time cost over five years, is being recovered every two years as a result of the tangible benefits to date. Between April 1, 1985 and April 1, 1986, these benefits are expected to increase from approximately $350 million to $500 million.

A program evaluation study of the IMPAC project is currently in progress.

Program Evaluation: Four ongoing measures of effectiveness of the program evaluation function are used: the establishment of a basic infrastructure, the development of an adequate evaluation capability, the amount of evaluation done, and the use being made of the evaluation findings.

The OCG maintains program evaluation liaison with the 30 largest departments and agencies (which represent 85% of program expenditures), 47 smaller agencies and 19 Crown corporations. By August 1984, most of the 30 largest departments, 10 smaller agencies and 4 Crown corporations had the basic infrastructure for evaluation. At the end of 1983-84, 10 of these 44 organizations had an adequate program evaluation function, having demonstrated competence in conducting and reporting evaluations. Less formal evaluation procedures were agreed upon with 8 smaller agencies and 2 Crown corporations.

The 254 evaluation studies completed by the end of 1983-84 covered 17% of programs to be evaluated. This equalled 23% of program expenditures.

Finally, of 170 studies followed-up on, there is evidence that evaluation findings are being used for resource allocation, improving program design and delivery, and reporting results to central agencies, to Cabinet and to Parliament. Moreover, in 1983-84, 253 briefing notes on submissions were prepared by the OCG resulting in numerous interventions on the quality of information going to Ministers in Committee.

Program Evaluation Study Results: In 1983-84, the OCG evaluated the Treasury Board policy on Program Evaluation (1977-47) and its implementation by the OCG and departments. The study confirmed the general appropriateness of the policy and uncovered no major implementation problems. These results agree with and partially rely on the 1983 audit of evaluation by the Office of the Auditor General. Recommendations included suggestions for further development of the policy in the areas of evaluation in Crown corporations, small agencies, and interdepartmental programs. In addition, the evaluation identified a continuing need for a central agency quality assurance role.

Internal Audit: In 1984 the Auditor General reported the results of his government-wide audit of the function. This audit confirmed the appropriateness of the Treasury Board policy on internal audit and commented favourably on the progress which has been achieved in the implementation of the policy across government. This study recommended measures to increase the function's usefulness to departmental managers.

Financial and Management Accounting and Reporting:

Revisions to the Estimates: Major revisions to the form of the Estimates initiated in 1981 in response to recommendations of the Public Accounts Committee are now complete. These revisions include the introduction of an annual expenditure plan for each department and agency of government which provides details of upcoming spending plans and past performance. The ongoing effectiveness of the Estimates documents can be judged by the extent to which they remain relevant to the information needs of Members of Parliament. To this end, the usage of the new documents and the comments of Members and others are monitored on a continuing basis.

Revisions to the Summary Financial Statements: research work undertaken to date has provided a basis for initiating revisions to the Government's Financial Statements which respond to the criticisms of the Auditor General.

4. Performance Information/Resource Justification

The Management Practices and Controls Program requests 156 person-years and $11.4 million in 1985-86 in support of its mandate to establish and maintain sound management practices in the Public Service. As explained in the Initiatives section, these resources will be allocated among three activities: Financial and Management Accounting and Reporting, Management Practices and Processes, and Administration. Figure 3 presents a five-year overview of the financial requirements of the program.

Figure 3: Five Year Overview of Financial Requirements ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83	Actual 1981-82
Financial and Management Accounting and Reporting					
- Financial Policies and Systems	1,991	1,899	1,869	1,745	1,736
- Reporting to Parliament	1,847	1,997	1,590	1,534	1,142
- Professional Development	585	670	598	1,091	1,301
	4,423	4,566	4,057	4,370	4,179
Management Practices and Processes					
- IMPAC	1,985	1,757	1,752	1,528	1,319
- Program Evaluation	1,667	1,609	1,506	1,400	1,071
- Internal Audit	1,300	1,416	1,330	1,223	1,037
	4,952	4,782	4,588	4,151	3,427
Administration	2,331	2,089	2,162	2,412	1,838
Total Program Expenditures	11,706	11,437	10,807	10,933	9,444

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Expenditures by object for the Management Practices and Controls Program are presented in Figure 4.

Figure 4: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	7,868	7,650	7,351
Contributions to employee benefit plans	1,101	993	1,206
Goods and Services			
Transportation and communication	172	256	158
Information	489	682	293
Professional and special services	623	579	498
Rentals		5	3
Purchased repair and upkeep	3	3	1
Utilities, materials and supplies	53	34	13
Administrative Services (Finance)	1,397	1,235	1,280
Total operating	11,706	11,437	10,803
Transfer Payments	-	-	4
Total expenditures	11,706	11,437	10,807

2. Personnel Expenditures

Figure 5: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	68	71	71	50,350 - 96,300	65,197
Scientific and Professional	4	4	4	14,570 - 65,080	60,915
Administrative and Foreign Services	47	57	57	13,853 - 57,987	48,730
Administrative Support	35	23	36	12,636 - 31,946	21,592
Other	2	1	2	12,635 - 57,764	24,927

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

The Program's cost is shown in Figure 6.

Figure 6: Net Program Cost ($000)

	1985-86 Operating Expenditures	Add Other Costs	Total Cost 1985-86	Total 1984-85
Management Practices and Controls	11,706	952	**12,658**	12,543

Other costs include services provided without charge by Public Works Canada ($828) and other departments ($124).

Implementation Assistance Program Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

No authority is requested in these Estimates in support of the Implementation Assistance Program, as it will expire on March 31, 1985.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Implementation Assistance Program		
	Implementation Assistance	-	4,000
	Total Program	-	4,000

Votes - Wording and Amounts

Vote No.	Department or agency	1985-86 Main Estimates
	Implementation Assistance Program	
	Implementation Assistance - To supplement other Votes for the purpose of assisting departments with the implementation of plans to improve management practices and controls	-

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates			1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Total	
Implementation Assistance	-	-	-	4,000
	-	-	-	4,000

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Section I
Program Overview

A. Highlights

The Implementation Assistance Program (IAP) will terminate on March 31, 1985. IAP resources will have assisted 23 departments over the six-year life of the Program in accelerating their improvement of management practices and controls. Details on the performance of the Program are provided in Section D.

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Implementation Assistance	-	4,000	(4,000)
Total	-	4,000	(4,000)
Authorized person-years	-	45	(45)

C. Background

1. Introduction

The Implementation Assistance Program is a program of short-term resource assistance available to departments implementing the Improvement in Management Practices and Controls Project (IMPAC). Through the Implementation Assistance Program, the Office of the Comptroller General provides resources over the short term, and when necessary, to supplement departmental funds for the purpose of assisting them to implement their OCG approved action plans for improved management practices and controls. IAP funds typically represent 20% of the costs incurred by departments in implementing their IMPAC action plans.

2. Legal Mandate

Treasury Board Minutes in 1979, 1981 and 1982 approved respectively the establishment, restructuring and extension of the Implementation Assistance Program to 1984-85.

3. Program Objective

To accelerate improvements in management practices and controls in federal departments and agencies.

4. Program Organization for Delivery

The management of the Implementation Assistance Program formed an integral part of the operations of the Improvement in Management Practices and Controls Project (IMPAC), which is described on page 1-9. The Office of the Comptroller General assessed the need for IAP resources on the basis of the cost and complexity of the department's IMPAC action plan and the resources available to the department for implementation. Program allocations from IAP were requested by means of a Treasury Board submission signed by the responsible Minister.

D. Performance Information/Resource Justification

A formal evaluation of the Program was carried out in 1982-83. The study concluded that there was a continuing need for the Program for a period of up to three years, to enable departments to complete their IMPAC action plans.

In terms of past performance, the evaluation study found that the Program provided a meaningful incentive for 71% of the departments participating in the Program to launch their program of management improvements and induced 64% of them to contribute more of their own resources to the implementation of action plans for improvements in management practices when they were ready, or ahead of planned schedule, as was the case for five departments. The study also highlighted the program's contribution in accelerating by an average of one year the on-going implementation of management improvements in 92% of the participating departments.

Actual and forecast resource requirements for the Implementation Assistance Program for the three-year period from 1983-84 to 1985-86 are presented in Figure 2.

Figure 2: Outputs and Resource Requirements

	Estimates* 1985-86	Forecast 1984-85	Actual 1983-84
No. of departments assisted	-	13	15
Person-Years	-	45	65
Dollars ($000)	-	4,000	6,500

* program terminated

Treasury Board of Canada Secretariat

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Treasury Board of Canada
Secretariat

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Preface

This Expenditure Plan is designed to be used as a reference document. It contains several levels of detail to respond to the various needs of its readers.

There are five chapters in this document. The first provides an introduction to the Secretariat; the other four present the Program Expenditure Plans for each of the Secretariat's programs.

Chapters 2 to 5 begin with extracts form Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the various chapters, and detailed tables of contents are provided for each program.

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Departmental Summary

Role and Responsibilities

The Treasury Board is a committee of the Queen's Privy Council for Canada. The Board consists of the President of the Treasury Board, the Minister of Finance and four other Ministers who are nominated from time to time by the Governor in Council.

The Treasury Board Secretariat is one of two organizations serving the Treasury Board. The other is the Office of the Comptroller General of Canada. Both the Secretary and the Comptroller General report to the President of the Treasury Board.

The Treasury Board Secretariat is the administrative arm of the Treasury Board. The Secretariat, headed by the Secretary, operates under the broad authority of Sections 3-7 of the Financial Administration Act, as well as other acts, and supports the Treasury Board as the general manager and employer of the Public Service. With this mandate, the Secretariat is responsible for recommending and providing advice to the Treasury Board on policies, directives, regulations and program expenditure proposals in respect of the management of the government's financial, human and materiel resources and is concerned with initiatives, issues and activities that cut across all policy sectors of the government.

Departmental Organization and Programs

The Treasury Board Secretariat consists of five branches and four Programs. This Departmental Expenditure Plan describes these Programs, which are summarized briefly below.

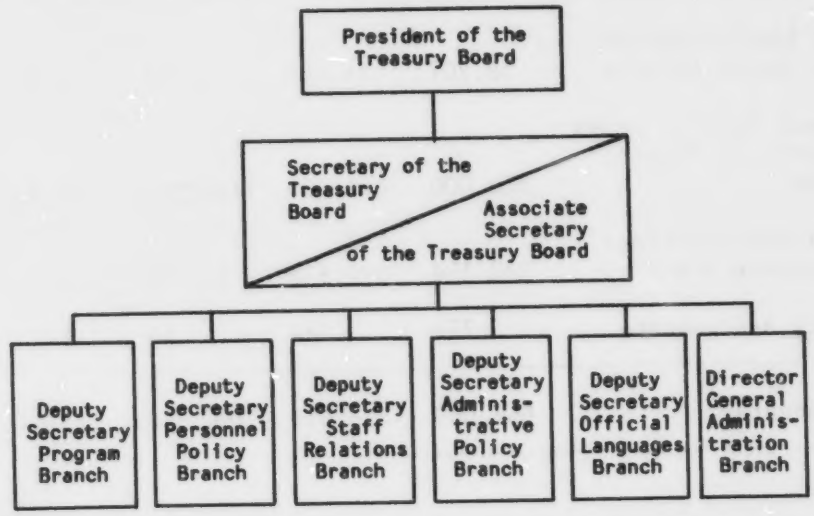
Central Administration of the Public Service: This consists of six activities, five of which provide advice and develop policies in the areas of expenditure management, personnel management, staff relations, administrative policy and official languages; the sixth provides departmental administration. This program also provides the resources to administer the other three programs of the Secretariat.

Government Contingencies and Centrally Financed Programs: This provides funds to supplement other votes for paylist and other requirements and to provide for miscellaneous minor and unforeseen expenses not provided for otherwise. It also provides resources to cover the costs of a limited number of centrally financed programs.

Employer Contribution to Insurance Plans: This provides funds for contributions by the government, as employer, with respect to employee insurance and benefit plans.

Temporary Assignments: This provides a pool of executives and senior officers used to carry out high priority temporary assignments in other departments and agencies on a cost-recoverable basis.

Figure 1: Relationship of Organization to 1985-86 Program Expenditures ($000)



	Deputy Secretary Program Branch	Deputy Secretary Personnel Policy Branch	Deputy Secretary Staff Relations Branch	Deputy Secretary Administrative Policy Branch	Deputy Secretary Official Languages Branch	Director General Administration Branch	Total
Central Administration of the Public Service	11,873	14,757	5,711	7,392	5,082	13,392	58,207
Government Contingencies and Centrally Financed Programs	355,000						355,000
Employer Contributions to Insurance Plans Program		242,134					242,134
Temporary Assignments Program		725					725
Total	366,873	257,616	5,711	7,392	5,082	13,392	656,066

Figure 2: Departmental Spending Plan by Program, 1985-86 ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %	For Details See Page
Central Administration of the Public Service	58,207	56,386	1,821	3.2	2-3
Government Contingencies and Centrally Financed Programs	355,000	485,000	(130,000)	(26.8)	3-3
Employer Contributions to Insurance Plans	242,134	214,546	27,588	12.9	4-3
Temporary Assignments	725	684	44	6.4	5-3
Total Budgetary	656,066	756,616	(100,550)	(13.3)	

Central Administration of the Public Service Program Expenditure Plan

1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $53,385,000 in support of the Central Administration of the Public Service Program. The remaining expenditures, estimated at $4,822,400 for contributions to employee benefit plans and the President's salary and motor car allowance, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Central Administration of the Public Service Program		
1	Program expenditures	53,385	52,106
(S)	President of the Treasury Board - Salary and motor car allowance	42	41
(S)	Contributions to employee benefit plans	4,780	4,239
	Total Program	58,207	56,386

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Central Administration of the Public Service Program	
1	Central Administration of the Public Service - Program expenditures including payments to retired public servants and the estates of deceased public servants where awards for suggestion or meritorious contributions are approved, payments in accordance with the Incentive Award Plan of the Public Service of Canada and the grants listed in the Estimates	53,385,000

Program by Activities

(thousand of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Budgetary Transfer Payments	Total	
Expenditure Management	178	11,873	.....	11,873	10,120
Personnel Management	190	14,757	.....	14,757	15,614
Staff Relations	90	5,711	.....	5,711	5,479
Administrative Policy	95	7,392	.....	7,392	7,425
Official Languages	67	5,082	.....	5,082	4,920
Departmental Administration	157	13,239	153	13,392	12,828
	777	58,054	153	58,207	56,386

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Section I
Program Overview

A. Background

1. Introduction

The Central Administration of the Public Service Program provides the human and financial resources for all operations of the Secretariat. The Secretariat assists the Treasury Board in reviewing and approving service-wide policies, guidelines and directives governing the management of the Public Service and submissions from individual departments and agencies.

2. Legal Mandate

The principal legislative authorities for the Treasury Board are the Financial Administration Act and the Public Service Staff Relations Act. The Treasury Board is also authorized by the Governor in Council to implement certain provisions of the Official Languages Act as it applies to the Public Service, the Public Service Superannuation Act, the Supplementary Retirement Benefits Act and other superannuation acts. As well, the Board is assigned responsibilities in a number of other acts, usually as part of an approval process.

3. Program Objective

The objective of the Central Administration of the Public Service Program is to support the Treasury Board in performing its statutory responsibilities for the management of the government's financial, human and materiel resources.

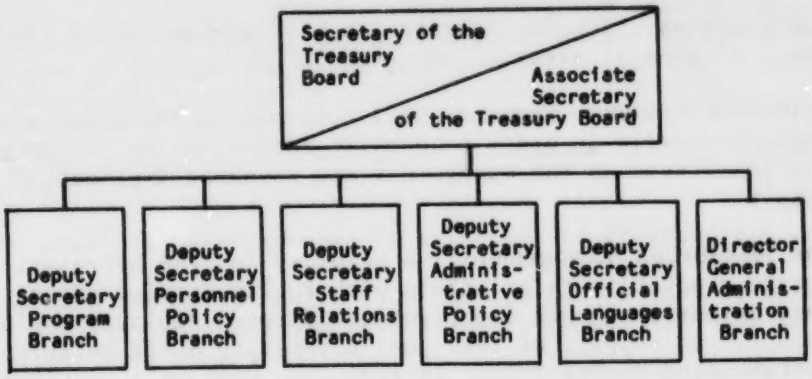
4. Program Organization for Delivery

Activity Structure: The Central Administration of the Public Service Program is composed of six activities: Expenditure Management, Personnel Management, Staff Relations, Administrative Policy, Official Languages, and Departmental Administration.

Organization Structure: Figure 1 shows the reporting relationship of the six branches of the Secretariat and their corresponding resources. The branches and the activity structure have a one-to-one relationship.

The Administration Branch provides common services to the Secretariat, the Office of the Comptroller General and the Department of Finance. The funds shown under the Administration Branch include the costs of the Offices of the President and the Secretary, the Communications Division, direct support services and the Treasury Board Secretariat's share of the administrative services.

Figure 1: 1985-86 Resources by Organization/Activity ($000)



							Total
Person-Years	178	190	90	95	67	157	777
$000	11,873	14,757	5,711	7,392	5,082	13,392	58,207

B. Planning Perspective

1. Environment

The Treasury Board, as the general manager and employer of the Public Service, responds to government priorities which reflect social and economic concerns of the country.

2. Initiatives

The initiatives which the Secretariat will pursue during 1985-86 involve a number of general areas of concern:

Expenditure Review: Emphasis will continue on financial analysis of new spending proposals in order to provide advice to the Treasury Board and policy committees on the management and resource implications of such proposals.

Human Resources Management: A priority for the Secretariat will be to encourage a positive relationship with Public Service unions and to address issues which are important to improved employer-employee relations. In support of this goal a separate Staff Relations Branch was established during 1984. In addition, work will continue on improving the personnel management system.

Crown Corporations Directorate: The Directorate was established in 1984 from units previously in the Secretariat and the Department of Finance to implement the recent amendments to the Financial Administration Act and to provide in depth analysis and advice on matters relating to Crown Corporations.

Administrative Policy: Work will continue in many areas of the Secretariat, and especially in contract administration, to find ways to improve Public Service management through more effective delegation of authority and correspondingly more effective accountability mechanisms.

3. Program Effectiveness

For the most part, program effectiveness is measured by the adequacy of the approved policies in the areas of personnel management, official languages and the management of materiel and services. These policies are reviewed continuously through formal review and evaluation processes as well as through consultation, monitoring and liaison with officials of other departments and agencies.

Section II
Analysis by Activity

A. Expenditure Management

Objective

On the basis of the analysis of departmental plans and programs and within the context of the Policy and Expenditure Management System, to recommend to the government the acceptance or modification of specific expenditure proposals, in order to:

- reflect the priorities which the government assigns to the objectives;
- increase the effectiveness of existing and proposed programs;
- increase the efficiency with which the person-year resources, facilities, equipment, materials and supplies are used in the operation of programs; and
- to develop the Estimates for the approval of Parliament.

Resource Summary

Figure 2: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Program Analysis	4,494	75	4,303	74	191	1
Expenditure Analysis and Estimates	3,327	46	3,496	47	(169)	(1)
Crown Corporations	2,868	43	1,131	19	1,737	24
Management	1,184	14	1,190	14	(6)	-
	11,873	178	10,120	154	1,753	24

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Description

This activity is the responsibility of the Program Branch, which is headed by a Deputy Secretary who reports directly to the Secretary of the Treasury Board. The activity has four sub-activities.

Program Analysis: analyses programs and reviews multi-year operational plans in order to provide advice to the Treasury Board on the allocation of resources and also communicates to departments and agencies the policies, directives and decisions of the Treasury Board which affect the use and level of resources.

Expenditure Analysis and Estimates: maintains an up-to-date account of government expenditures, provides technical support in matters of Estimates and internal electronic data processing systems, provides instructions to departments on the preparation of Multi-Year Operational Plans (MYOP) and Main Estimates submissions and publishes the Main Estimates.

Crown Corporations: provides a common service to the Treasury Board Secretariat and the Department of Finance by analyzing and advising on the financial requirements and the development of policies and legislation related to Crown corporations and their subsidiaries.

Management: includes the Deputy Secretary's Office, which provides executive direction and coordinates the activities of the Branch.

B. Personnel Management

Objective

To develop, communicate and evaluate personnel policies, regulations, standards, systems and terms and conditions of employment to enable managers to manage the human resources required to carry out government programs.

Resource Summary

Figure 3: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
General Personnel Management	4,210	65	4,390	68	(180)	(3)
Organization and Classification	7,725	80	8,448	83	(723)	(3)
Human Resources	2,000	32	1,985	33	15	(1)
Management	822	13	791	13	31	-
	14,757	190	15,614	197	(857)	(7)

Description

This activity is the responsibility of the Personnel Policy Branch, which is headed by a Deputy Secretary who reports directly to the Secretary of the Treasury Board. The activity has four sub-activities.

General Personnel Management: develops and implements policies and provides advice on matters related to health and safety, pensions, benefits, and executive and management compensation, and is responsible for the Employer Contributions to Insurance Plans Program.

Organization and Classification: develops and implements policies and provides advice on matters related to the organization of government departments, systems and standards of classification and the training of classification personnel, the development of pay administration policies and government-wide personnel information systems to support the Treasury Board and departments in the management of the personnel function; is responsible for the Temporary Assignments Program.

Human Resources: develops and implements policies, and provides advice, on matters related to affirmative action programs, visible minorities, human rights, training programs, human resources planning and innovative management practices.

Management: includes the Deputy Secretary's Office, which provides executive direction and coordinates the activities, including the program evaluation function for the Branch.

C. Staff Relations

Objective

To develop and implement policies promoting effective employer-employee relations in the federal public service.

Resource Summary

Figure: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Collective Bargaining	1,882	28	1,838	28	44	-
Representation and Adjudication	922	14	874	14	48	-
Compensation	1,923	32	1,884	32	39	-
Management	984	16	883	16	101	-
	5,711	90	5,479	90	232	-

Description

This activity is the responsibility of the Staff Relations Branch, which is headed by a Deputy Secretary who reports directly to the Secretary of the Treasury Board. The activity has four sub-activities.

Collective Bargaining: negotiates, interprets and administers collective agreements for the federal public service, conducts bilateral and joint consultations with unions, and develops and implements proposals to improve the collective bargaining process.

Representation and Adjudication: administers the grievance process at the adjudication level, establishes the employer's position on designations and exclusions and certification of bargaining units.

Compensation: recommends and maintains information and data systems; conducts compensation research and related analytical activities.

Management: includes the Deputy Secretary's Office, which provides executive direction and coordinates the activities of the Branch, including compensation analysis.

D. Administrative Policy

Objective

To develop, communicate and evaluate administrative and information policies, regulations, standards and systems in order to ensure probity and prudence in the acquisition and use of materiel and services required to provide effective support to government programs.

Resource Summary

Figure 4: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Policy Development and Revision	2,144	31	2,192	33	(48)	(2)
Policy Implementation and Review	2,580	30	2,341	30	239	-
Planning and Evaluation	947	14	1,045	14	(98)	-
Incentive Awards	708	5	788	5	(80)	-
Regulatory Reform	746	10	706	10	40	-
Common Services Review Board	99	2	179	3	(80)	(1)
Management	168	3	174	3	(6)	-
	7,392	95	7,425	98	(33)	(3)

Description

This activity is the responsibility of the Administrative Policy Branch, which is headed by a Deputy Secretary who reports directly to the Secretary of the Treasury Board. The activity has six sub-activities.

Policy Development and Revision: develops and revises policies dealing with materiel, real property, services and information management systems. It is also responsible for the development of administrative policies related to the Access to Information and Privacy Acts.

Policy Implementation and Review: reviews departmental submissions to the Treasury Board, monitors selected policies and maintains the Branch's Submission Information System.

Planning and Evaluation: conducts evaluations of selected policies on a five-year cyclical basis and special studies as required. It also publishes the Administrative Policy Manual and provides advice to departments on socio-economic impact analysis of new major government regulations relating to health, safety and fairness.

Incentive Awards: includes the Incentive Awards Board Secretariat, which is responsible for the administration of the Incentive Award Program for the Public Service.

Common Services Review Board: includes the Common Services Review Board (CSRB) secretariat, which advises the CSRB, itself an independent advisory committee of senior officials formed to advise the Treasury Board Ministers on the resolution of common services issues.

Regulatory Reform: includes the Office of the Coordinator of Regulatory Reform, which is responsible for the coordination of and liaison with departments, agencies and private sector groups involved in the regulatory reform process.

Management: includes the Deputy Secretary's Office, which provides executive direction and coordinates the activities of the Branch.

E. Official Languages

Objective

To develop, communicate and evaluate Official Language policies and programs within the federal public service.

Resource Summary

Figure 5: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Operations	1,355	24	1,220	24	135	-
Policy	439	8	411	8	28	-
Evaluation and Audit	2,691	24	2,643	24	48	-
Management	597	11	646	11	(49)	-
	5,082	67	4,920	67	162	-

Description

This activity is the responsibility of the Official Languages Branch, which is headed by a Deputy Secretary who reports directly to the Secretary of the Treasury Board. The activity has four sub-activities.

Operations: ensures that the Official Languages policies and programs are effectively implemented in departments, agencies and Crown corporations.

Policy: develops policies, interprets their intent and application, determines their impact, and effects the necessary adjustments to implement the Official Languages Act and government policy.

Evaluation and Audit: develops and maintains information systems and administrative procedures, ensures compliance with mandatory policy provisions, defines performance indicators, evaluates progress towards government objectives and provides advice to departments, agencies and Crown corporations on data management, audit and evaluation of the Official Languages program.

Management: includes the Deputy Secretary's Office, which provides executive direction, coordination of activities for the Branch and liaison with the provinces and Official Languages communities.

F. Departmental Administration

Objective

To provide senior executive direction and information, financial, personnel and administrative services for the Secretariat.

Resource Summary

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Change	
	$	P-Y	$	P-Y	$	P-Y
Administration	13,392	157	12,828	161	564	(4)

Description

This activity includes provision for the offices of the President, the Secretary, the Corporate Services and Communications Divisions and the Administration Branch.

Corporate Services provides planning and co-ordination services in support of departmental senior management.

The Communications Division provides writing, editing and advisory services for speeches, news releases, publications, public relations and communication strategies produced on behalf of the Secretariat and the Office of the Comptroller General.

The Administration Branch provides the requisite financial, personnel and administrative services jointly to the Treasury Board Secretariat, the Office of the Comptroller General and the Department of Finance.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	34,182	32,645	29,515
Contributions to employee benefit plans	4,780	4,239	4,337
Other personnel costs	2	2	133
	38,964	36,886	33,985
Goods and services			
Transportation and communications	1,068	1,028	870
Information	1,746	2,034	1,587
Professional and special services	8,413	8,506	7,943
Rentals	241	401	184
Purchased repair and upkeep	40	64	36
Utilities, materials and supplies	241	342	287
Administrative services (Finance)	6,972	6,608	6,288
All other expenditures	369	369	365
	19,090	19,352	17,560
Total operating	58,054	56,238	51,545
Capital	.....	.....	72
Transfer payments	153	148	141
Total expenditures	58,207	56,386	51,758

2. Personnel Expenditures

Figure 8: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	148	131	114	50,350 - 96,300	65,900
Scientific and Professional	44	33	33	14,570 - 65,080	51,500
Administrative and Foreign Service	355	374	366	13,330 - 63,870	46,200
Technical and Operational	12	13	13	12,635 - 57,764	35,400
Administrative Support	218	216	236	13,352 - 37,130	21,900

Note: The person-year column displays the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 9: Program Cost for 1985-1986 ($000)

	Gross 1985-86 Operating Expenditures	Less** Revenue	Add* Other Costs	**Total Net Cost 1985-86**	Total Net Cost 1984-85
Central Administration of the Public Service	58,207	1,680	8,008	**64,535**	63,812

* Services provided without charge by other departments.
** Revenue from miscellaneous sources.

Government Contingencies and Centrally Financed Programs Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is sought in these Estimates to spend $340,000,000 for Government Contingencies and $15,000,000 for centrally financed Employment Initiatives in 1985-86.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Government Contingencies and Centrally Financed Programs		
5	Government Contingencies	340,000	315,000
10	Employment Initiatives	15,000	170,000
	Total Program	355,000	485,000

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Government Contingencies and Centrally Financed Programs	
5	Government Contingencies - Subject to the approval of the Treasury Board, to supplement other votes for paylist and other requirements and to provide for miscellaneous minor and unforseen expenses not otherwise provided for including awards under the Public Servants Inventions Act and authority to re-use any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations	340,000,000
10	Employment Initiatives - Subject to the approval of the Treasury Board, to supplement other votes and to provide resources to cover costs in connection with the employment of persons and the summer employment of and summer activities for students	15,000,000

Extracts from Part II of the Estimates

Program by Activities

(thousand of dollars)	1985-86 Main Estimates		1984-85 Main Estimates
	Budgetary Operating	Total	
Government Contingencies	340,000	340,000	315,000
Employment Initiatives	15,000	15,000	170,000
	355,000	355,000	485,000

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Section I
Program Overview

A. Background

1. Introduction

The Government Contingencies and Centrally Financed Programs exist to provide a capability to finance items which cannot be foreseen when the Main Estimates are prepared. As well, it funds special employment programs which are co-ordinated through the Treasury Board pending final allocation of funds. These funds are available to supplement all government programs.

Allotments made from the Contingencies Vote, with the exception of paylist adjustments, are recovered from departments through Supplementary Estimates subsequently tabled in Parliament. The Contingencies Vote provides a funding mechanism whereby departments and agencies can proceed to implement urgent policy decisions of Cabinet. Allotments for salary adjustments are not recovered from departments and agencies but remain as a supplement to the appropriation which has incurred the expenditure.

2. Legal Mandate

The principal legislative authorities are the Financial Administration Act and the Appropriation Act for each fiscal year.

3. Program Objective

The objective of the Government Contingencies and Centrally Financed Programs is to provide funds for unforeseen and urgent expenditures which arise after the Main Estimates have been tabled and for centrally financed programs.

4. Program Organization for Delivery

Activity Structure: The program is divided into two activities which reflect the different purposes for which funding is requested: Government Contingencies and Employment Initiatives.

Organization Structure: The costs of administering this program are included in the Central Administration of the Public Service Program. Decisions to allocate funds from the Contingencies Vote and for special employment purposes are made by the Treasury Board. Implementation of the decisions is the responsibility of the Deputy Secretary, Program Branch.

B. Planning Perspective

1. Environment

Government Contingencies: A major factor in determining the level of funding for government contingencies is the policy and expenditure management system and, in particular, the management of the policy reserves by the Policy Committees and the timing of approvals for new expenditures. Temporary financing is frequently proposed for items the specific nature of which cannot be included in Main Estimates because they lack specific definition at that time.

Employment Initiatives: The level of funding for summer employment initiatives is determined by Cabinet in conjunction with the government's overall employment strategy.

2. Program Effectiveness

The provision by Parliament of funds for government contingencies to meet miscellaneous minor and unforeseen expenditures contributes to the efficient and orderly conduct of government business. It gives the executive the discretion and flexibility to respond quickly to urgent expenditure requirements, while maintaining the principles of Parliamentary control and executive accountability.

Section II
Analysis by Activity

A. Government Contingencies

Objective

To provide funding for increased salary costs arising out of negotiated and non-negotiated agreements and other paylist requirements not included in departmental Estimates and for urgent expenditures of a miscellaneous character which cannot be foreseen when Estimates are drawn up.

Resource Summary

Because of the nature of this activity, the expenditures are not incurred directly against this account. All allotments from the Contingencies Vote during the course of the year have, by year end, been either reimbursed through Supplementary Estimates or transferred to supplement other votes for paylist adjustments. Any balance remaining lapses at the end of the fiscal year.

Description

The level of funding required for Government Contingencies is assessed in relation to the magnitude and complexity of approved government spending, the extent of Parliamentary control over discretionary reallocation of approved expenditures by the executive, and the level and rate of increase in Public Service salaries.

Since the introduction of the current vote structure in 1970-71, an amount of approximately one per cent of the total of all budgetary votes in Main Estimates has been found to be an adequate level and an amount agreeable to Parliament.

The requirement for contingency financing is expected to remain close to the historical level of one per cent of voted Main Estimates.

Figure 1: Comparison of Resources to Main Estimates Budgetary Expenditures ($million)

	1985-86	1984-85	1983-84
Budgetary Voted Expenditures	36,910	36,830	32,549
Government Contingencies	340	315	315
% of Budgetary Expenditures	0.9	0.9	0.9

B. Employment Initiatives

Objective

To provide funding for qualifying projects, approved during the fiscal year, which support the government's employment strategy.

Resource Summary

Figure 2: Activity Expenditures ($000)

	Estimates 1985-86	Estimates* 1984-85	Change
Student Summer and Youth Employment	15,000	170,000	(155,000)

*Estimates as tabled in Parliament.

Because of the nature of this activity, the expenditures are not incurred directly against this account. During the course of the year all the funds are transferred to supplement other votes.

Description

The Employment Initiatives activity provides financing for student employment centres which have received approval under the Employment and Insurance Program of Employment and Immigration Canada.

For performance information, refer to Employment and Immigration Canada, Part III, under the Employment and Insurance Program, Direct Job Creation activity.

Employer Contributions to Insurance Plans Program Expenditure Plan

1985-86

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Appropriation Authority

Authority is sought in these Estimates to spend $241,722,000 for employer contributions to insurance plans in 1985-86. The remaining expenditures, estimated at $412,000 for certain pension payments will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Employer Contributions to Insurance Plans Program		
15	Public Service Insurance	241,722	214,076
(S)	Public Service Pensions	412	470
	Total Program	242,134	214,546

Extracts from Part II of the Estimates

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Employer Contributions to Insurance Plans Program	
15	Government's contributions to surgical-medical and other insurance payments, premiums and taxes determined on such bases and paid in respect of such persons and their dependents as Treasury Board prescribes who are described in Finance Vote 124, Appropriation Act No. 6, 1960, Finance Vote 85a, Appripriation Act No. 5, 1963 and Finance Vote 20b, Appropriation Act No. 10, 1964 and Government's contribution to pension plans, death benefit plans, and social security programs, health and other insurance plans for employees engaged locally outside Canada and to the Hospital Insurance (outside Canada) Plan, and to permit the payment to employees of their share of the premium reduction under subsection 64(4) of the Unemployment Insurance Act, 1971	241,722,000

Program by Activities

(THOUSAND OF DOLLARS)	1985-86 MAIN ESTIMATES					1984-85 MAIN ESTIMATES
	BUDGETARY OPERATING	TRANSFER PAYMENTS	SUB-TOTAL	LESS: REVENUES CREDITED TO THE VOTE	TOTAL	
PUBLIC SERVICE INSURANCE	256,766	...	256,766	25,211	231,555	203,967
PUBLIC SERVICE PENSIONS	10,167	412	10,579	....	10,579	10,579
	266,933	412	267,345	25,211	242,134	214,546

Section I
Program Overview

A. Financial Summary by Activity

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Public Service Insurance	256,766	226,153	30,613	4-9
Public Service Pensions	10,579	10,579	.....	4-12
	267,345	236,732	30,613	
Less: Receipts Credited to the Vote Receipts from Revolving Funds	25,211	22,186	3,025	
	242,134	214,546	27,588	

Receipts are collected from revolving funds in accordance with Treasury Board policy, which requires revolving funds to include full costs, including all direct, indirect and overhead costs, in their accounts.

The increase in 1985-86 estimated expenditures over the 1984-85 forecast is the net result of the following:

- a net increase of $14.6 million in estimated costs of health insurance;
- an increase of $12.1 million for the provincial health payroll tax;
- an increase of $0.4 million for unemployment insurance premium rebates; and
- an increase of $0.5 million for locally-engaged employees health insurance plans.

B. Background

1. Introduction

The Employer Contributions to Insurance Plans Program provides for the payment of the employer's share of costs for the health, income maintenance and other insurance plans applicable to employees for whom the Treasury Board is the designated employer under the Public Service Staff Relations Act or other authorities.

The insurance plans in place provide employees and their families with protection against financial loss in the event of illness, disability or death, at levels generally comparable to the protection provided by other employers in Canada. As well, the program provides funding for periodic non-discretionary payments which the government, as an employer, must make in accordance with the terms of the Unemployment Insurance Act and provincial legislation.

The program also provides for the payment of the employer costs of pension and social security plans to which employees of the Government of Canada, locally engaged abroad, are subject, as well as statutory payments under the Public Service Pension Adjustment Act and earlier retirement acts.

Benefit plans for the Public Service, which have evolved over the years, have been implemented to maintain the government's competitive position in the labour market. Some plans have been introduced by the government as a result of negotiations and agreements with labour unions. Other plans have been introduced to satisfy the obligations imposed by Canadian laws or to comply with local practice in the case of employees engaged in foreign countries. Changes to costs associated with these plans result primarily from actuarial adjustments required to maintain existing benefits, changes to insured populations, increases in salaries, revisions to benefits and, in the case of benefits for people employed by the Canadian Government in foreign countries, changes in the international monetary exchange rates.

2. Legal Mandate

The principal authorities under which the Treasury Board administers this program are the Financial Administration Act and the Appropriation Act of each fiscal year.

3. Program Objective

The objective of the Employer Contributions to Insurance Plans Program is to provide for contributions by the government as employer in respect of employee insurance and benefit plans and programs and for payments made under certain residual pension plans.

4. Program Organization for Delivery

Activity Structure: The program consists of two activities which reflect the different purposes for which expenditures are authorized: Public Service Insurance and Public Service Pensions. The Pensions activity encompasses only certain specific, centrally-funded plans, because contributions to benefit plans, such as those payable under the Public Service Superannuation Act, are disclosed within individual programs of all government departments.

Organization Structure: The costs of administering this program are included in the Central Administration of the Public Service Program. The administration of the Employer Contributions to Insurance Plans Program is the responsibility of the Assistant Secretary, General Personnel Management, who reports to the Deputy Secretary, Personnel Policy Branch.

Section II
Analysis by Activity

A. Public Service Insurance

Objectives

To provide for the payment of the employer's share of health, income maintenance and life insurance premiums, for payments to or in respect of provincial health insurance plans, provincial payroll taxes and the employee's share of the unemployment insurance premium reduction.

Resource Summary

The Public Service Insurance Activity accounts for 96 per cent of the 1985-86 Employer Contributions to Insurance Plans Program.

Figure 2: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Surgical-Medical and other Insurances	173,834	156,213	17,621
Payments to Employees of their share of Unemployment Insurance Premium Reductions	9,297	8,884	413
Health and other Insurance Plans for Employees engaged locally (outside Canada)	1,088	613	475
Provincial Health Payroll Taxes	72,547	60,443	12,104
	256,766	226,153	30,613
Less: Receipts Credited to the Vote			
Receipts from Revolving Funds*	25,211	22,186	3,025
	231,555	203,967	27,588

*See page 4-6

Description

Surgical-Medical and Other Insurances: Parliament authorizes the government to share the premiums payable by employees for coverage under the Group Surgical-Medical Insurance Plan, the Disability Insurance Plan, the Public Service Management Insurance Plan, the Service Income Security Insurance Plan and the R.C.M.P. Group Long-Term Disability Insurance Plan. The government is also authorized to share the cost with employees of their provincial health insurance by paying part of the cost of premiums where applicable, or by making cash payments to employees where no premiums are levied.

The benefits package provided by the government to its employees is designed to be comparable with those provided by other employers, in order to attract and retain employees with the requisite skills. Expenditures are determined within the confines of regulations and directives which are established by the Treasury Board. To illustrate how expenditures increase, surgical-medical insurance premiums are adjusted actuarially to ensure that premiums remain adequate to finance the benefits, which are directly dependent upon medical and hospital care costs. Long term disability premiums are based on employees' insured salaries and, therefore, increase in accordance with salary increases. Thus, levels of expenditure regularly increase simply to maintain a specified level of benefits. Introduction of new benefits to maintain a competitive package would also increase expenditures.

The estimated expenditure for this item is an amalgamation of the estimates for a number of different plans and for different populations (Public Service employees, members of the Canadian Armed Forces and RCMP, pensioners, etc). The estimates for each plan are, in turn, based on various factors, depending on the particular characteristics of the plan. Those factors include the number of persons insured under the plan and the estimated annual turnover rate, the levels of premium or contribution rates, anticipated changes to those rates, and expected increases in insured salary levels where plan costs are salary related.

Payments to Employees of their Share of Unemployment Insurance Premium Reduction: The Unemployment Insurance Act provides for a reduced employer premium for employers who maintain certain levels of income for employees who are absent from work because of illness, on the condition that at least five-twelfths of the reduction is passed on to the employees. The government qualifies because of its sick leave policies and makes an annual cash payment to the concerned employees equivalent to five twelfths of the reduction granted to the employer in respect of them.

The estimated expenditure for this item is based on the anticipated amount of the premium reduction to be granted to the government, as employer, for the relevant years and on the number of employees and the level of their Unemployment Insurance premiums. The costs are estimated on employee populations of approximately 288,000 in the Public Service and 100,500 in the Armed Forces and RCMP.

Health and Other Insurance Plans for Employees Engaged Locally (outside Canada): Health plans are in effect for local people employed at diplomatic missions in some 35 countries. Premiums may be cost-shared with employees or fully paid by the government, depending on local practice. In addition a cost-shared Group Life Insurance Plan is in effect for employees locally-engaged in the United States.

Expenditures for this element are determined by the number of insurance plans in force, the number of insured employees, the level of benefits provided, and the extent to which the government contributes towards the plan costs. The costs are estimated on employee populations of approximately 450 in the United States and 1,300 in other countries.

Provincial Health Payroll Taxes: Under provincial legislation, Quebec and Manitoba impose payroll taxes on employers at a set percentage of the gross salaries paid in respect of all employees reporting for work at an establishment in those provinces. The government has agreed to pay the taxes on behalf of its employees, including members of the Canadian Forces and the Royal Canadian Mounted Police.

Four factors determine the expenditures for this purpose: the existence or introduction of provincial legislation imposing payroll taxes on employers; the level of the provincial tax; the government's agreeing to pay the tax; and the number of federal employees in the province and their salary levels. The Quebec Health Insurance Act imposes a 3 per cent tax. The Manitoba Health and Post-Secondary Education Levy Act imposes a 1.5 per cent tax which the government commenced paying in 1983-84.

Figure 3 shows historical and forecast expenditures for Public Service Insurance.

Figure 3: Public Service Insurance Expenditures ($000)

	Insurances	U.I. Premium Reduction	Locally-Engaged Premiums	Payroll Taxes
1977-78	93,353	4,019	125	36,321
1978-79	109,217	4,817	205	18,752
1979-80	105,055	7,526	225	21,289
1980-81	123,336	7,087	607	23,943
1981-82	123,840	8,036	395	52,797
1982-83	124,301	7,342	474	47,379
1983-84	141,879	7,825	487	64,643
1984-85 (forecast)	156,213	8,884	613	60,443
1985-86 (forecast)	173,834	9,297	1,088	72,547

B. Public Service Pensions

Objective

To provide for payments under earlier superannuation and retirement acts, under the Public Service Pension Adjustment Act of 1959 and for employer costs of pension and social security plans to which employees engaged locally outside Canada are subject.

Resource Summary

The Public Service Pensions Activity accounts for 4 per cent of the 1985-86 Employer Contributions to Insurance Plans Program

Figure 4: Activity Expenditures ($000)

	Estimates 1985-86	Forecast 1984-85	Change
Public Service Pension Adjustment Act and earlier retirement acts	412	470	(58)
Locally-Engaged (outside Canada) Pension Plans	4,167	3,896	271
Social Security Plans for Employees engaged locally (outside Canada)	6,000	6,213	(213)
	10,579	10,579	.....

Description

Public Service Pension Adjustment Act and earlier retirement acts: This item provides for statutory increases in the pensions granted to certain public servants, members of the Canadian Armed Forces and the Royal Canadian Mounted Police who retired prior to 1953 and for the payment of pensions pursuant to earlier retirement Acts.

Expenditures under the Pension Adjustment Act are determined by adjustment factors specified in the act and by the size of the population to which the act applies. Adjusted pension payments recognize the reduction in real pension income brought about by inflation. Expenditures are decreasing in line with the reduction in the number of beneficiaries, now approximately 1,950.

Expenditures under earlier retirement acts are for pensions provided under those acts. There are now only three pensioners; the number decreases annually through deaths.

Locally-Engaged (outside Canada) Pension Plans: This item provides for employer contributions to a variety of pension schemes. The terms and conditions of contribution and levels of benefits vary from country to country. In some instances plans are fully integrated with existing national schemes; in others, they may provide a benefit to employees who are not otherwise covered by any plan.

This expenditure provides for Canada's participation, on behalf of locally-engaged employees, in worldwide or private pension plans and contributes to the maintenance of comparable employment standards, as well as meeting requirements of local practice and law. Amounts are specified in the individual country plans and can fluctuate from year to year with changes in the number of retirees, benefits chosen on retirement and other factors. Cost increases result from salary increases, annual pension escalation, population changes and plan improvements. These plans provide pension coverage to over 3,000 employees in 50 countries, as well as payment of pensions to former employees.

Social Security Plans for Employees Engaged Locally (outside Canada): This item provides for the cost of employer contributions to national social security plans which provide locally-engaged employees with benefits such as pensions, sickness and maternity payments, unemployment insurance, worker's compensation and family allowances.

These expenditures enable the government to provide comparable benefits and to comply with the legislative requirements of some 47 countries where Canada employs locally-engaged persons. Costs vary with salary increases and changes in contribution rates and ceilings under national social security plans. The cost is determined by the provisions of each country's social security laws, so that Canada's expenditures are largely non-discretionary. The various plans provide coverage to over 2,500 employees.

Figure 5 shows historical and forecast expenditures for Public Service Pensions.

Figure 5: Public Service Pension Expenditures ($000)

	Pension Adjustment and earlier retirement acts	Locally-Engaged Pension Plans	Locally-Engaged Social Security
1976-77	930	-	-
1977-78	886	805	1,407
1978-79	775	1,290	1,902
1979-80	713	1,275	2,383
1980-81	660	2,042	2,583
1981-82	564	2,458	2,409
1982-83	522	2,120	3,989
1983-84	466	2,829	3,431
1984-85 (forecast)	470	3,896	6,213
1985-86 (forecast)	412	4,167	6,000

Section III
Supplementary Information

A. Cost Analysis

The Estimates for the Employer Contributions to Insurance Plans Program include those expenditures expected to be charged to the Program's voted and statutory appropriations.

In addition to these program costs, other statutory pension and insurance costs, such as the Public Service Superannuation Act, have been decentralized and are displayed throughout Part II of the Main Estimates under the description "Contributions to Employee Benefit Plans" for each program with salaries and wages expenditures. The program and decentralized statutory costs are shown here (Figure 6) to provide a better understanding of the overall costs of employee benefits.

Figure 6: Cost of Employee Benefits ($ Millions)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Program Costs			
Surgical-Medical and other Insurances	173.8	156.2	141.9
Payments to Employees of their share of Unemployment Insurance Premium Reductions	9.3	8.9	7.8
Health and other Insurance Plans for Employees engaged locally (outside Canada)	1.1	.6	.5
Provincial Health Payroll Taxes	72.5	60.4	64.7
Public Service Pension Adjustment Act and earlier retirement acts	.4	.5	.5
Locally-Engaged (outside Canada) Pension Plans	4.2	3.9	2.8
Social Security Plans for Employees engaged locally (outside Canada)	6.0	6.2	3.4
Decentralized Costs			
Public Service Superannuation	397.0	370.0	350.1
Supplementary Retirement Benefits	527.0	491.0	446.3
Canada and Quebec Pension Plans	97.0	85.0	78.3
Death Benefits	8.0	7.0	6.9
Unemployment Insurance	212.0	189.0	146.4
	1,508.3	1,378.7	1,249.6

Other special statutory costs such as for Members of Parliament, the Canadian Armed Forces and the RCMP are included within the applicable department or agency.

Temporary Assignments Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority sought in these Estimates to spend $336,000 for the Temporary Assignments Program. The remaining expenditures, estimated at $389,000 for contributions to employee benefit plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Temporary Assignments Program		
20	Program expenditures	336	330
(S)	Contributions to employee benefit plans	389	354
	Total Program	725	684

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Temporary Assignments Program	
20	Temporary Assignments - Program expenditures and authority to spend revenue received during the year.	336,000

Extracts from Part II of the Estimates

Program by Activities

(thousand of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized Person-years	Budgetary Operating	Less Revenues Credited to the vote	Total	
Special Assignments	41	3,223	2,498	725	684

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Section 1
Program Overview

A. Financial Summary

Figure 1: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	2,776	2,720	2,442
Contributions to employee benefit plans	389	354	380
Goods and services			
Transportation and communications	21	21	-
Professional and special services	37	37	13
Total operating	3,223	3,132	2,835
Less: Receipts and revenue credited to the vote	2,498	2,448	2,294
Net expenditures	725	684	541
Authorized person-years	41	41	40

The Temporary Assignments Program operates on a partial cost-recovery basis whereby the direct costs of assignments are recovered from the host departments. The recovery rate is 88-90 per cent of the appropriated costs. The unrecovered balance results mainly from language and management training costs, leave, and time between assignments not charged to departments.

B. Background

1. Introduction

The Temporary Assignments Program provides a means to meet temporary requirements of departments and agencies at senior management and executive levels. Personnel are assigned to tasks or projects in departments, on request, eliminating the need to establish new positions and avoiding delays associated with the staffing process. Assignments often involve major policy and program revisions in light of changing economic or social conditions and improvements in the management of human and financial resources.

2. Legal Mandate

The Temporary Assignments Program (TAP) was established as a separate Program, as approved by the Treasury Board under the authority of the Financial Administration Act, in the 1976-77 Main Estimates. Prior to that time, it was operated as a pilot project, which began in 1974, under the Central Administration of the Public Service Program.

3. Program Objective

The objective of the Temporary Assignments Program is to provide executives and senior officers to carry out high priority temporary assignments in response to departmental and agency requests.

4. Program Organization for Delivery

The TAP is a single activity program. The administration of the program is the responsibility of the Assistant Secretary, Organization and Classification Division, who reports to the Deputy Secretary, Personnel Policy Branch.

C. Planning Perspective

Description

The number and quality of requests from departments remain high with about one in three requests for assistance being met.

Since its inception in 1974, the TAP members have completed a total of 377 assignments in 54 departments and agencies. In 1983-84, TAP management received 110 requests for assistance. The number of officers available permitted 33 new assignments to be undertaken. With the current level of resources it is expected that a similar number of assignments will be undertaken in 1985-86.

Assignments under way by policy field at year end were:

Figure 2: TAP Assignments by Policy Field

	Forecast 1984-85	1983-84	1982-83
Economic Development	13	10	6
Energy	1	-	-
Social Affairs	25	11	11
Justice and Legal	4	4	4
External Affairs	5	3	6
Services to Government	20	8	11
Total	68	36	38

Section II
Supplementary Information

A. Personnel Expenditures

Figure 3: Authorized Person-Years and Salary Provisions

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management	39	39	39	50,350 - 96,300	68,300
Other	2	2	2	13,912 - 65,080	55,400

Note: The person-year columns display the forecast distribution of the authorized person-years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 4: Program Cost for 1985-86 ($000)

	1985-86 Operating Expenditures	Less Revenue	Add* Other Costs	**Total Net Cost 1985-86**	Total Net Cost 1984-85
Temporary Assignments	3,223	2,498	28	**753**	715

*Services provided without charge by other departments

Veterans Affairs Canada

1985–86 Estimates

Part III

Expenditure Plan

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The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Instructions for obtaining each volume can be found on the order form enclosed with Part II.

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1985-86 Estimates

Part III

Veterans Affairs Canada

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Preface

This Expenditure Plan is designed to be used as a reference document and as such contains several levels of detail to respond to the various needs of its audience.

There are six chapters in this document. The first provides an introduction to the portfolio. The other five present the Expenditure Plans for each of the portfolio's programs. It should be noted that for 1985-86 Estimates, the former Pensions Program has been split into the Canadian Pension Commission Program and the Pension Review Board Program.

Each chapter begins with extracts from Part II of the Estimates for the particular program being described. This is to provide continuity with the other Estimates documents. Also included are extracts from Volume II of the Public Accounts. These are provided as an aid in assessing the program's financial performance over the past year.

The Program Expenditure Plans for the Veterans Affairs Program is divided into three sections. These sections provide increasing levels of details for the program. Section I presents an overview of the program and a summary of its current plans and performance. For those interested in more detail, Section II identifies, for each activity, the expected results and other key performance information that forms the basis for the resources requested. Section III provides further information on costs and resources as well as special analyses that the reader may require to understand the program more fully.

The Program Expenditure Plans for the War Veterans Allowance Board Program, the Pension Review Board Program, Canadian Pension Commission Program and the Bureau of Pensions Advocates Program comprise two sections. Section I provides a detailed overview of the program including a description as well as information on its background, objectives and planning perspective. Section II provides further information on costs and expenditures by object that the reader may require to understand the program more fully.

This document is designed to permit easy access to specific information that the reader may require. A general table of contents lists the chapters, and detailed tables of contents are provided for each program. For access to financially oriented information, the Portfolio Spending Plan in Part I provides page references to the schedule of Financial Requirements in each Program Expenditure Plan. When appropriate, each of these schedules in turn provides cross-references to the more detailed information about each of the activities of a program.

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Portfolio Summary

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Roles and Responsibilities

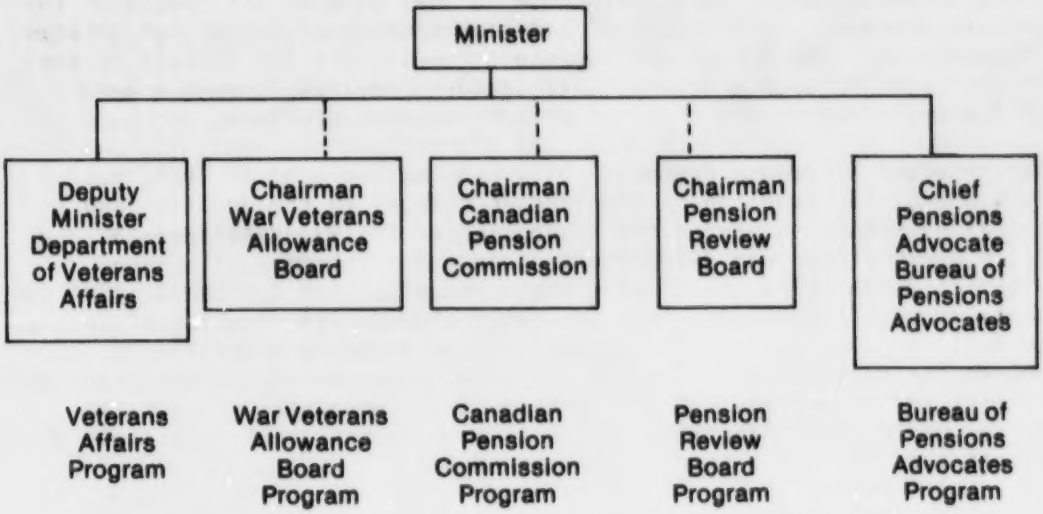
In recognizing the unique contribution made by veterans and certain civilians to Canada's war and peacekeeping efforts over the past decades, Canada has established various assistance programs designed specifically for these persons. The following items constitute the core of the assistance benefits available to veterans and certain civilians, their survivors and dependants:

- pensions and benefits to compensate for death and disability regardless of income of recipients (some few cases are, however, discretionary and a means test is required);
- health care related to pensioned disability including medical care in the home; and uninsured services (drugs, glasses, etc., institutional care in departmental, contract and non-contract facilities) for eligible veterans;
- income support, in the form of allowances, as compensation for veterans suffering financially due to the intangible effects of war;
- legal aid service available at all levels of the pension process and to represent applicants for appeals to the War Veterans Allowance Board;
- an appeal and review forum for applicants and recipients of allowances under the War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowance Act;
- a final tribunal for pension claims under the Pension Act; and
- assistance and services to veterans who settled under the Veterans' Land Act so that they may acquire title to the property on which they are established.

Portfolio Organization and Programs

The Veterans Affairs Portfolio is headed by a Minister responsible to Parliament for the Department of Veterans Affairs and the Bureau of Pensions Advocates. The Minister also reports to Parliament for the Canadian Pension Commission, the Pension Review Board, and the War Veterans Allowance Board. To provide support for the Deputy Minister, where direct contact is required with Central Agencies and client interest groups, the Department of Veterans Affairs established a National Capital Operations Branch in Ottawa. The Canadian Pension Commission is represented by the Ottawa Core Group. Figure 1 represents the organization of the Veterans Affairs Portfolio.

Figure 1: Veterans Affairs Portfolio Organization



The Department of Veterans Affairs, which manages the Veterans Affairs Program, provides income support, in the form of allowances, and health services to veterans, their dependants and survivors through a head office organization as well as regional and district offices located throughout Canada. It also provides counselling services and assistance to veterans in managing or acquiring title to property acquired under the Veterans Land Act.

The War Veterans Allowance Board provides an appeal and review forum for applicants and recipients of allowances under the War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowances Act.

The Canadian Pension Commission manages the Canadian Pension Commission Program and administers the Pension Act, Parts I to X of the Civilian War Pensions and Allowances Act, and various other acts, orders and regulations which provide for the award of pensions and benefits as compensation for disability or death related to military or other qualified service. These services are provided through a head office organization with district offices in each province.

The Pension Review Board is responsible for determining all matters of interpretation of the Pension Act and for reviewing and rendering decisions in cases of appeal by eligible ex-members of the armed forces, certain civilians and/or their respective dependants who are dissatisfied with final decisions of the Canadian Pension Commission.

The Bureau of Pensions Advocates provides a legal service to applicants seeking to establish claims under the Pension Act and related statutes and orders. This assistance is available at all levels of the pension process. As a result of a recent ammendment to the War Veterans Allowance Act, the Bureau now represents applicants for appeals to the War Veterans Allowance Board. Services are provided through a head office organization and district offices in each province.

War Veterans Allowance Process: Bill C-39 as approved in 1984, by Parliament, has resulted in significant changes to the decision and appeal structure governing the operation of the War Veterans Allowance/Civilian War Allowance program. The Veterans Allowance District Authorities (VADA) were abolished effective October 1, 1984 and replaced with a more efficient and responsive decision making structure. In addition, Regional Directors General, Veterans Services Branch, have become the first level of review for appellants who are dissatisfied with initial adjudications. As an improvement to the appeal process the Bureau of Pensions Advocates is now allowed to represent appellants at hearings of the War Veterans Allowance Board.

Figure 2 presents the basic steps of the War Veterans Allowance application process.

Figure 2: Application Process For Allowances

War Veterans Allowance Process

Step	Activity	Responsibility
1.	Application	
a)	Applicant/representative prepares an application or requests Veterans Services District Office counsellor to do same. This is sent to the Veterans Services Regional Office.	Applicant/ representative
b)	An adjudication is made by a Veterans Services Entitlement Clerk, who informs the applicant of the decision and that the applicant has 60 days to ask for redress from the Minister through the Veterans Services Regional Director General, if the decision is unsatisfactory.	Entitlement Clerk
c)	The Entitlement Clerk calculates the allowance and a monthly remittance is sent to the applicant.	Entitlement Clerk

d)	War Veterans Allowance Board (WVAB) may review any decision made.	WVAB
2.	Redress Request	
a)	The Veterans Services Regional Director General (VSRDG) reviews the initial adjudication and advises the applicant of his ruling.	VSRDG
b)	If unsatisfactory, the applicant or the Bureau of Pensions Advocates (BPA), if requested by the applicant, has the option of filing a notice of intent to appeal with the WVAB within 60 days of receiving the redress ruling, and preparing an appeal.	Applicant/BPA
3.	Appeal	
a)	When the notice of appeal is received, the WVAB case analyst requests documentation from the Veterans Services Regional Office.	WVAB Case Analyst
b)	The case analyst will review the case and make written recommendations to the War Veterans Allowance Board for a ruling.	WVAB Case Analyst
c)	On the required date, the applicant/Bureau of Pensions Advocates may present the case to the War Veterans Allowance Board.	Applicant/ Bureau of Pensions Advocates
d)	The War Veterans Allowance Board makes a decision. If dissatisfied, the applicant may request the Board to review it's decision or appeal to the Federal Court.	War Veterans Allowance Board

Pensions Process: Together, the Bureau of Pensions Advocates, the Canadian Pension Commission, and the Pension Review Board are the three organizations involved in the processing of pension benefit applications. Initially, any eligible ex-member of the armed forces, certain civilians and/or their respective surviving spouses or other persons who believe they have a claim for any benefit may submit an application to the Canadian Pension Commission. There are a number of steps beyond the initial applications where an applicant can introduce further evidence to support the claim. Figure 3 presents the basic steps of the pension application process and the organizational responsibilities assigned for each stage.

Figure 3: Application and Appeal Process for Pensions

Pensions Process		
Step	**Activity**	**Responsibility**
1.	First Application	
a)	The applicant contacts an advocate (Bureau of Pensions Advocates, Royal Canadian Legion, etc.) re making a claim.	Applicant
b)	The advocate submits a notice of intent to the Canadian Pension Commission.	Advocate
c)	The advocate obtains the file, service dossier, relevant medical reports, etc., prepares the case and submits a claim to the Canadian Pension Commission (CPC).	Advocate
d)	The application is registered, acknowledged, medical précis prepared, medical opinion prepared and the case is placed before Commissioners who adjudicate the claim.	CPC
e)	If the decision is unfavourable, the applicant is informed of appeal rights. If favourable, a medical examination is required to establish quantum (present disability).	CPC
f)	A medical examination is carried out and a recommendation for Pension Award submitted to Head Office, Canadian Pension Commission for approval.	CPC
g)	Documentation is forwarded to Pension Pay for processing and requisition of cheque. The applicant is informed of the amount of the pension.	CPC/ Department of Veterans Affairs
2.	Application for Entitlement or Assessment Board	
a)	The applicant, through the advocate, sends a request for hearing to the Head Office, Canadian Pension Commission. The Commission will acknowledge the request.	Applicant/ Advocate/CPC

b) Statement of Case is prepared and mailed to the advocate.	CPC
c) The advocate notifies CPC of readiness to be heard.	Advocate
d) A date is set for the hearing.	CPC/Advocate
e) The claim is adjudicated (Board hears evidence of applicant and witnesses, and argument by advocate).	CPC
f) The remaining process is as for steps e) to g) of First Application.	
3. <u>Appeal to Pension Review Board</u>	
a) The applicant, through the advocate, notifies the Pension Review Board (PRB) of wish to appeal.	Applicant/ Advocate
b) The Pension Review Board requests case documentation from the Canadian Pension Commission, who comply.	PRB/CPC
c) The Pension Review Board sends documentation to the advocate and awaits notice of readiness to proceed.	PRB/Advocate
d) The case is listed, heard and adjudicated.	PRB/Advocate
e) If successful the Pension Review Board notifies the Canadian Pension Commission. If unsuccessful, the applicant can appeal to Federal Court or file an application to vary the Board decision on basis of new evidence, error in fact or in law.	PRB/CPC/ Applicant

Portfolio Spending Plan

Figure 4 presents the spending plan for the portfolio. All proposed expenditures are budgetary.

Figure 4: Portfolio Spending Plan ($000)

	Estimates 1985-86	Forecast 1984-85	Change $	Change %
Veterans Affairs Program	**802,139**	778,495	23,644	3.0
War Veterans Allowance Board Program	**1,636**	1,599	37	2.3
Pension Review Board Program	**1,209**	1,148	61	5.3
Canadian Pension Commission Program	**767,564**	734,465	33,099	4.5
Bureau of Pensions Advocates Program	**4,899**	4,586	313	6.8
	1,577,447	1,520,293	57,154	

Portfolio Priorities

Within the portfolio, highest priority is placed on the adequacy and responsiveness of service to clients. In this context, the following areas are being developed or enhanced on a continuing basis:

- actively pursue desired turnaround times;
- study and implement ways to improve services and communications with an increasingly aging and in some cases severely disabled clientele;
- refine Management Information Systems with a view to improving forecasting capability; and
- implement procedures to simplify and speed up process.

Veterans Affairs Program
Expenditure Plan

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $785,509,600 in support of the 1985-86 Veterans Affairs Program. Existing statutory authority authorizes the expenditure of an additional $16,629,400.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Veterans Affairs Program		
1	Operating expenditures	259,717	262,571
5	Grants and contributions	525,793	501,854
(S)	Minister of Veterans Affairs - Salary and motor car allowance	42	41
(S)	Provision for Reserve for Conditional Benefits, Veterans Land Act	2,100	2,600
(S)	Re-Establishment Credits and Repayments under Section-15 of the War Service Grants Act of compensating adjustments made in accordance with the terms of the Veterans' Land Act	102	202
(S)	Returned Soldiers Insurance Actuarial Liability Adjustment	63	63
(S)	Veterans Insurance Actuarial Liability Adjustment	803	803
(S)	Contributions to employee benefits plans	13,519	12,490
	Total Program	802,139	780,624

Extracts from Part II of the Estimate

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Veterans Affairs Program	
1	Veterans Affairs - Operating Expenditures, upkeep of property, including engineering and other investigatory planning expenses that do not add tangible value to real property, taxes, insurance and maintenance of public utilities; to authorize, subject to the approval of the Governor in Council, necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act, to correct defects for which neither the veteran nor the contractor can be held financially responsible, and such other work on other properties as may be required to protect the interest of the Director therein	259,716,600
5	Veterans Affairs - The grants listed in the Estimates and contributions provided that the amount listed for any grant may be increased or decreased subject to the approval of the Treasury Board	525,793,000

4801

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					
		Budgetary				
	Authorized Person-Years	Operating	Capital	Transfer Payments	**Total**	1984-85 Main Estimates
Social and Income Support	556	28,010	137	479,579	**507,726**	497,151
Health Services	2,288	210,087	1,380	47,182	**258,649**	241,868
Management of Property Contracts	191	6,984	25	2,100	**9,109**	9,386
Departmental Administration	486	26,584	71	-	**26,655**	32,219
	3,521	271,665	1,613	528,861	**802,139**	780,624

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
Voted Budgetary Expenditures	$	$	$
Vote 1 - Veterans Affairs - Operating Expenditures	249,970,000	261,983,914	**250,028,775**
Vote 5 - Veterans Affairs - The grants listed in the Estimates and contributions provided the amount listed for any grant may be increased or decreased subject to the approval of the Treasury Board (As previously provided in Appropriation Act No. 2 1984-85)	485,537,000	474,054,470	**453,625,359**
	735,507,000	736,038,384	**703,654,134**
Statutory Budgetary Expenditures			
Minister of Veterans Affairs - Salary and Motor Car Allowance	39,100	40,975	**40,975**
Re-Established Credits and Repayments under Section 15 of the War Service Grants Act of compensating adjustments made in accordance with the terms of the Veterans' Land Act	202,000	62,805	**62,805**
Returned Soldiers Insurance Actuarial Liability Adjustment (Returned Soldiers Insurance Act - R.S.c. 54)	63,000	16,116	**16,116**
Veterans Insurance Actuarial Liability Adjustment (Veteran Insurance Act - R.S.c. V-3)	746,000	606,352	**606,352**
Re-establishment credits under Section 8 of the War Service Grants Act		20	**20**
Reduction in Veterans' Land Act advances		9,413	**9,413**
Refunds of amounts credited to revenue in previous years		11,795	**11,795**
Contributions to Employee Benefit Plans	13,047,000	14,521,000	**14,521,000**
	14,097,100	15,268,476	**15,268,476**
Total Program - Budgetary	749,604,100	751,306,860	**718,922,610**

4803

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86 the Veterans Affairs Program expects the following:

- $466,565,000 will be paid directly to 85,953 clients as income support under the War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowances Act (see page 2-24);

- $258,649,000 will be paid to or on behalf of clients for medical treatment, Aging Veterans Program benefits, related administration and hospital transfer agreements. Of the total, $14 million relates to the Aging Veterans program which will provide service to 6000 aging veterans; and

- the War Veterans Allowance/Civilian War Allowance administrative process will be harmonized by April 1986 with the Old Age Security/Guaranteed Income Supplement program administered by National Health and Welfare. This will enable person years to be reallocated to the extension of the Aging Veterans program (see page 2-18).

2. Financial Summary by Activity

Funding requirements for the Veterans Affairs Program for both the Estimates year and the current fiscal year are presented by activity in Figure 1.

Figure 1: Financial Summary by Activity ($000)

	Estimates 1985-86	Forecast 1984-85	Change	For Details See Page
Social and Income Support	507,726	523,593	(15,867)	2-22
Health Services	258,649	207,275	51,374	2-28
Management of Property Contracts	9,109	9,304	(195)	2-34
Departmental Administration	26,655	38,323	(11,668)	2-37
	802,139	778,495	23,644	
Authorized person-years	3,521	3,739	(218)	

Explanation of Change: The financial requirements for 1985-86 are 3% or $23.6 million higher than the 1984-85 forecast expenditures.

The increase is due primarily to:

	($000)
• increase in salaries and purchases due to inflation	8,100
• contributions to the respective provinces in accordance with the agreements of transfer of departmental hospitals	17,300
• extension to the Aging Veterans program	6,100
• increase in other health purchased services requirements due to increased needs of eligible recipients	2,000

- contributions to province of Ontario for construction of:

  - Western Counties Wing, Parkwood Hospital 4,800
  - replacement of G Wing at the Sunnybrook Medical Centre 2,100

- miscellaneous, consisting of various small items 700

- decrease in costs due to finalization of relocation, involving a 112 person year reduction and ongoing administration reductions of 36 person years (10,700)

- War Veterans Allowance/Civilian War Allowance expenditures for 1985-86 originally were projected to be $12.4 million above the 1984-85 Main Estimates. New legislation has increased the forecast expenditure, however this has not been included in the 1985-86 Main Estimates. (4,400)

- decrease in person years of 55 for various reasons (1,400)

- decrease in specific Client Oriented System costs, involving a reduction of 21 person years, for costs required in 1984-85 but not in 1985-86 (1,000)

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of August 31, 1984) is $2.1 million or less than 1% lower than the 1984-85 Main Estimates of $780 million (Extracts from Part II of the Estimates, page 2-4). The difference of $2.1 million reflects the following major offsetting items:

	($000)
• an increase in War Veterans Allowance/Civilian War Allowance (WVA/CWA) due to new legislation	16,800
• additional salary requirements for ongoing administration (36 PY) and relocation finalization (22 PY)	2,200

• additional salary requirements for such items as Aging Veterans program extension (11 PY), WVA/CWA administrative process harmonization with Old Age Security process (16 PY), and Ste. Anne's Hospital (11 PY)	2,400
• additional grant for Aging Veterans program extension	2,400
• additional funds to cover cost of common services	2,200
• a reduction in contributions required under hospital transfer agreements, due to delays in construction	(21,500)
• decrease in cost for chronic care at Deer Lodge Hospital due to change in per diem rate	(3,200)
• miscellaneous, consisting of various small items	(1,300)

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 were:

- $421,605,000 was paid to 88,638 clients under the War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowance Act;
- $204,571,000 was paid to or on behalf of clients for medical treatment, Aging Veterans program benefits, related administration and hospital transfer agreements. Of this total, $3,185,000 was paid on behalf of 2,924 clients under the Aging Veterans program benefits;
- several significant achievements in the completion of system development projects (page 2-19); and
- completion of the review of the WVA/CWA administrative process and legislation (see page 2-19).

2. Review of Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Social and Income Support	470,998	479,104	**(8,106)**
Health Services	204,571	226,138	**(21,567)**
Management of Property Contracts	6,331	6,987	**(656)**
Departmental Administration	37,022	37,375	**(353)**
	718,922	749,604	**(30,682)**

The difference between actual expenditures and the Main Estimates is mainly due to the following:

	($000)
• total payments required under the War Veterans Allowances and Civilian War Allowances were approximately 3% less partly due to lower than expected inflation rates;	(15,500)
• expenditures for the Aging Veterans program were less as a result of a lower than expected inflation rate and cost per client; and	(2,600)
• contributions to the respective provinces in accordance with the transfer agreements of departmental hospitals were less, mainly due to delays in construction	(12,100)

C. Background

1. Introduction

The Government's social affairs policy sector considers health, social and income support expenditures. The Veterans Affairs Program is part of this policy sector. The range of services provided by the Veterans Affairs Program to veterans, dependants and survivors includes the payment of allowances and benefits, counselling and the authorization of payments for provision of medical, surgical and dental treatment, prosthetic appliances and domiciliary care, as well as the acquisition of title to property on which the veteran has been established.

2. Legal Mandate

The Department of Veterans Affairs Act, 14 other Acts of Parliament and nine sets of Regulations (as listed in Section III) constitute the mandate of the Program.

The War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowances Act specify eligibility for allowances for veterans, their dependants and other persons who meet the specified requirements. The Veterans Treatment Regulations provide for medical, surgical and dental treatment and prosthetic appliances. Veterans Care Regulations, which came into effect on October 1, 1984 provide for long term care of eligible veterans.

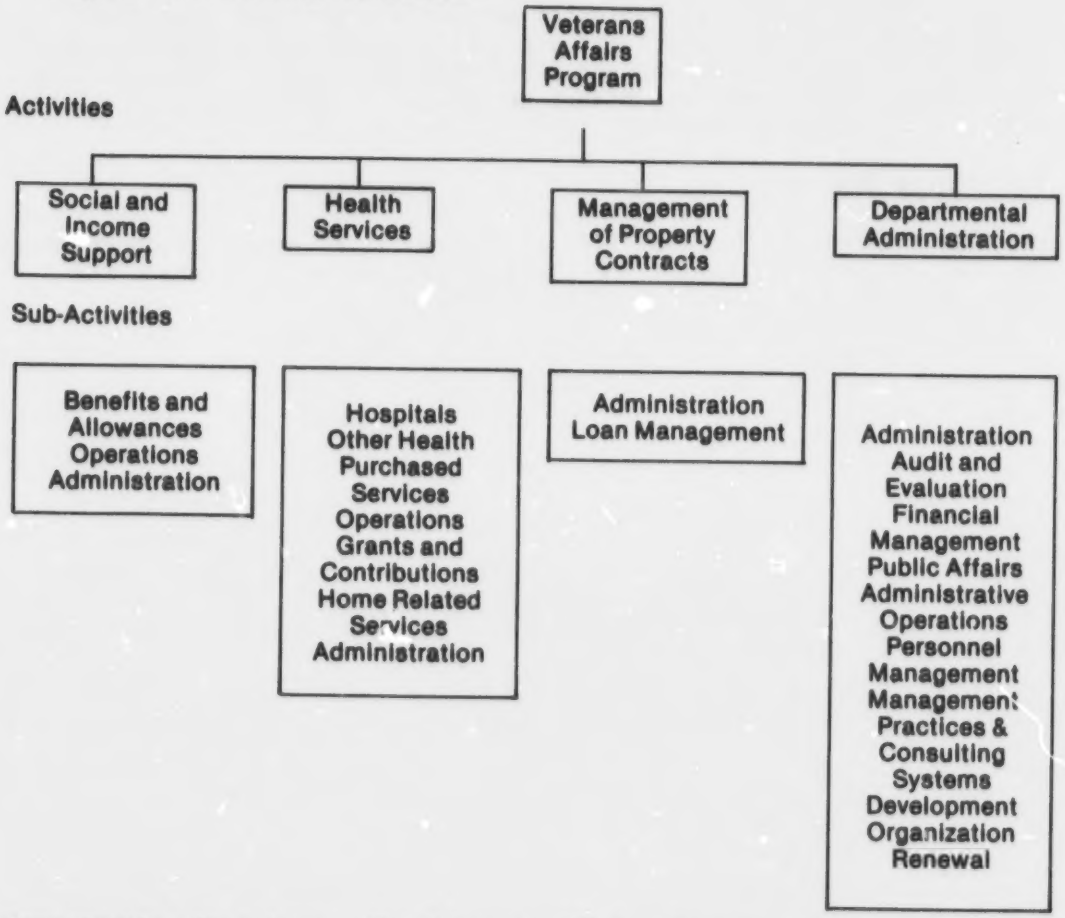
3. Program Objective

The objective of the Veterans Affairs Program is to provide support for the economic, social, mental and physical well-being of veterans and their dependants and other eligible persons.

4. Program Organization for Delivery

Activity Structure: As shown in Figure 3, the Veterans Affairs Program is divided into four activities. Two activities, namely, Social and Income Support, and Health Services are the major contributors to the achievement of the Program's stated objective.

Figure 3: Activity Structure



Organization Structure: The Veterans Affairs Program consists of: Head Office; five Regional, 32 District Offices, one of which functions as a sub Region; one hospital and two domiciliary homes under the Veterans Services Branch; and four Regional, eight District, one Service, and 36 Field Offices under the Veterans Land Administration.

The Deputy Minister manages the Veterans Affairs Program and is assisted by four Assistant Deputy Ministers (Veterans Services; Finance, Personnel and Administration; National Capital Operations; and Veterans Land Administration), and the Director General of Audit and Evaluation.

The operating branches of the Program consist of:

Veterans Services (VS): provides for the medical care and social well-being as well as the income support of eligible veterans and their dependants. This is achieved through provision of care in departmental, contract, and hospitals of choice as well as through utilization of community services, provision of emergency and on-going income support and provision of social counselling and referral services.

Veterans Land Administration (VLA): provides services related to the administration of agreements between the Director, Veterans Land Administration and veterans as well as assistance in managing properties which are the subject of such agreements until the title is acquired by veterans, their heirs, devisees or personal representatives.

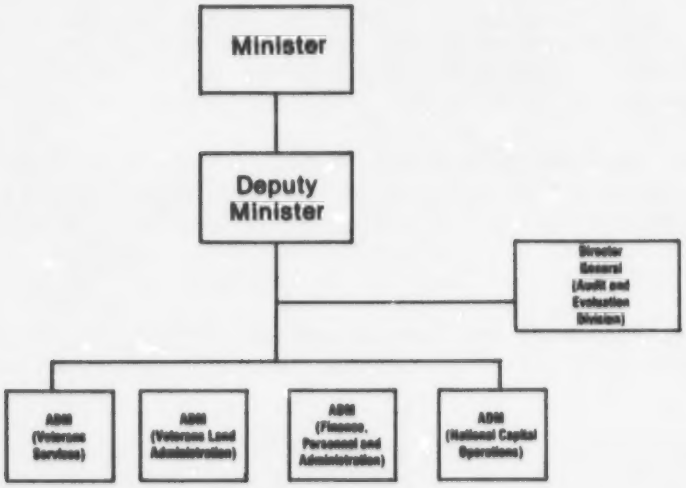
Finance, Personnel and Administration (FPA): provides financial, personnel, and administrative support to the Program and to associated agencies.

National Capital Operations (NCO): provides support for the effective execution of the Deputy Minister's responsibilities which require direct contact with people in Ottawa. This also includes the managerial support functions of public affairs, commemoration and corporate planning.

Audit and Evaluation Division (A&ED): provides a complete program of independent evaluations and comprehensive internal audits for all Veterans Affairs operations on four and five year cycles respectively.

Figure 4 relates the Program's organizational structure to its activities and the 1985-86 resources required.

Figure 4: 1985-86 Resources by Organization/Activity ($000)



Activity				Activity Totals	P-Y
Social and Income Support	507,726			507,726	556
Health Services	258,649			258,649	2,288
Management of Propery Contracts		9,109		9,109	191
Departmental Administration			26,655[1,2,3]	26,655	486[1,2,3]
Total	766,375	9,109	26,655	802,139	3,521

1 Includes A&ED
2 Includes Minister and Deputy Minister
3 Includes NCO

D. Planning Perspective

1. Environment

The following factors have a significant impact on the Veterans Affairs Program:

- the aging pattern of veterans, shown in figure 5 indicates a gradual drop in the total number of veterans over the next few years due to mortality, but more important is the dramatic increase in the proportion of veterans over age 65. This has the effect of:

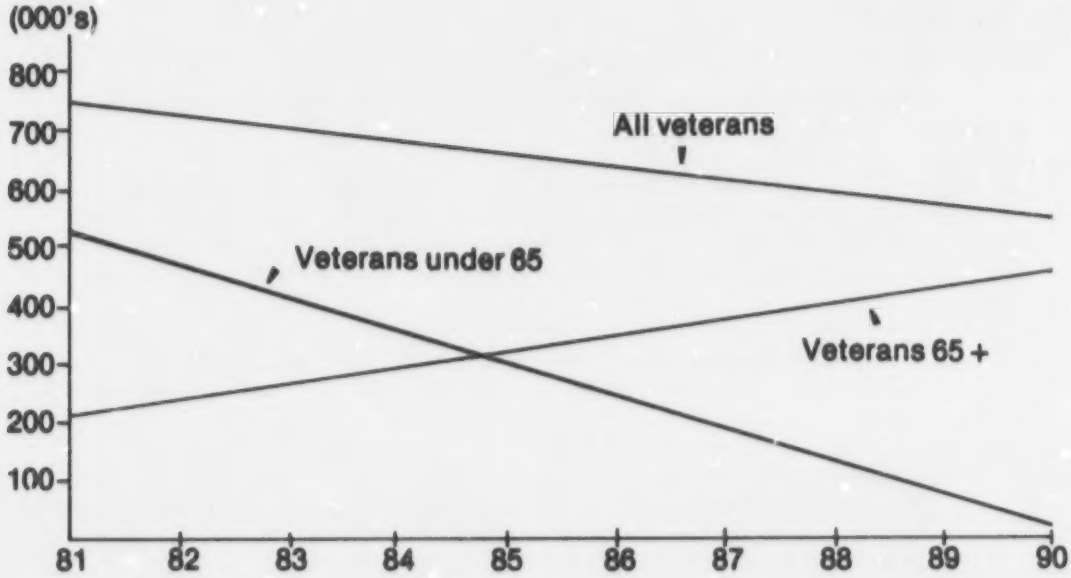
  - creating an additional demand for age related services, particularly in the areas of health care and social casework,

  - causing War Veterans Allowance/Civilian War Allowance expenditures to decrease as veterans become entitled to such benefits as the Canada or Quebec Pension Plan, Old Age Security and Guaranteed Income Supplement. In the short term, this expected decrease in expenditures will be offset by the provisions of recent legislation which has increased benefits.

- the higher mortality rate of male veterans as compared with their spouses will have a significant impact on the composition of the client population. Widowed women will become a greater proportion of the total client population; and

- provincial programs in the health and social services area vary in their scope and availability. This is reflected in the varying demand from province to province for services in support of the veteran clientele.

Figure 5: Veterans in Canada



2. Initiatives

War Veterans Allowance/Civilian War Allowance (WVA/CWA) Review: Extensive work is now underway to streamline the administration of the WVA/CWA program and to harmonize certain income test features with the Guaranteed Income Supplement program. By April 1, 1986, it is intended that both programs will be using similar definitions of income, payment and assessment year and provisions for change of circumstances. Adoption and implementation of such common program features will allow income declarations filed with Health and Welfare to be used by the Department of Veterans Affairs for WVA/CWA purposes. The result will be less duplication of effort, less intrusion into a client's affairs and person year savings which can be redeployed to meet the demands of an expanding Aging Veterans program.

Veterans Land Administration Reorganization: Recognizing the continuing decline in client population, management has embarked on a reorganization based on centralization of the fund accounting and property management functions. The change is scheduled over the period 1985 to 1988 and will result in the elimination of four Regional Offices and an approximate savings of 28 person years. The level of client service should not be affected.

3. Update on Previously Reported Initiatives

Aging Veterans Program (AVP): The emphasis on the Aging Veterans program has continued. In 1983-84, $3,185,000 was expended and supplied benefits to 2,924 clients. The success of the program was such that it is being progressively extended to a much larger group of eligible veterans.

War Veterans Allowance/Civilian War Allowance (WVA/CWA) Review: The extensive review of the WVA/CWA administrative process and legislation has now been completed. The results of this review have culminated in several changes. In 1984 Parliament approved Bill C-39 which increased benefits to more than 50,000 WVA/CWA recipients under the age of 65. Further, it provided for free legal assistance to WVA appellants, and authority to harmonize certain income test features with the Guaranteed Income Supplement program (see page 2-18).

Client Oriented Systems: As a result of various organization and management improvement efforts undertaken by Veterans Affairs over the last several years, various client oriented systems have been either modified or developed in order to improve services to veterans and their dependants, improve financial controls, improve operational controls, and replace obsolete systems and procedures. Fiscal year 1983-84 saw several significant achievements in the completion of system development projects. The total estimated costs of $17.3 million spread over eight years has not varied. An update on individual projects follows:

- the Veterans Services Benefit Delivery System consisting of manual and automated procedures to deliver War Veterans Allowances and Civilian War Allowances was implemented in all Regional Offices as of October, 1983;

- the Pension Benefit Delivery System consisting of manual and automated procedures to deliver disability pensions, was implemented as of March, 1984 for a total project cost of $2.3 million; and

- the Registry Support System, developed to control the movement of the Veterans hardcopy files, was implemented as of March 1984 for a total cost of $.7 million.

Now that the individual projects are in operation, results will be monitored to ensure desired results are obtained.

4. Program Effectiveness

As the program does not lend itself to the development of ongoing effectiveness measurements, increasing attention is being paid to the efficiency of the processes by which the two major activities, Social and Income Support, and Health Services, are being delivered. In this regard:

- recent enhancements to the computerized Veterans Service Benefit Delivery System are expected to increase operational efficiency by allowing for system modifications such as automatic benefit calculations which remove a source of error while decreasing processing time. Preliminary information from testing of the enhanced system indicates efficiency improvement in the area of accounts.

- a new health services delivery model has been implemented for the assessment of clients under the Aging Veterans program and Veterans Care Regulations. It is expected this system will improve the quality and timeliness of the decision making required to initiate and monitor client care. Supporting data should be available for the 1986-87 Part III of the Estimates.

On a periodic basis, the Audit and Evaluation Division carries out various program evaluations. Recommendations from these evaluations are issued in reports which are provided to managers to assist them in improving related operations.

Recent evaluation studies conducted on the War Veterans Allowance/Civilian War Allowance program (WVA/CWA) and the Drug program, disclosed the following:

WVA/CWA: This program is intended to provide income support to low income veterans as compensation for service in a theatre of war. The purpose of the study was to determine the future needs of this program, its impact on clients, and way and means of delivering the program in a more cost effective manner. The findings from the study indicated that the program contributes significantly to meeting income needs of its clientele and has a continuing role to play in this area for the future.

The study supported the initiative being taken by the Department to harmonize the WVA/CWA income test with that of the Guaranteed Income Supplement program and to raise benefit levels for single recipients. These initiatives were realized by Parliamentary approval of Bill C-39 in June 1984.

Drug Program: The program provides free prescription drugs, medications and supplies to WVA/CWA recipients (veterans only) and to CPC recipients (for pensioned condition only). A study was done to determine if a more cost-effective and efficient alternative could be found for delivering the program. The study found that the costs of delivery were less in Atlantic Canada where the program was administered by Blue Cross. In addition, the computerized audit and control procedures used by Blue Cross were more comprehensive and reliable than the manually operated systems existing in other regional offices. As a result of the study findings, the Department is presently preparing to pursue similar arrangements for the administration of the drug program in other regions.

Section II
Analysis by Activity

A. Social and Income Support

Objective

To provide social and income support to qualified veterans, specified civilians and their dependants.

Within this objective, specific targets include the following:

- to propose legislative changes arising from War Veterans Allowance/Civilian War Allowance (WVA/CWA) review as a sequel to the non-legislative changes made in 1983-84;
- to maintain established turnaround times of 40 days for processing of WVA/CWA first awards, 18 days for processing assistance grants, 25 days for processing of funeral and burial grants; and
- to ensure the harmonization of the WVA/CWA administrative process with the Old Age Security/Guaranteed Income Supplement process.

Resource Summary

Expenditures for the Social and Income Support Activity will amount to 63% of total program expenditures in 1985-86.

Figure 6: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Benefits and Allowances	**484,123**	**-**	488,403	-	437,790	-
Operations	**13,480**	**295**	20,098	458	18,966	450
Administration	**10,123**	**261**	15,092	406	14,242	398
	507,726	**556**	523,593	864	470,998	848

The decrease between Forecast and Estimates for Operations and Administration sub activities results mainly from an internal adjustment between this activity and the Health Services activity (see page 2-28).

Past Financial Performance

Figure 7: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Benefits and Allowances	437,790	454,629	(16,839)
Operations	18,966	13,043	5,923
Administration	14,242	11,432	2,810
	470,998	479,104	(8,106)

The decrease in the Benefits and Allowances sub activity results mainly from a $15.5 million reduction in payments under War Veterans Allowances and Civilian War Allowances partly due to a lower than expected inflation rate. The increase in Operations and Administration sub activities is mainly a result of an internal transfer of person years from the Health Services activity.

Description

The Social and Income Support Activity provides social and income support benefits to qualified veterans, their dependants and surviviors, and comprises three sub-activities.

Benefits and Allowances: provides the payments for allowances, grants, and other types of financial assistance to clients or client related organizations. Of this the War Veterans Allowance/Civilian War Allowance represents the major payment and ensures that eligible veterans, their dependants and survivors receive a guaranteed level of income. Other payments are made for such things as the Last Post Fund (a non-governmental organization which ensures each veteran will receive a dignified burial), educational assistance (Children of the War Dead), and burial assistance.

Operations: provides counselling services, determination of eligibility for allowances, entitlement calculations for applications, and the adjustment and updating of accounts for social and income benefits.

Administration: provides the executive functions within the Veterans Services Branch and financial, personnel, records management, clerical and administrative support services including payment services to clientele.

Performance Information/Resource Justification

Benefits and Allowances: The major portion of spending in this activity is on War Veterans and Civilian War Allowances. Actual and anticipated payments for the period 1983-84 to 1985-86 are reflected in Figure 8. To qualify, a veteran must meet service eligibility requirements and because of age or incapacity be unable to work and have insufficient income for maintenance as determined by an income test. The income test determines the initial and ongoing financial eligibility of all veterans, widows and orphans. Figure 9 reflects the monthly rates covering the period 1980-1984.

Figure 8: WVA/CWA Anticipated Requirements ($000)

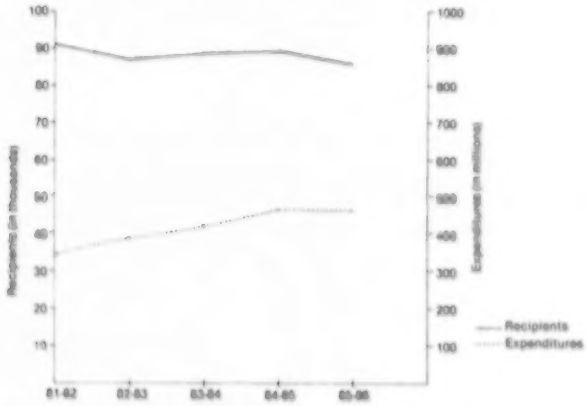


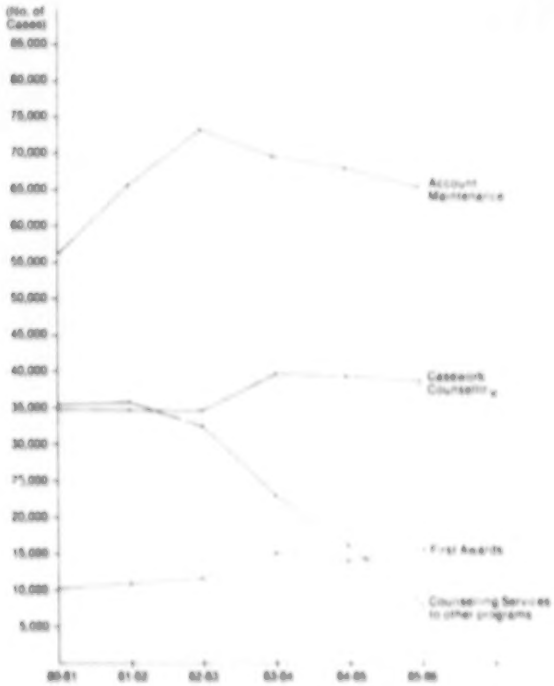
Figure 9: WVA/CWA Rates[1] Effective 1980 - 1984

	1980	1981	April 1st 1982	1983	1984	Oct 1st 1984
Married[2]	541.26	706.37	802.38	887.26	941.68	987.73
Single	317.05	418.86	478.67	532.14	567.59	625.55
Orphans	219.48	252.78	283.62	316.24	338.38	348.63
Each Additional Child	79.83	88.98	99.57	108.61	113.81	116.33

1 Rates are adjusted quarterly to reflect increases in the Consumer Price Index.
2 Less family allowance paid for each child.

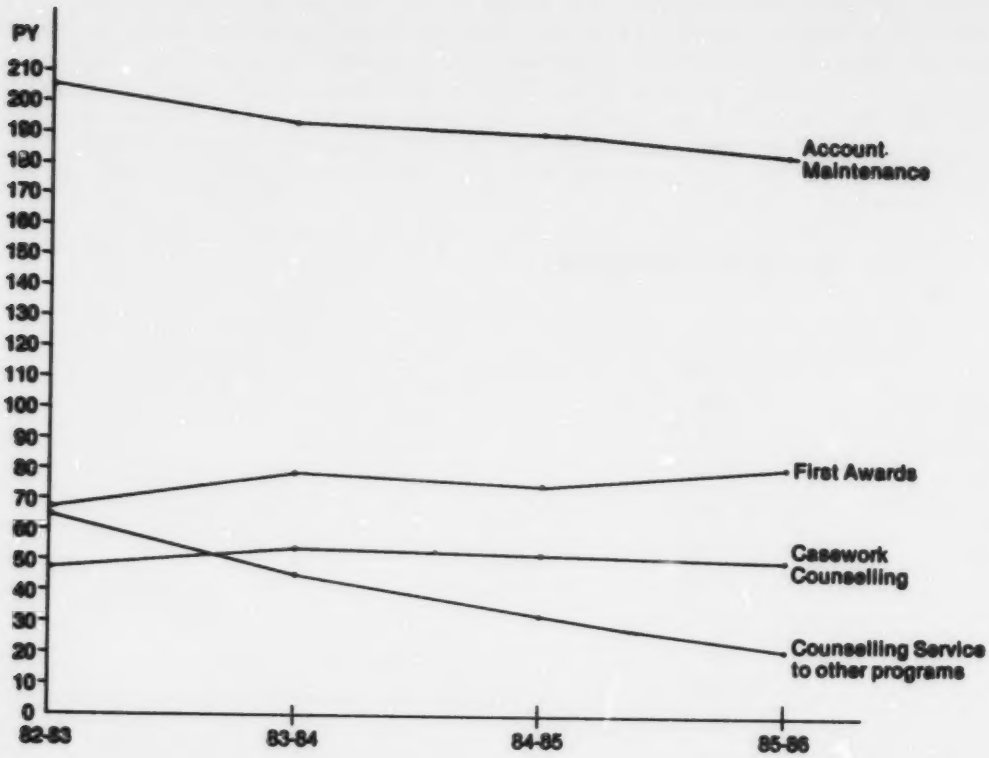
Operations: The major operational functions involved in the Social and Income Support Activity are the processing of WVA/CWA first awards, WVA/CWA account maintenance (as a result of change in domestic or financial status), counselling services to other programs such as the Canadian Pension Commission Program, and casework counselling services. Figure 10 indicates volumes from 1980-81 for these functions. Actual workload for 1983-84 was fairly close to projected. The demand for "services to other programs" has fallen off somewhat thus allowing reallocation of resources to handle the increased responsibility of the Aging Veterans program.

Figure 10: Workload Volumes



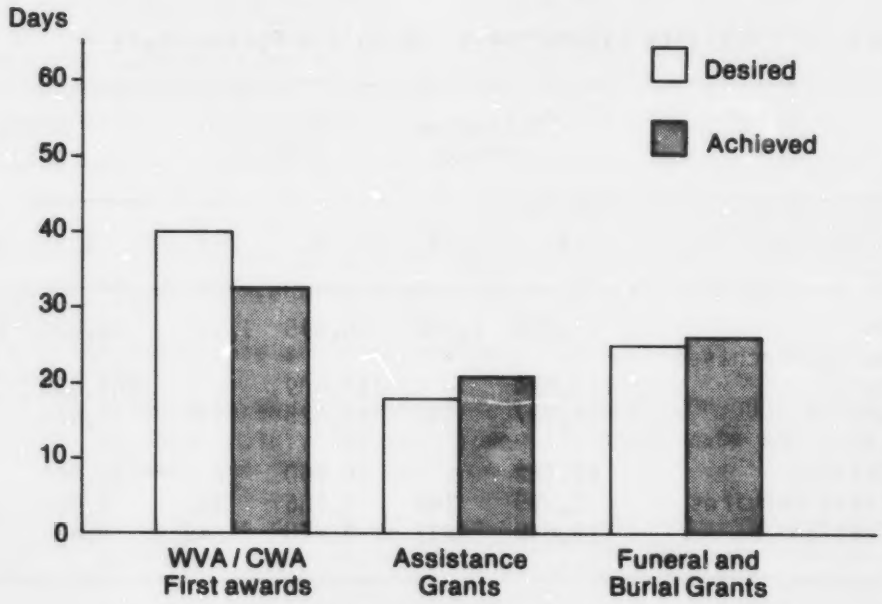
For significant work areas, staff requirements are determined by forecasting workload volumes based on historical and sociological data. These volumes are related to a pre-determined time standard per work unit to determine the person-hours required. To determine staff size the person-hours required is then divided by the number of hours per person-year. Figure 11 reflects the person year utilization for 1982-83 and 1983-84, and projects the person year requirements for 1984-85 and 1985-86 for major activities. This can be related to workload volumes in Figure 10. Support functions such as counsellor travel and administrative support are not included.

Figure 11: Person-Year Requirements for the Major Activities



In terms of quality of service, Figure 12 summarizes the desired processing times and shows the actual obtained for 1983-84. The same desired processing time will be maintained for 1985-86. The processing time is measured from the date of application to the updating of the data base for WVA/CWA First Awards. For Assistant Fund and Funeral and Burial grants, it is from the date of application to the date of the cheque requisition.

Figure 12: Desired and Achieved Processing Time (Average Elapsed Days)



[1]single cash grants to WVA/CWA recipient to alleviate an emergency situation

Administration: The $10.1 million and 261 P-Y's required for the provision of payments to clients and other support functions represent 2% of dollars and 47% of P-Y's for the activity.

B. Health Services

Objective

To ensure the provision of adequate medical, surgical and dental treatment, prosthetic appliances and domiciliary care to eligible veterans and other qualified persons.

Resource Summary

Expenditures for the Health Services Activity will amount to 32% of total program expenditures in 1985-86.

Figure 13: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Hospitals	47,361	1,192	45,945	1,192	44,228	1,144
Other Health Purchased Services	113,824	-	110,509	-	104,838	
Operations	31,237	599	19,925	435	19,444	445
Grants and Contributions	47,182	-	16,960	-	22,666	
Home Related Services	5,395	160	5,286	163	4,954	159
Administration	13,650	337	8,650	245	8,441	250
	258,649	2,288	207,275	2,035	204,571	1,998

See page 2-9 for explanation of changes between the 1984-85 Forecast and the 1985-86 Estimates.

The fluctuation between years, for the Operations and Administration sub activities, results from the Aging Veterans program extension, inflation, and an internal adjustment between this activity and the Social and Income Support activity (see page 2-22).

Past Financial Performance

Figure 14: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Hospitals	44,228	48,981	(4,753)
Other Health Purchased Services	104,838	102,900	1,938
Operations	19,444	22,422	(2,978)
Grants and Contrib[illegible]ns	22,666	37,107	(14,441)
Home Related Servic[illegible]	4,954	5,276	(322)
Administration	8,441	9,452	(1,011)
	204,571	226,138	(21,567)

The major items contributing to the decrease are:

- for the Grants and Contributions sub activity;
  - Aging Veterans program payments were $2,600,000 less than expected mainly due to a lower inflation rate and cost per client; and
  - payments to provinces under the Departmental hospital transfer agreements were approximately $12,100,000 less than expected mainly due to delays in construction under the agreements.
- an internal transfer of person years from the Health Services activity to the Social and Income Support activity. This affects the Operations and the Administration sub activities; and
- for the hospital sub activity, difficulty was experienced in attracting specialized clinical and nursing staff thus resulting in lapsed person years.

Description

The Health Services Activity provides benefits in the health related area to eligible Canadian and allied veterans, as well as certain classes of civilians, within and outside departmental institutions. Also involved is the interpretation, preparation and administration of related legislation and regulations at head office and in field operations. This Activity comprises six sub-activities:

Hospitals: involves all aspects of the operation and administration of the departmental hospital and the provision within this hospital of health care to eligible clients.

Other Health Purchased Services: includes payments for health services outside the Program's institutions. The major expenditures in this sub-activity are for drugs, doctors and dentists of choice, nursing services, prosthetic supplies and outside hospitals/community health services.

Operations: provides counselling services, operation of dental units, chaplain services, and the use of departmental transportation facilities by the client. Determining entitlement for claims submitted is also performed.

Grants and Contributions: represents funds paid for grants and contributions to clients and provinces, in accordance with specific agreements relating to health services or hospital transfers. This includes payments under the Aging Veterans program. Under the Aging Veterans program existing operations are extended to provide for medical care in the home, assistance with household chores and home adaptations for qualified veterans. It also arranges for treatment in day hospitals. Eligible veterans may thus be able to remain in their homes rather than being institutionalized. These benefits apply to veterans who are receiving War Disability pensions and whose health care needs stem from these disabilities and now also to a larger group of low income disability pensioners and veterans with service in a theatre of war.

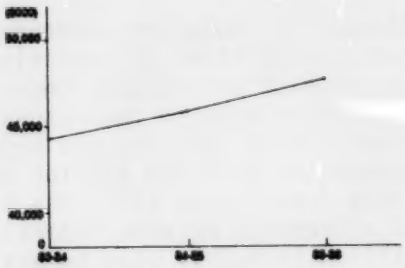
Home Related Services: includes all operating expenses for the Program's two departmental veterans homes. At March 31, 1984 the Rideau Veterans Home in Ontario had 142 beds and 131 patients while the Saskatoon Veterans Home had 79 beds and 74 patients. All veterans who served overseas are entitled to this service if they meet the criteria in regard to health status. A multi-disciplinary team determines eligibility and establishes a priority list.

Administration: includes the provision of financial management, records management, typing, administrative support services, and payment services to clientele.

Performance Information/Resource Justification

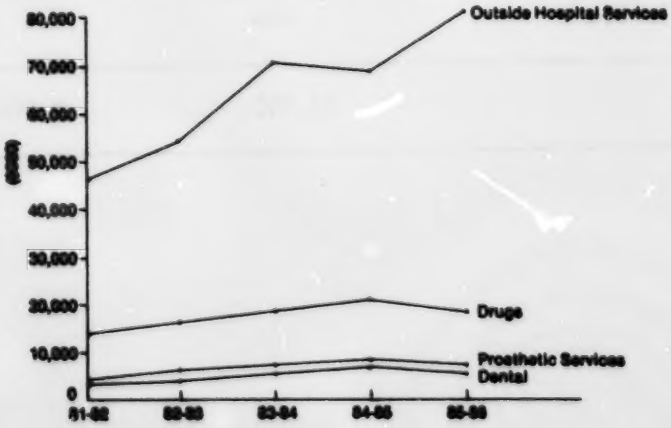
Hospitals: For 1985-86 there will be one hospital under the administration and control of the Program. Figure 15 shows operating costs and person-years. At March 31, 1984 St. Anne's Hospital had 1084 beds and 974 patients. Those eligible include: any veteran who receives a disability pension or War Veterans Allowance and veterans requiring domiciliary care. The province of Québec reimburses the Department for certain services provided.

Figure 15: Operating Costs for the Program's Hospital ($000)



Other Health Purchased Services: Eligible veterans and other qualified persons are entitled to medical, surgical and dental treatment, and prosthetic appliances under Veterans Treatment Regulations. In addition, long-term institutional care and extended home care is available under Veterans Care Regulations. Those deemed eligible include those requiring care as a result of a pensionable condition, and veterans receiving War Veterans Allowance (for health care benefits not covered by a provincial health insurance plan). Veterans utilized a total of 1,038,865 patient-days in contract institutions and the hospital of choice program in 1983-84. Over 90% of the expenditures are for the four major items shown in Figure 16.

Figure 16: Other Health Purchased Services ($000)



In order to enhance ease of access to hospital facilities, hospital beds for long-term care are being contracted for in several locations. This will enable veterans in those areas to be cared for closer to their homes. Recently twenty beds have been relocated in Nova Scotia and similar adjustments elsewhere are under review.

Operations: Counselling interviews for 1985-86 are estimated at 37,500, with 38,000 in 1984-85 and 39,937 in 1983-84. It is intended to maintain an average turnaround time of 25 days in processing travel expense claims submitted by clients. The $31 million and 599 P-Y's required for this function represent 12% of the dollars and 26% of the person years for this activity.

Grants and Contributions: In 1963, the government announced a policy to transfer veterans hospitals to other jurisdictions in order to maintain professional stimulus and high standards. Under the terms of agreement, grants and contributions were made to the respective provinces. Of the total $47 million to be paid in 1985-86, the major portion relates to hospital transfer agreements, with $33 million paid as contributions to the respective provinces (see Figure 17). The terms are based on individual negotiated agreements between federal and provincial agencies. The remaining $14 million is mainly used to assist aging veterans in defraying costs of extended health care not covered by provincial health programs.

Figure 17: Contributions to Provinces for Hospital Transfers ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Nova Scotia	**12,000**	3,500	259
Quebec	**4,400**	3,000	1,855
Ontario	**6,900**	500	15,426
Manitoba	**9,300**	2,000	500
Alberta	**-**	-	920
British Columbia	**600**	-	-
	33,200	9,000	18,960

Home Related Services: The $5.4 million and 160 person years required to cover operating costs for the two departmental veterans homes represent 2% of dollars for the activity and 6% of person years.

Administration: The $13.7 million and 337 person years required for the provision of payments to clients and other support functions represent 5% of dollars and 14% of person years for the Activity.

C. Management of Property Contracts

Objective

To ensure the effective and efficient implementation of the Veterans' Land Act and Regulations by providing veterans, their heirs, devisees and personal representatives with guidance, advice and assistance in acquiring title to the property covered by an Agreement of Sale and in adhering to their contractual obligations.

Within this objective, specific targets include the following:

- to maintain arrears in collections at 1.5% or lower of the total due to the Crown; and
- over the period 1985 to 1988 centralize the fund accounting and property management functions. This reorganization will result in the elimination of four Regional Offices and the savings of 28 person years.

Resource Summary

Expenditures for the Management of Property Contracts Activity will amount to 1% of total program expenditure in 1985-86.

Figure 18: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	**P-Y**	$	P-Y	$	P-Y
Management of Property Contracts	**9,109**	191	9,304	192	6,331	179

Past Financial Performance

Figure 19: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Management of Property Contracts	6,331	6,987	(656)

Unexpected retirements and staff movement prior to centralization caused actual expenditures to be less than estimated.

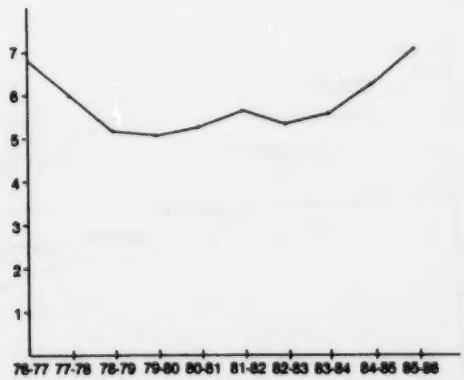
Description

The Management of Property Contracts Activity provides services to veteran clients, their heirs and representatives through four Regional, eight District, one Service and thirty-six Field Offices to ensure that the objectives of the Activity are achieved. Lending was completely terminated in 1977, leaving basically a management, monitoring, counselling and collection function. At March 31, 1985 there are approximately 27,100 accounts and $201 million to be collected.

Performance Information/Resource Justification

One of the key performance indicators is person-years per 1000 active accounts, as illustrated in Figure 20.

Figure 20: Person-Years per 1000 Active Accounts



The increase in 1981-82 resulted from the transfer of the VLA Fund accounting function, along with nine person-years, from Veterans Services to Veterans Land Administration in the Ontario Region. The minor increase in subsequent years is due to the need to maintain a satisfactory level of service to clients. The increase projected for 1985-86 results from double banking of positions related to centralization, and will decrease in 1986-87.

Under the current mandate, one of the Activity's major responsibilities involves the timely collection of all amounts due to the Crown. Figure 21 shows the percentage of arrears to total amounts due as of the end of each fiscal year from 1978-79 to 1985-86.

Figure 21: Percentage of Arrears to Total Amounts of Payment Due

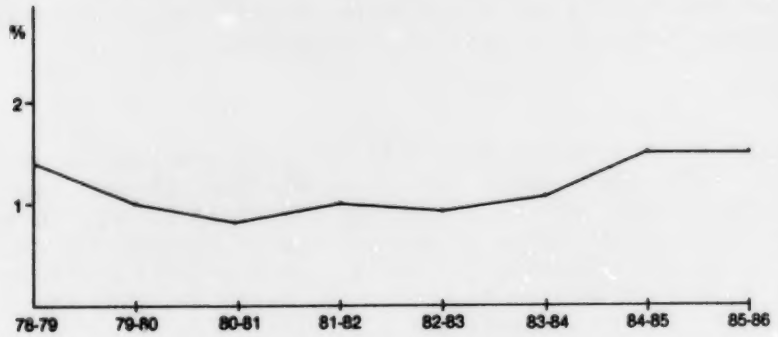
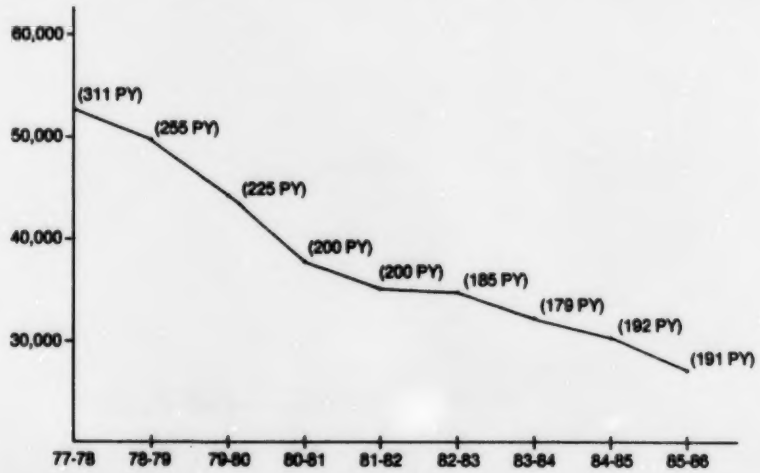


Figure 22 displays the number of active accounts remaining at the beginning of each fiscal year along with the number of person-years required to maintain the operation.

Figure 22: Active Accounts Remaining and Person-Years Required



D. Departmental Administration

Objective

To provide financial, administrative, personnel and management support services to the portfolio in the most efficient and effective manner; and to make an effective contribution to portfolio management.

Resource Summary

Expenditures for the Departmental Administration Activity will amount to 2% of total portfolio expenditures in 1985-86.

Figure 23: Activity Expenditures ($000) and Person-Years

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	$	P-Y	$	P-Y	$	P-Y
Departmental Administration	26,655	486	38,323	648	37,022	710

The major portion of the decrease results from finalization of relocation, involving a 121 person year reduction.

Past Financial Performance

Figure 24: 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	Change
Departmental Administration	37,022	37,375	(353)

Description

The Departmental Administration Activity covers the operation of the offices of the Minister, Deputy Minister, Assistant Deputy Minister (National Capital Operations), Assistant Deputy Minister (Finance, Personnel and Administration) and the managerial support functions of financial management, personnel administration, planning, audit and evaluation services, public relations, administrative services, management processes, commemoration, and electronic data processing services.

Performance Information/Resource Justification

Costs for the Departmental Administration Activity are $26.7 million 1985-86 (Estimates), $38.3 million 1984-85 (Forecast), $37.0 million 1983-84 and $34.2 million 1982-83.

Resources required for 1985-86 represent 2% of dollars and 12% of person years for the Portfolio operation.

Section III
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 25: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	96,605	100,041	96,473
Contributions to employee benefit plans	13,519	12,709	14,521
Other Personnel	656	576	491
Goods and Services			
Payment to contract hospitals	80,941	72,834	70,947
Transportation and communications	11,623	16,041	13,291
Professional and special services	44,358	53,272	42,535
Utilities, materials and supplies	16,668	12,067	15,758
All other expenditures	7,295	6,513	7,623
Total operating	271,665	274,053	261,639
Capital	1,613	2,931	2,973
Transfer payments	528,861	501,511	454,311
Total expenditures	802,139	778,495	718,923

2. Personnel Expenditures

Figure 26: Authorized Person Years and Salary Provision

	Authorized Person-Years 85-86	84-85	83-84	Current Salary Range	1985-86 Average Salary Provision
Management					
Executive	20	21	17	50,530-96,300	67,234
Senior Management	16	16	-	50,530-96,300	58,299
Scientific and Professional					
Dentistry	29	27	27	40,785-68,670	54,068
Home Economics	9	10	10	21,685-48,015	30,500
Medicine	25	25	27	40,054-85,140	72,039
Nursing	260	272	272	18,662-49,642	31,065
Occupational and Physical Therapy	14	12	12	20,691-43,934	33,444
Pharmacy	5	5	5	17,630-55,620	33,344
Psychology	5	5	5	24,293-56,575	39,136
Social Work	19	24	24	20,575-51,192	30,276
Administrative and Foreign Service					
Administrative Services	234	219	238	13,912-57,987	32,625
Computer Systems Administration	40	38	50	18,766-61,433	36,715
Financial Administration	82	72	77	13,853-57,980	39,373
Information Services	20	20	21	13,579-57,980	37,328
Organization and Methods	45	57	76	13,520-57,980	39,243
Personnel Administration	55	63	59	13,330-63,870	38,758
Program Administration	70	73	94	13,912-57,987	34,540
Purchasing and Supply	8	10	12	12,766-57,980	35,422
Welfare Programs	353	391	395	14,860-57,980	30,301
Technical					
Engineering and Scientific Support	23	18	18	14,041-50,866	28,794
Administrative Support					
Data Processing	38	20	18	13,352-37,130	20,739
Clerical	1,032	1,082	1,121	12,932-31,743	21,285
Secretarial	185	222	246	12,636-31,946	19,816
Operational					
Firefighters	2	2	2	21,147-37,036	31,322
General Labour and Trades	83	101	99	14,776-40,676	24,399
General Services	12	12	16	13,253-39,988	21,362
Heating, Power and Stationary Plant Operation	25	27	27	18,242-35,598	23,951
Hospital Services	792	773	773	12,307-29,701	18,708
Minister's Exempt Staff	10	10	7		40,000
Other	10	6	25	12,635-68,070	26,173

The person year column displays the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person years for the occupational group. Year to year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 27 presents a summary of all grants and contribution expenditures of the Program.

Figure 27: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
	$	$	$
Grants			
Social and Income Support			
War Veterans Allowances and Civilian War Allowances:			
North West Field Force	20,000	20,000	17,000
South African War	20,000	25,000	33,000
World War I	12,285,000	13,500,000	13,501,000
World War II and Special Forces (Korea)	430,990,000	434,045,000	388,048,000
Dual Service (World Wars I and II)	565,000	565,000	617,000
Civilian War Allowances	22,685,000	22,845,000	19,389,000
Assistance in accordance with the provision of the Assistance Fund Regulations	2,100,000	1,840,000	1,814,000
Army Benevolent Fund	18,000	18,000	18,000
Royal Canadian Legion	9,000	9,000	13,000
Canadian Veterans Association of the United Kingdom	1,000	1,000	1,000
Other Benefits -			
Children of War Dead (Education Assistance)	1,115,000	1,025,000	866,000
University and Vocational Training	30,000	38,000	23,000
Assistance to Canadian Veterans - Overseas District	60,000	58,000	44,000
Repayment under Subsection (3) of Section 10 of the Veterans Rehabilitation Act (R.S.c.V-5)	2,000	1,000	-
Last Post Fund	1,584,000	1,501,000	1,335,000
Special Housing Assistance for Veterans	72,000	24,000	25,000
Commonwealth War Graves Commission	2,500,000	2,084,000	2,019,000
United Nations Memorial Cemetery in Korea	30,000	25,000	21,000
Treatment and Related Allowances	4,525,000	3,339,000	3,056,000
United Nations Korean War Allies Association	-	20,000	-

Payments under the War Service Grants Act (R.S. C. W-4)			
(s) Re-Establishment Credits under Section 8	2,000	2,000	-
(s) Repayments under Section 15 for compensating adjustments made in accordance with the terms of the Veterans' Land Act	100,000	100,000	63,000
(s) Returned Soldiers Insurance Actuarial Liability Adjustment	63,000	63,000	16,000
(s) Veterans Insurance Actuarial Liability Adjustment	803,000	803,000	606,000
Health Services			
Grants to various provinces concerning the provision of prosthetic services to veterans	200,000	208,000	193,000
Management of Property Contracts			
(s) Provision for Reserve for Conditional Benefits, Veterans' Land Act	2,100,000	2,600,000	-
Total grants	481,879,000	484,759,000	431,718,000
Contributions			
Social and Income Support			
Summer Canada - Student Employment Program	-	-	14,000
Health Services			
Contributions to the respective provinces in accordance with the agreements of transfer of departmental hospitals	33,200,000	9,000,000	18,960,000
Contributions to aging veterans to assist in defraying costs of extended health care not covered by provincial health programs	13,782,000	7,746,000	3,185,000
Contributions to New Employment Expansion Development program (NEED) projects	-	6,000	434,000
Total contributions	46,982,000	16,752,000	22,593,000
Total grants and contributions	528,861,000	501,511,000	454,311,000

B. Cost Analysis

Figure 28: Net Cost of Program for the Year 1985-86 ($000)

	1985-86 Program Expenditures	Add* Other Costs	Total Cost	** Deduct Revenue	Net Cost	Net Cost 1984-85
Veterans Affairs	802,139	18,433	820,572	30,541	**790,031**	777,763

* Other costs of $18,433,000 consist of:

	($000)
• accommodation provided without charge by this department	7,322
• services provided without charge by other departments:	
- accommodation (Public Works)	7,787
- cheque issue (Supply and Services)	249
- employee surgical-medical insurance (Treasury Board)	2,366
- employee compensation (Labour)	709

** Revenue consists of:

	($000)
• receipts credited to revenue (interest on Veterans' Land Act loans)	10,700
• provincial hospital insurance plans	14,040
• other	5,801

C. Acts and Regulations Relating to the Veterans Affairs Program

1. Acts

Allied Veterans Benefits Act
Children of War Dead (Education Assistance) Act
Civilian War Pensions and Allowances Act (Part XI)
Department of Veterans Affairs Act
Fire Fighters War Service Benefits Act
Returned Soldiers' Insurance Act
Soldiers' Settlement Act
Supervisors' War Service Benefits Act
Veterans Benefit Act
Veterans Insurance Act
Veterans' Land Act
Veterans Rehabilitation Act
War Service Grants Act
War Veterans Allowance Act
Womens' Royal Naval Service and the South African Military Nursing Service (Benefits) Act

2. Regulations

Assistance Fund (WVA and CWA) Regulations
Guardianship of Veterans' Property Regulations
Last Post Fund Regulations
Pensioners Training Regulations
Vetcraft Shops Regulations
Veterans Burial Regulations
Veterans Estates Regulations
Veterans Treatment Regulations
Veterans Care Regulations

War Veterans Allowance Board Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,457,000 in support of the 1985-86 War Veterans Allowance Board Program. The remaining expenditures, estimated at $179,000 for contributions to Employee Benefit Plans, will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	War Veterans Allowance Board Program		
10	Program expenditures	1,457	1,495
(S)	Contributions to Employee Benefit Plans	179	171
	Total Program	1,636	1,666

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	War Veterans Allowance Board Program	
10	War Veterans Allowance Board - Program expenditures	1,457,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	**Total**	
Appeals, Review, Adjudication and Interpretation	35	1,634	2	-	**1,636**	1,666
	35	1,634	2	-	**1,636**	1,666

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	**Actual Use**
	$	$	$
Voted Budgetary Expenditures			
Vote 10 - War Veterans Allowance Board - Program Expenditures	1,377,000	1,377,000	**1,253,622**
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	156,000	174,000	**174,000**
Total Program - Budgetary	1,533,000	1,551,000	**1,427,622**

Section I
Program Overview

A. Financial Summary

Funding requirements for the War Veterans Allowance Board Program for both the Estimates year and the current fiscal year as shown in Figure 1. In addition, comparative information on financial performance for 1983-84 is also provided.

Figure 1: Financial Summary and Review of 1983-84 Financial Performance ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	Actual 1983-84
Appeals, Reviews, Adjudication and Interpretation	**1,636**	1,599	37	1,428
	1,636	1,599	37	1,428
Authorized person-years	**35**	35	-	32

* There has not been significant change from the 1984-85 Main Estimates. The 1984-85 forecast is $1,599,000 or 4% less than the 1984-85 Main Estimates of $1,666,000. (Extracts from Part II of the Estimates, page 3-4.)

Explanation of Change: There is only a minor change from the 1984-85 forecast expenditures to the financial requirements for 1985-86.

Recent Performance: The reduction in expenditures of $105,000 between 1983-84 actuals and 1983-84 Main Estimates resulted mainly from delays in staffing Governor in Council positions.

B. Background

1. Introduction

This Program provides an appeal and review forum for applicants and recipients who feel they were unjustly denied benefits under the War Veterans Allowance Act, and Part XI of the Civilian War Pensions and Allowances Act. The programs on which the Board adjudicates are administered by the Department of Veterans Affairs. Until October 1, 1984, initial adjudications were made by seven District Authorities, which were independent adjudicating bodies. Currently, initial adjudications are made by a Departmental official to whom the Minister has delegated authority to adjudicate. The Minister may also conduct a review of the initial adjudication. Any adjudication of the Minister, other then under Subsection 19(2) of the War Veterans Allowance Act (the Minister's authority to remit overpayments), is subject to appeal to or review by the Board.

2. Legal Mandate

The statutory framework within which the Board functions is set out in the War Veterans Allowance (WVA) Act, Veterans Allowance Regulations, Part XI Civilian War Pensions and Allowances (CWP&A) Act. These Acts and Regulations outline the terms and conditions of eligibility for receipt of benefits under the legislation.

3. Program Objective

The objective of the Program is to ensure that veterans and their dependants receive their entitlement under the War Veterans Allowance Act and Part XI of the Civilian War Pensions and Allowances Act.

4. Program Description

The Board's major responsibilities are: to act as a court of appeal for aggrieved applicants and recipients; to review decisions of the Department to ensure that adjudication is consistent with the intent and purview of the legislation, and that the legislation is applied uniformly throughout Canada; to adjudicate pursuant to specific sections of the WVA/CWP&A Acts where the Board has sole jurisdication; to provide interpretation of the WVA/CWP&A Acts and Regulations; and to advise the Minister on Regulations under the WVA Act. The Board also periodically issues Precedent Decisions which serve to continuously refine the jurisprudence respecting allowances, and provide guidance to the Department on adjudications.

5. Program Organization for Delivery

Organization Structure: As shown in Figure 2, the Board is composed of the Chairman, Deputy Chairman, three Members and three Temporary Members who are appointed by the Governor in Council.

The Chairman of the Board has control and direction over the duties to be performed by the other members of the Board and the duties to be performed by such members of the staff of the Department as may be assigned to the Board by the Minister. The Chairman reports to Parliament through the Minister of Veterans Affairs. The Deputy Minister of Veterans Affairs and the Dominion Secretary of the Royal Canadian Legion are additional Members of the Board without remuneration.

The total of 35 person-years authorized for 1985-86 includes eight person-years for a Chairman, a Deputy Chairman, and six Board members. Twenty-seven person-years will be utilized by the Board for developing the following organization and support expertise to carry out its mandate.

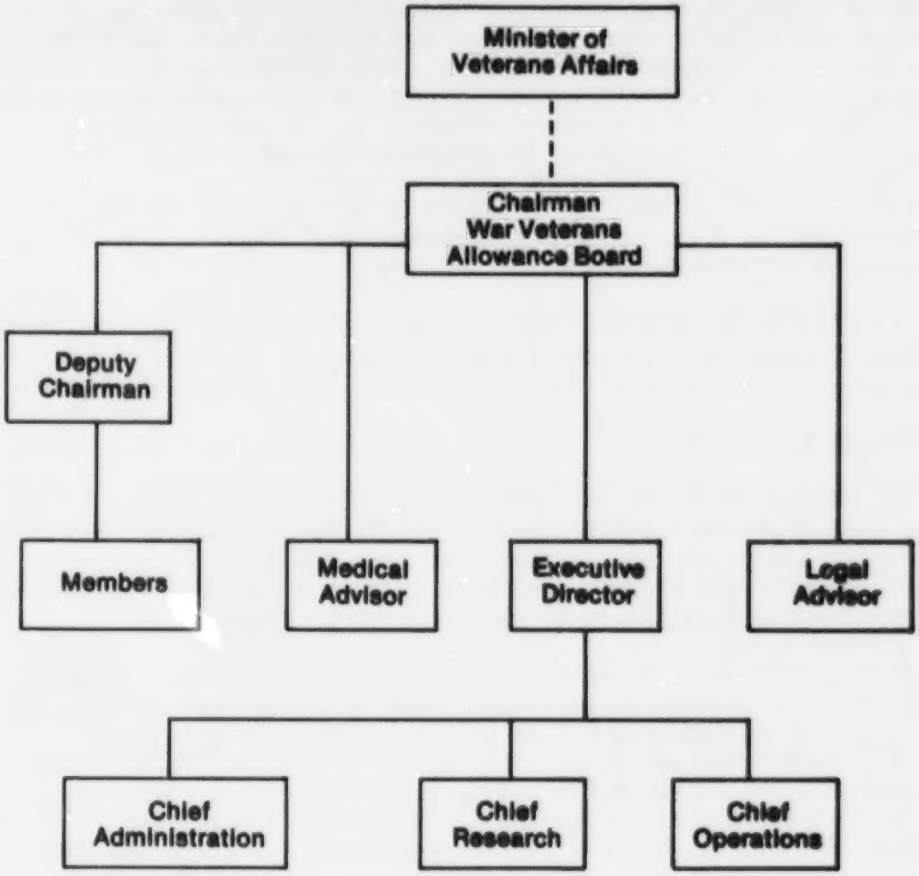
Executive Support Group: Five person-years for providing specialized services to the Chairman, Deputy Chairman and Board Members in the areas of policy and management of resources; operational control; advice on legislative matters; medical aspects of the legislation; development and implementation of activities to ensure the optimum efficiency of the Chairman's office; and stenographic and secretarial requirements. Legal advice to the Board is provided by a full time Legal Advisor attached to the Department of Justice. The Legal Advisor functions as a member of the Executive Support group.

Operations Division: Thirteen person-years for systematic review and the preparation of summaries for those cases that require adjudication by the Board; promulgation of resulting Board decisions, providing services to the Board in the areas of registration and preparation of agenda for cases requiring adjudication; writing official Board minutes; issuing internal policy guidelines, maintaining a library of precedent decisions and related information.

Information and Research Division: Three person-years to provide for the Board's requirements for information and research respecting operational planning and policy development, interpretation and communications.

Administration Division: Six person-years to provide for financial management, personnel management, transcription administration and other general administrative functions of the Board.

Figure 2: Organization Structure



C. Planning Perspective

1. Environment

National economic conditions have a major impact upon the volume of work of the Board. In difficult economic times recipients tend to appeal any decision which is perceived to limit their entitlement. In the present environment a high volume of appeals is occurring.

Historically, the Board received an average of 454 appeals per year. The rate of appeal accelerated rapidly in 1982-83 reaching 1176 appeals. In 1983-84 the high volume continued as the Board received 930 appeals (double the historic average). This higher than projected volume of appeals is continuing to restrict the review activity.

2. Update on Previously Reported Initiatives

The Board has, as indicated in the 1983-84 Part III, established screening criteria for incoming cases whereby appeals in which the Veterans Affairs Program has failed to apply established interpretations or where new pertinent information is provided are now returned to the field. The individual's right of recourse to the Board is protected in all referrals. The Department has responded promptly respecting cases referred. In 1983-84, 430 cases were considered by the Board and returned to the Department for appropriate action. Due to changes introduced to the Acts in 1983-84 referrals will decline significantly or disappear in 1985-86 and beyond.

The results of this screening criteria are proving to be extremely positive. It has assisted the Board in achieving its objective of 60 day turnaround time while receiving an extremely high volume of appeals.

3. Program Effectiveness

The main objective of the War Veterans Allowance Board Program is to ensure that applicants and recipients of allowances receive full entitlement under the legislation. Two main criteria for assessing the effectiveness of the program are: maintenance of an acceptable level of service; and the application of quality control processes.

In maintaining an acceptable level of service, the Board has determined that an average turnaround time of sixty days per case is optimal. This is sufficient time to ensure that the average case is carefully researched and considered, and that applicants and recipients are provided with a reasonable and timely service. It should be noted that in 1983-84, actual turnaround times were 60.2 days/case and 50.2 days/case for appeals and reviews respectively. In addition, the issuing of periodic Precedent Decisions which enhance veterans/dependants benefits and which lead to greater national uniformity in the adjudication process also aid in the maintenance of acceptable levels of service. The relative success of the Board with respect to these efforts is reflected in communications received from veterans, their dependants and the Minister's Office as well as in statistical reports prepared by the Board.

In the area of quality control, the Board conducts periodic reviews of the more complex and difficult cases which are initially adjudicated upon by the Department of Veterans Affairs. This review process leads to improved initial adjudication decisions based upon a better understanding of Board policy. As a further step in establishing an effective quality control process, the Board has developed a machine selection process which will eliminate the need to manually sort through thousands of adjudications in order to select those of concern and interest. As well, the Board is developing minimum standards based, in part, upon accepted statistical sampling techniques in order to add structure to the review process. These tools will enable the Board to strengthen the review process and to identify acceptable levels of review activity for planning and control purposes.

Figure 3 sets out the actual and projected ratio of altered and reversed adjudications. The ratio of decisions that have been altered or reversed is not indicative of the quality of the majority of first line adjudications because the Board deals with the more complex and difficult cases (this makes up approximately 1% of the cases adjudicated upon). These figures do, however, indicate trends for the more complex cases.

Figure 3: Summary of Adjudications

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	No.	%	No.	%	No.	%
Cases where the Board concurred with decisions						
Appeals	240	60	300	60	289	57.5
Reviews	204	30	50	25	23	20
Cases where Board Altered or Reversed decisions						
Appeals	180	40	200	40	214	42.5
Reviews	476	70	150	75	91	80

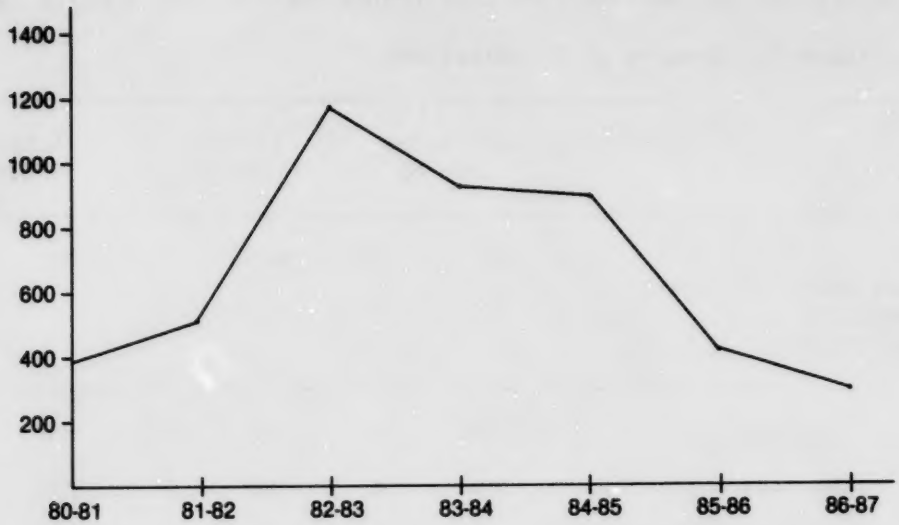
4. Performance Information/Resource Justification

Appeals are given priority over the other work of the Board. There is a wide variety of cases, and depending on its complexity, an appeal can take from 20 to 200 person-hours to bring to the final ruling stage. It is therefore not possible to express workload as units of production.

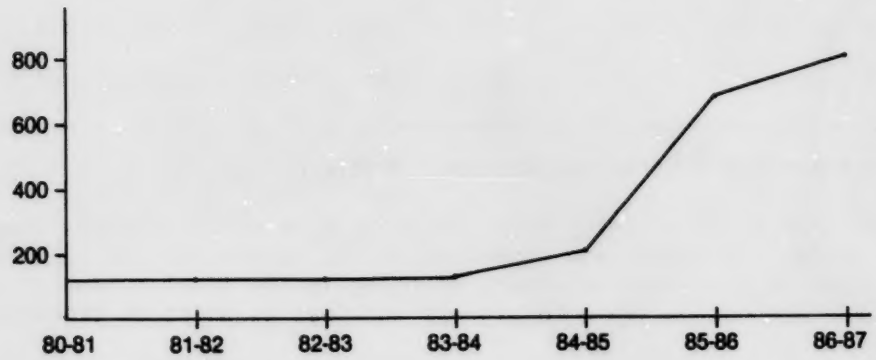
Reviews, like appeals, vary in complexity. In keeping with its mandate to ensure that the veteran receives his/her full entitlement under the Act, the objective of the Board, under ideal conditions, is a much higher rate of review of adjudications. Figure 4 illustrates the past and present level of activity and projections for the planning period.

Figure 4: Profile of Actual and Projected Activity of the Board for the Period 1980-87

Appeal Workload Profile



Review Workload Profile



* In 1980-81 the War Veterans Allowance Board relocated from Ottawa to Charlottetown.

** Reflected in 1983-84 figures are 430 cases considered by the Board and returned to the Department for appropriate action. Due to changes introduced to the Acts 1983-84 referrals will decline significantly or disappear in 1985-86 and beyond.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	**1,289**	1,250	1,097
Contributions to employee benefit plans	**179**	171	174
Goods and Services			
Transportation and communications	**119**	126	111
Professional and special services	**25**	26	25
All other expenditures	**22**	24	19
Total operating	**1,634**	1,597	1,426
Capital	**2**	2	1
Transfer Payments		-	1
Total expenditures	**1,636**	1,599	1,428

2. Personnel Expenditures

Figure 6: Authorized Person Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Executive	8	8	8	50,350-96,300	58,842
Administrative and Foreign Service					
Administrative Services	15	15	15	13,912-57,987	31,471
Technical					
Social Science Support	2	2	2	12,635-57,764	36,589
Administrative Support					
Clerical	4	4	6	12,932-31,743	21,145
Secretarial	5	5	3	12,636-31,946	19,168
Other	1	1	1	40,054-85,140	63,289

The person year column displays the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person years for the occupational group. Year to year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 7: Total Cost of Program for the Year 1985-86 ($000)

	1985-86 Program Expenditures	Add * Other Costs	**Total Cost**	Total Cost 1984-85
War Veterans Allowance Board	1,636	127	**1,763**	1,803

* Other costs of $127,000 consist of:

	($000)
• accommodation provided without charge by Public Works	95
• other services provided without charge by other departments	32

Pension Review Board Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $1,081,000 in support of the 1985-86 Pension Review Board Program and $128,000 for employee benefits which will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	**1985-86 Main Estimates**	1984-85 Main Estimates
	Pension Review Board Program		
15	Program expenditures	**1,081**	901
(S)	Contributions to employee benefit plans	**128**	97
	Total Program	**1,209**	998

Votes - Wording and Amounts

Vote No.	Department or agency	**1985-86 Main Estimates**
	Pension Review Board Program	
15	Pension Review Board - Program expenditures	**1,081,000**

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Pension Review System	25	1,207	2	1,209	998

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 15 - Operating expenditures	1,134,000	1,134,000	**821,967**
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	129,000	144,000	**144,000**
Total Program - Budgetary	1,263,000	1,278,000	**965,967**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86, the Pension Review Board Program expects to accomplish the following:

- to render decisions on 1,500 cases;
- to update and publish Pension Review Board reports on particularly significant or precedent making decisions of the Board; and
- to maintain the turnaround time of approximately two months from the date the case is heard to the date the decision is promulgated.

2. Financial Summary

Funding requirements for the Pension Review Board Program for both the Estimates year and the current fiscal year are presented in Figure 1. In addition, comparative information on financial performance for 1983-84 is also provided.

Figure 1: Financial Summary and Review of 1983-84 Financial Performance ($000)

	Estimates 1985-86	Forecast 1984-85	Main Estimates 1983-84	Actual 1983-84
Pension Review System	1,209	1,148	1,263	966
Authorized person-years	25	25	28	20

Explanation of Change: The financial requirements for 1985-86 are 5% or $61,000 higher than the 1984-85 forecast expenditure. The increase is due primarily to inflation in operating and salary costs as well as adjustments to salary costing.

Explanation of 1984-85 Forecast: The 1984-85 forecast (which is based on information available to management as of August 31, 1984) is $150,000 or 15% higher than the 1984-85 Main Estimates of $998,000 (Extracts from Part II of the Estimates, page 4-4). The difference is three additional person-years due to workload requirements.

The reduction of expenditures between 1983-84 actuals and the amount estimated resulted mainly from positions left vacant by staff turnovers on the relocation to Prince Edward Island.

B. Background

1. Introduction

The Pension Review Board, established in 1971 when major revisions were made in the Pension Act, is an independent agency of the federal government reporting to Parliament through the Minister of Veterans Affairs. It is the final tribunal for pension claims under the Pension Act and related statutes and, provides interpretations of the Pension Act.

The procedures followed by the Board in the preparation for the conduct of hearings are informal. Proceedings are non-adversarial and the Board is not permitted to hear oral evidence. It does, however, exercise wide latitude in accepting documentary evidence. Hearings are conducted in both official languages. (A description of this Program is found in the Portfolio Summary, page 1-5.)

2. Legal Mandate

The Pension Review Board's mandate on matters of pension entitlement, amount of pension award and the interpretation of pension legislation comes from Sections 75 to 81 of the Pension Act.

3. Program Objective

The objective of the Pension Review Board Program is to ensure that eligible ex-members of the armed forces, certain civilians and/or their respective dependants receive the full benefits of the Pension Act and related statutes.

4. Program Organization for Delivery

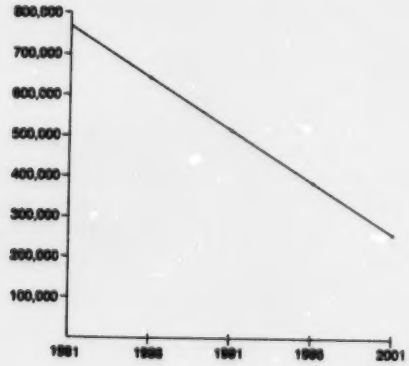
The Board consists of a Chairman, a Deputy Chairman and five members, two of whom are ad hoc appointments. According to legislation, the Pension Review Board sits and hears appeals in such places in Canada as may be designated by order of the Governor in Council. The Executive Director and related support staff are responsible for providing services in the secretarial, records management, clerical, financial, personnel and administration fields. The Legal Advisor is responsible for the quality control aspect of decisions and the issuance of the Pension Review Board Reports series.

C. Planning Perspective

1. Environment

Declines in the overall veteran population are forecast for the next several decades. Figure 2 shows the projected veteran population to the year 2001. The declining veteran population will ultimately result in a decreasing requirement for resources for the Pension Review Board Program. This reduction will be partially offset due to the increasing numbers of veterans' survivors becoming eligible for pensions as a result of legislative changes in the provision of pension benefits. An additional offsetting factor will be the increasing number of pension applications from ex-Regular Forces members.

Figure 2: Veteran Population



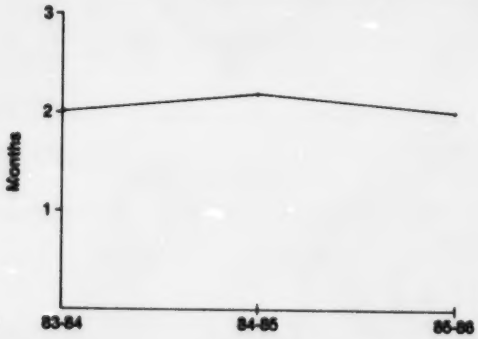
2. Initiatives

The Board intends to update and publish its reports on particularly significant or precedent making decisions of the Board from year 1979. This will enable veterans' organizations and veterans' representatives to analyse decisions issued by the Board for future guidance in the preparation of pension appeals.

3. Program Effectiveness

Effective delivery of benefits to the Board's client population has been identified as the most appropriate indicator of program effectiveness, and is defined as the average time, in months, measured from the date the case is heard by three members of the Board to the date the decision is issued. Figure 3 illustrates actual and projected performance in this area.

Figure 3: Average Time to Issue a Decision (Months)



It should be noted that the hearing of an appeal and the issuing of a decision is the culmination of a process which begins some 8-9 months earlier with the initial registration of an appeal with the Board. This processing time, which is quite variable, is beyond the control of the Board since it is during this period that the veteran or his representative prepares his case, including the development of new evidence.

4. Performance Information/Resource Justification

The caseload handled by the Pension Review Board is largely determined by the number of decisions rendered by the Canadian Pension Commission's Assessment and Entitlement Boards. By experience, it has been demonstrated that a large percentage of eligible ex-members of the armed forces and RCMP, certain civilians and/or their respective dependants who are dissatisfied with the decision of the Commission elect to have their cases appealed to the Board. The Board must accept all appeals, hear cases and render decisions. Figure 4 presents actual and projected information on appeal workload for the period 1983-84 to 1985-86.

Figure 4: Appeal Workload

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Appeals awaiting hearing at beginning of year	1,499	1,299	946
Appeals received during the period	1,700	1,700	1,688
Hearings held	1,500	1,500	1,335
Appeals remaining outstanding at year end	1,699	1,499	1,299

Noting the increase in appeal workload, it would appear that a change in attitude of the veteran population has taken place with respect to the full appeal process. More and more veterans are availing themselves of the appeal procedure allowed under the Pension Act after a decision by the Canadian Pension Commission has been handed down. This, combined with the fact that the Canadian Pension Commission has recently increased its ouput of decisions, has resulted in an increase in the number of appeals being made to the Board. This trend is expected to continue over the next several years.

The Board is developing a performance measurement system in order to strengthen and identify the resource levels required to efficiently and effectively conduct its activities.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 5: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	921	841	751
Contributions to employee benefit plans	128	108	144
Goods and Services			
Transportation and communications	63	79	36
Professional and special services	27	35	11
Other operating expenditures	68	79	18
Total operating	1,207	1,142	960
Capital	2	6	6
Total expenditures	1,209	1,148	966

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2. Personnel Expenditures

Figure 6: Authorized Person Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Executive	7	7	7	50,350-96,300	63,773
Scientific and Professional					
Law	1	-	-	20,523-88,120	44,799
Administrative and Foreign Service					
Administrative Services	2	2	2	13,912-57,987	31,482
Administrative Support					
Clerical	9	8	9	12,932-31,743	21,252
Secretarial	6	5	10	12,636-31,946	23,084

The person year column displays the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person years for the occupational group. Year to year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Figure 7: Total Cost of Program for the Year 1985-86 ($000)

	1985-86 Program Expenditures	Add* Other Costs	**Total Cost**	Total 1984-85
Pension Review Board Program	1,209	137	**1,346**	1,160

* Other costs of $137,000 consist of:

	($000)
• accommodation provided without charge by Public Works	115
• other services provided without charge by other departments	22

Canadian Pension Commission Program
Expenditure Plan

1985-86

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $765,765,000 in support of the 1985-86 Canadian Pension Commission Program and $1,799,000 for employee benefits which will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Canadian Pension Commission Program		
20	Operating expenditures	17,357	15,789
25	Grants and contributions	748,408	716,407
(S)	Contributions to employee benefit plans	1,799	1,473
	Total Program	767,564	733,669

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Canadian Pension Commission Program	
20	Operating expenditures	17,357,000
25	Canadian Pension Commission - The grants listed in the Estimates and contributions provided that the amount listed for any grant may be increased or decreased subject to the approval of the Treasury Board	748,408,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates					1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Budgetary Transfer Payments	Total	
Pension Adjudication and Administration	397	19,083	73	748,408	**767,564**	733,669

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	**Actual Use**
	$	$	$
Voted Budgetary Expenditures			
Vote 20 - Canadian Pension Commission Program - Operating expenditures.	15,808,000	15,808,000	**13,901,979**
Vote 25 - Canadian Pension Commission Program - The grants listed in the Estimates and contributions provided that the amount listed for any grant may be increased or decreased subject to the approval of the Treasury Board	667,936,000	667,936,000	**646,883,060**
	683,744,000	683,744,000	**660,785,039**
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	1,577,000	1,755,000	**1,755,000**
	685,321,000	685,499,000	**662,540,039**

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86, the Program's plans include the following:

- to make total benefit payments of some $748,408,000;
- to render decisions on 7,500 new or revised pension applications and on 3,600 cases to its Entitlement and Assessment Boards (see page 5-20 and 5-21);
- to achieve the following average response times: (see page 5-21)
  - less than 90 days to render a decision on initial applications;
  - less than 150 days from certification of readiness to be heard to a decision on an application to either Assessment or Entitlement Boards; and
- to increase medical examination frequency on aging pensioners.

2. Financial Summary

Funding requirements for the Canadian Pension Commission Program for both the Estimates year and the current fiscal year are presented in Figure 1. In addition, comparative information on financial performance for 1983-84 is also provided.

Figure 1: Financial Summary and Review of 1983-84 Financial Performance ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	Actual 1983-84
Pension Adjudication and Administration	767,564	734,465	33,099	662,540
Authorized person years	397	391	6	357.8

* There has not been significant change in dollar resources from 1984-85 Main Estimates of $733 million although person years increased by 21 due to workload requirements. (Extracts from Part II of the Extimates, page 5-4).

Explanation of Change: The increase of $33,099,000 in the 1985-86 requirement over the 1984-85 forecast is due mainly to the following major items:

	($000)
• increases in total pension benefits paid due to the net affect of volume changes and annual indexing to the Consumer Price Index	31,954
• increase of 9 person years and related operating expenses based on workload projections (net increase of 6 person years results from a 3 person year reduction for summer students reflected in the 1984-85 Forecast)	333
• allowance for inflation in operating costs	1,014

Recent Performance: Actual expenditures varied from the 1983-84 Main Estimates of $685,321,000 by approximately 3%, mainly relating to pension benefits paid. The estimated pension benefits were based on a model projection and a 3% variance is reasonable.

B. Recent Performance

1. Highlights

In 1983-84, the Program accomplished the following:

- made benefit payments of $646,883,000 to some 101,748 pensioners and 41,651 dependants, and carried out medical examinations on 15,980 pensioners. These volumes are all within 1% of planned performance.

- adjudicated 16% more decisions than planned on applications for new or revised pensions.

- decreased the backlog of outstanding applications to Entitlement and Assessment Boards through a 12% increase in the number of adjudications.

However, it should be noted that the loss of experienced staff, both professional and support, as a result of relocation, and the lack of a full complement of commissioners had a negative impact on program performance. For example:

- The Program estimated turnaround times of 60 days and 90 days to process survivor and disability pension applications. It achieved 82 and 132 days respectively.

- Preparations of Statements of Case for Assessment Boards required an average of 92 days versus the target level of 30 days. The estimate of 60 days to prepare Statements of Case for the Entitlement Board was achieved.

- Average time elapsed between the certification of readiness for a case to be heard and the actual hearing by either an Assessment or Entitlement Board was 188 days, or 68 days over target. However, because the Program attempts to maximize use of available manpower by scheduling Boards only when there are sufficient cases ready to be heard in any one of the 32 geographical locations, time lapses can and do occur.

C. Background

1. Introduction

The Canadian Pension Commission Program consists of the Canadian Pension Commission which reports to Parliament through the Minister of Veterans Affairs.

The Canadian Pension Commission renders decisions and holds Entitlement and Assessment boards on disability and dependant pension applications. (A description of this Program is found in the Portfolio Summary, page 1-5.)

2. Legal Mandate

Acts governing the operations of the Canadian Pension Commission include: the Pension Act, under which pensions are awarded for disability or death related to military service; the Civilian War Pensions and Allowances Act, Parts I to X, which provides for similar pension awards for disability or death attributable to service during the Second World War in certain organizations closely associated with the Armed forces such as the Merchant Navy; and the Compensation for Former Prisoners of War Act which provides compensation to victims for time spent in prisoner-of-war camps.

In addition, the Commission considers claims for pensions under certain other measures, including the Flying Accidents Compensation Regulations, the RCMP Superannuation Act, the RCMP Pension Continuation Act and the Halifax Relief Commission Pension Continuation Act. Payments pursuant to the RCMP Superannuation and Pension Continuation Acts are provided for under the spending authority provided in the Law Enforcement Program of the Ministry of the Solicitor General. The Commission is also the agency through which grants and annuities that accompany some gallantry awards are paid under the Gallantry Gratuities and Annuities Order.

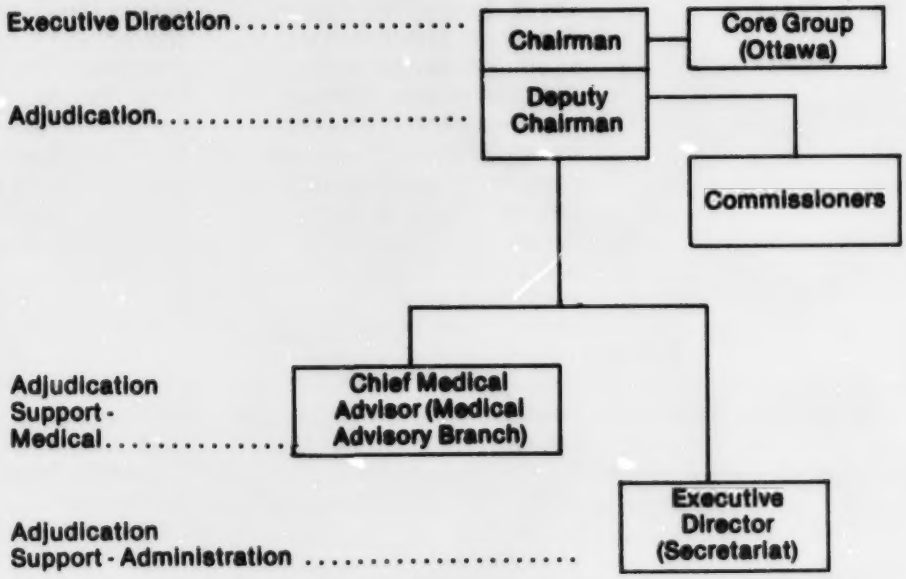
3. Program Objective

The principal objective of the Canadian Pension Commission Program is to ensure the provision of service related death and disability benefits to eligible ex-members of the armed forces, certain civilians and/or their respective dependants.

4. Program Organization for Delivery

Figure 2: Organization and Resources ($000)

Canadian Pension Commission Program



	1985-86 Main Estimates ($000)
P-Y	397
Operating Costs	19,156
Grants	748,408

The four sub-activities consists of the following:

Sub-Activities	Description	Functions
Executive Direction (13 P/Ys)	The Chairman is the Chief Executive Officer of the Commission. Certain Administrative and support services are provided by office staff of the component in Charlottetown while a Core Group performs planning, liaison and administrative services from Ottawa.	Planning and Support to operational planning and as well to the Chariman, Parliamentary bodies, Central Agencies, other Agencies and the Department of Veterans Affairs, client-oriented agencies and clients.
Adjudication (24 P/Ys)	Composed of a Deputy Chairman, a Secretary, between eight and fourteen Commissioners appointed for terms of up to ten years (renewable) and up to ten additional ad hoc Commissioners appointed for periods of one year (renewable). All are Governor-in-Council appointments. Renders decisions on applications regarding eligibility for, and the amount of benefits to eligible veterans, certain civilians and, or their respective dependants.	First Decisions Entitlement and Assessment Board Decisions Ancillary Benefits Decisions Assessment Reviews Trust Fund Decisions
Adjudication Support Medical (51 P/Ys)	Headed by a Chief Medical Advisor and composed of a Deputy Chief Medical Advisor and Head Office Medical Advisors, provides medical advice to the Commission on the evidence available in	Medical Examinations Medical Assessments Field Medical Reviews Head Office Medical Reviews and Quality Control Field Medical Opinions Head Office Medical Opinions

Sub-Activities	Description	Functions
	support of claims and on pension matters generally. Writes medical opinions on all individual cases and maintains medical standards. The functions extend into District Offices through the Senior Pension Medical Examiners and Pension Medical Examiners who conduct medical examinations on applicants and pensioners.	
Adjudication Support Administrative (309 P/Ys)	Headed by an Executive Director, responsible for providing all managerial and operational support functions and service at Headquarters and in 17 District Offices as well as three sub-offices. Provides support to the adjudicative function by preparing documentation required to enable decisions to be rendered regarding entitlement or level of assessments; provides benefit related information and advice. Provides support to policy and planning initiatives of management and ensures provision of financial, personnel and administrative services to the Commission.	Non-medical Claims Prepared First Level Cases Prepared Second Level Cases Prepared Boardroom Decisions Typed Entitlement Board/ Assessment Board Decisions Typed Trust Fund Decisions Typed Medical Decisions Promulgated Non-medical Decisions Promulgated Trust Fund Decisions Promulgated Ministerial and Other Inquiries General Correspondence Entitlement Board/ Assessment Board Cases Serviced Clients Counselled Policy and Planning Support Finance, Personnel and Administration Coordination

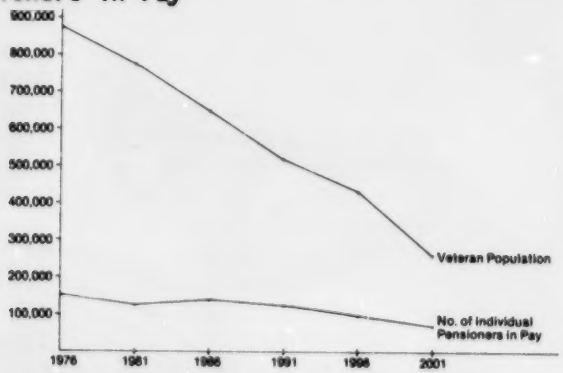
D. Planning Perspective

1. Environment

The more significant environmental factors that will affect this Program include:

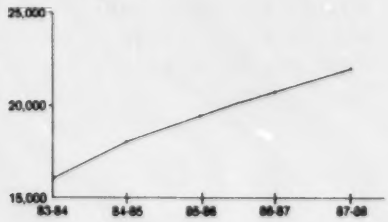
Changes in Population: Declines in the overall veteran population are forecast for the next several decades. Figure 3 shows the projected veteran population to the year 2001. The declining veteran population will ultimately result in a decreasing requirement for resources for the Canadian Pension Commission Program. This reduction will be partially offset due to the increasing numbers of veterans' survivors becoming eligible for pensions as a result of legislative changes in the provision of pension benefits. An additional offsetting factor will be the increasing number of pension applications from ex-Regular Forces members.

Figure 3: Projected Veteran Population and Number of Individual Pensioners in Pay



Aging of War Disability Pensioners: Disability pensioners average age is now 66. The currently accepted medical opinion, taking age and the nature of the disability into account, is that on the average a pensioned veteran of that age should be medically examined every 3½ years. The optimum frequency increases to every 2½ years for a veteran of seventy-two. Figure 4 below shows the number of medical examinations which can be performed within the approved resource ceiling to 1985-86 with additional resourcing required in 1986-87 and 1987-88 to examine veterans at an interval less than every five years.

Figure 4: Medical Examinations



2. Initiatives

The Commission's major initiative will be to successfully deal with an increased workload of approximately 10% resulting from its goal to examine pensioners at a more medically acceptable frequency and to meet targeted turnaround times (See Figure 11 on page 5-21).

3. Update on Previously Reported Initiatives

Improved Client Services: The Commission negotiated goals related to medical examination with its medical staff for 1983-84 and achieved a virtual 100% attainment. Similarily, it has negotiated goals for 1984-85.

Owing to the loss of experienced staff through relocation, the Commission fell short of its targeted 90 and 60 day turnaround on applications for disability and survivor pensions. Nevertheless the Commission has progressively reduced processing time since 1982-83 and continues to work toward the original targets, planning to achieve these by the end of 1984-85.

The Commission intends to continue to review its District Office boundary delineation and to identify specific locations, possibly closer to the client's home, to be used as medical examining points.

The Commission investigated two telecommunication technology services as a means of speeding up the Entitlement and Assessment Board process. The first process was not cost effective. The second was deemed useful in certain types of cases and will be monitored in 1984-85.

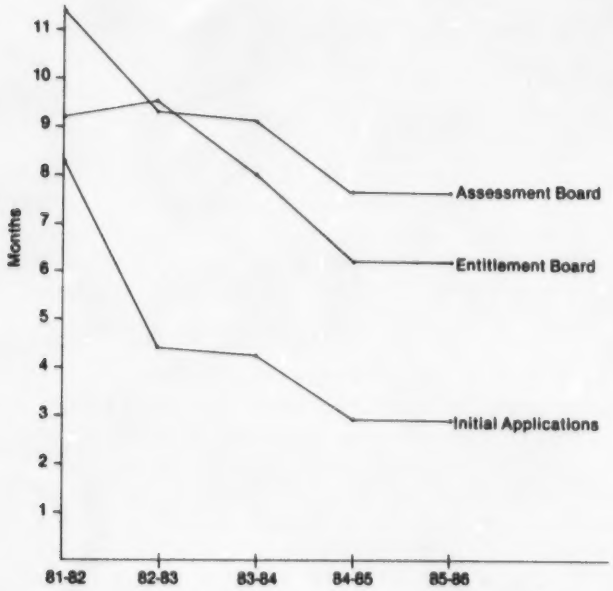
Decentralization of Certain Functions: After a feasibility study, the Commission determined that the payment of grants to cover funeral and burial expenses could be more rapidly carried out by the District Offices than by Head Office and transferred this function to the field during 1984-85.

4. Program Effectiveness

Criteria for measuring the effectiveness of the Canadian Pension Commission Program must be related to its basic objective of providing benefits to eligible ex-members of the Armed Forces, certain civilians and/or their dependants. The Program's effectiveness can therefore be measured in respect of its administration of legislation, including the length of the administration process, the extent to which legislation is appropriately interpreted and the relative benefits provided to recipients. Two indicators of the effective delivery of benefits to this client population and their dependants are level of service and amount of pension.

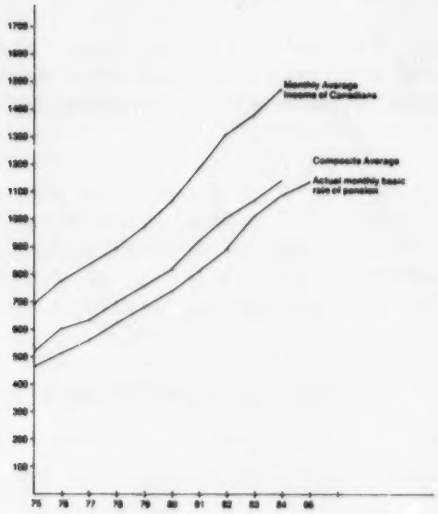
Level of Service: This indicator measures the quality of service to clients in terms of the amount of time required to process an application through the stages of the pension process involving only the Canadian Pension Commission. Figure 5 presents the trends in this area including projections for fiscal years 1984-85 and 1985-86.

Figure 5: Level of Service Summary (Reductions in Turn Around Time)



Amount of Pension: The basic rate of pension is that amount paid to an unmarried pensioner with a disability assessed at 100%. It was originally established at an amount equivalent to the composite of the salaries of five selected categories of unskilled public servants after income tax is deducted at the rate for a single person in the province with the lowest tax rate. The two have on occasion, moved apart with the one moving at times ahead and at times falling behind the other. This is because the basic rate is adjusted each January 1st in line with the change in the Consumer Price Index, which is not necessarily equivalent either in time or in amount to that obtained by the five selected categories in wage negotiations. The Commission monitors the composite to ensure relative comparability and recommends, at times, an amendment to the Pension Act to narrow any gap that may have developed.

Figure 6: Amount of Pension* ($)



5. Performance Information/Resource Justification

Benefit Payments

Disability Pensions: Under the Pension Act, pensions may be paid to members or former members of the Armed Forces who are suffering a disability due to an injury or a disease or the aggravation of an injury or disease which was incurred during military service in wartime or which arose out of or was directly connected with military service in peacetime.

Disability pensions range from 1% to 100% and are paid in accordance with the extent of disability which is found to exist through medical examination. Medical examiners are guided as to the extent of a disability by a Table of Disabilities which, under the Pension Act, the Commission is required to prepare and maintain. For pensionable disabilities assessed at less than 5%, no monthly pension is payable but the pensioner is entitled to the appropriate single payment as provided in the Schedule of Rates.

The Civilian War Pensions and Allowances Act provides for similar benefits to certain civilians who served in organizations closely associated with the Canadian Armed Forces during World War II.

Survivors Pensions: Following the applicant's or pensioner's death the surviving spouse and eligible children of a deceased pensioner may, upon application, receive either a full pension, or a proportionate pension.

Benefits, including pensions, are adjusted annually on the first of January in accordance with the Consumer Price Index. Some benefits are discretionary and the amounts may be altered based on the degree of dependancy. Those benefits paid as a right to disability pensioners, spouses and children are not subject to any type of a means test. Figure 7 provides examples of payment levels, effective January 1, 1985.

Figure 7: Scale of Pensions for 100% Disability ($)

	January 1, 1984 (per month)	January 1, 1985 (per month)
Basic Pension	1,086.22	1,137.27
Additional pension for spouse (equal to 25% of the basic pension)	271.56	284.32
Additional pension for children		
First child (equal to 13% of the basic pension)	141.21	147.85
Second child (equal to 9.5% of the basic pension)	103.19	108.04
Each additional child (equal to 7.5% of the basic pension)	81.47	85.30

Compensation for Former Prisoners of War: Under the Compensation for Former Prisoners of War Act, veterans may receive compensation depending on the length of imprisonment and the country involved. A veteran may be eligible to receive between 10% and 50% of the 100% disability rate.

Other: A pensioner who is totally disabled and needs assistance to care for himself or herself may, in certain circumstances, be awarded an Attendance Allowance. The amount of the allowance is based on the degree of attendance needed but is limited to $752.55 monthly in 1985 ($718.77 monthly in 1984).

Pensioners who are amputees or who must wear special appliances or who require specially made clothing may receive an allowance to compensate for the special apparel. The maximum monthly allowance in 1985 is $85.26 ($81.43 in 1984).

When a pensioner is in receipt of a pension for disabilities assessed at 100% and is suffering an exceptional incapacity as a result, an additional monthly allowance in varying amounts may be awarded up to a maximum monthly amount of $602.05 in 1985 ($575.02 in 1984).

The Gallantry Gratuities and Annuities Order provides for the payment of an annuity if the recipient of an award for gallantry as listed in the Order is awarded a disability pension, War Veterans Allowance or an annuity under the Canadian Forces Superannuation Act.

In Figure 8, the main variables that affect total expenditures are summarized according to the number of recipients and total payments. This figure illustrates the relative change over a 10 year period.

Figure 8: Number of Recipients and Total Payments

At March 31	Number of Recipients	Average Monthly Benefit	Total Payments
			($000)
1975	145,477	190	332,533
1976	142,254	212	362,015
1977 *	141,939	229	391,534
1978	138,891	245	408,591
1979	136,433	265	436,058
1980	135,844	298	486,900
1981	133,829	324	520,525
1982	135,109	331	538,070
1983	141,840	352	599,775
1984	143,399	376	646,883
1985	142,738	418	716,438

* effective 1977, recipients of P.O.W. compensation are included in the above figures.

Workload

The major elements of the Commission's workload are summarized in Figures 9 and 10. In an effort to maximize its use of resources, the Program began developing a Performance Measurement System in 1982-83. The system is based on an analysis of output produced by a given person year.

Figure 9: Summary of Initial and Other Applications and Decisions

	Estimates 1985-86				Forecast 1984-85				Actual 1983-84			
	Disability	(1) Survivor	(2) Special Awards	(3) Other	Disability	(1) Survivor	(2) Special Awards	(3) Other	Disability	(1) Survivor	(2) Special Awards	(3) Other
Decisions rendered by 31 March	5,100	200	2,200	29,590	5,250	250	2,000	29,600	4,361	284	1,841	29,590(4)
Applications pending beginning of year	1,688	43	255	788	1,938	43	255	788	1,269	66	204	786
Applications received during year	4,800	200	2,200	29,590	5,000	250	2,000	29,600	5,030	261	1,892	29,592
Decisions promulgated	5,100	200	2,200	29,590	5,250	250	2,000	29,600	4,361	284	1,841	29,590
Applications pending	1,388	43	255	788	1,688	43	255	788	1,938	43	255	788

(1) Survivors of eligible persons where entitlement had not been established at time of death.

(2) Includes Exceptional Incapacity Allowances, Attendance Allowance, Clothing Allowance and Fixed Disability Age Increase Awards whether or not associated with applications for concurrent disability award.

(3) This figure includes items such as awards to spouses, children, widows and orphans as well as compassionate awards and grants for burial expenses, as well as assessment change and trust fund decisions not included in 1984-85.

(4) The relative workload weight of other decisions is 5 times less that of first decisions and 12 times less that of EB/AB decisions.

Figure 10: Summary of Assessment/Entitlement Board Hearings and Decisions

	Estimates 1985-86		Forecast 1984-85		Actual 1983-84	
	Assessment	Entitlement	Assessment	Entitlement	Assessment	Entitlement
No. of hearings held at 31 March	1,100	2,500	1,100	2,500	1,367	2,666
Cases pending at beginning of year	784	2,125	734	1,925	900	2,153(1)
Cases received during year	1,150	2,700	1,150	2,700	1,201	2,438
Decisions promulgated	1,100	2,500	1,100	2,500	1,367	2,666
Cases pending end of year	834	2,325	784	2,125	734	1,925

(1) Cases certified ready to be heard.

Quality of Service: Figure 11 summarizes selected quality of service indicators related to the work done by the Commission.

Figure 11: Selected Quality of Service Indicators

Average Elapsed Days to Process	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual[1] 1982-83	Actual 1981-82
	Less than				
New applications					
Disability pension	90	90	133.2	134	255
Survivors pension	60	60	82.1	96	126
Entitlement Board					
Preparation of Statement of Case	40	40	58	130	135
Certification of Statement of Case[2]	150	150	188	160	144
Hearing					
Assessment Board					
Preparation of Statement of Case	90	90	92	123	204
Certification of Statement of Case[2]	150	150	188	160	144
Hearing					

1. The large decrease in processing time from 1981-82 is directly linked to our additional 32 person-years approved by Treasury Board for 1982-83 and to improved operating procedures.

2. The certifications process involves mailing a statement of case to the applicant and awaiting his/her certification as to completeness of documentation. Any time consumed in this step is beyond the control of the Commission. This is estimated at 57 days.

Although, as indicated on page 5-9, the loss of experienced and trained staff, both professional and support, due to their choosing not to relocate to Charlottetown and the lack of a full complement of Commissioners resulted in projected average response times not being achieved in 1983-84, the Commission has still managed to steadily reduce its average processing times.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 12: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and wages	**12,886**	11,839	10,741
Contributions to employee benefit plans	**1,799**	1,531	1,755
Goods and Services			
Transportation and Communications	**2,463**	2,484	1,853
Professional and special services	**1,339**	1,299	940
Other operating expenditures	**596**	795	310
Total operating	**19,083**	17,948	15,599
Capital	**73**	79	58
Transfer Payments	**748,408**	716,438	646,883
Total expenditures	**767,564**	734,465	662,540

2. Personnel Expenditures

Figure 13: Authorized Person Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Executive	26	25	25	50,350-96,300	58,691
Senior Management	2	-	-	50,350-96,300	55,124
Scientific and Professional					
Medicine	49	46	46	40,054-85,140	65,440
Administrative and Foreign Service					
Administrative Services	28	20	23	13,912-57,987	32,966
Organization and Methods	7	4	3	13,520-57,980	40,006
Program Administration	11	10	64	13,912-57,987	38,760
Welfare Program	21	17	2	14,860-57,980	32,470
Administrative Support					
Clerical	173	166	122	12,932-31,743	23,288
Data Processing	3	2	-	13,352-37,130	17,816
Secretarial	74	74	83	12,636-31,946	20,879
Other	3	3	5	12,665-25,271	18,375

The person year column displays the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person years for the occupational group. Year to year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Transfer Payments

Figure 14 presents a summary of all grant and contribution expenditures of the Program.

Figure 14: Details of Transfer Payments

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Grants			
Pensions for disability and death			
The Flying Accidents Compensation Regulations	**390,000**	421,000	388,000
World War I	**95,940,000**	83,659,000	87,956,000
World War II	**608,863,000**	591,885,000	518,336,000
Civilians, World War II	**2,126,000**	2,018,000	1,992,000
Defence Forces - Peacetime Services	**28,950,000**	27,586,000	27,348,000
Special Forces (Korea)	**10,704,000**	9,518,000	9,857,000
Newfoundland Special Awards	**16,000**	20,000	14,000
Burial Grants	**1,157,000**	1,070,000	856,000
Gallantry Awards - World War II and Special Force	**65,000**	80,000	53,000
Total grants	**748,211,000**	716,257,000	646,800,000
Contributions			
Compensation for loss of earnings	**197,000**	181,000	83,000
Total grants and contributions	**748,408,000**	716,438,000	646,883,000

B. Cost Analysis

Figure 15: Total Cost of Program for the Year 1985-86 ($000)

	1985-86 Program Expendi-tures	Add * Other Costs	Total Cost	Total 1984-85
Canadian Pension Commission Program	767,564	1,787	769,351	736,698

* Other costs of $1,787,000 consist of:

	($000)
• accommodation provided without charge by Public Works	1,211
• other services provided without charge by other departments	576

Bureau of Pensions Advocates Program
Expenditure Plan

1985-86

4897

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Extracts from Part II of the Estimates

Appropriation Authority

Authority is requested in these Estimates to spend $4,329,000 in support of the 1985-86 Bureau of Pensions Advocates Program and $570,000 for employee benefits which will be made under existing statutory authority.

Financial Requirements by Authority

Vote	(thousands of dollars)	1985-86 Main Estimates	1984-85 Main Estimates
	Bureau of Pensions Advocates Program		
30	Program expenditures	4,329	4,085
(S)	Contributions to employee benefit plans	570	499
	Total Program	4,899	4,584

Votes - Wording and Amounts

Vote No.	Department or agency (dollars)	1985-86 Main Estimates
	Bureau of Pensions Advocates Program	
30	Bureau of Pensions Advocates - Program expenditures	4,329,000

Extracts from Part II of the Estimates

Program by Activities

(thousands of dollars)	1985-86 Main Estimates				1984-85 Main Estimates
	Authorized person-years	Budgetary Operating	Budgetary Capital	Total	
Legal Counselling and Representation	118	4,878	21	4,899	4,584

Extract from Volume II of the Public Accounts

Use of Appropriations for 1983-84

	Main Estimates	Total Appropriations	Actual Use
	$	$	$
Voted Budgetary Expenditures			
Vote 30 - Bureau of Pensions Advocates - Program Expenditures	4,168,000	4,168,000	3,818,247
Statutory Budgetary Expenditures			
Contributions to Employee Benefit Plans	517,000	575,000	575,000
	4,685,000	4,743,000	4,393,247

Section I
Program Overview

A. Plans for 1985-86

1. Highlights

During 1985-86, the Bureau's plans include the following:

- to represent 9,765 applicants for pension with claims and appeals to the Canadian Pension Commission and appeals to the Pension Review Board (see page 6-10);
- to counsel 2,730 applicants with respect to the application of the Pension Act for cases where no claim will be made;
- to represent 200 applicants with appeals to the War Veterans Allowance Board and 1,100 applicants before the Pension Review Board; and
- to maintain established average response times for research, preparation and presentation of pension applications and appeals throughout 1985-86 (see page 6-11).

2. Financial Summary by Activity

Actual and forecast resource requirements for the Bureau of Pensions Advocates are presented in Figure 1.

Figure 1: Financial Summary ($000)

	Estimates 1985-86	Forecast* 1984-85	Change	For Details See Page
Legal Counselling and Representation	4,899	4,586	313	6-11
Authorized person-years	118	120	(2)	

* There has not been significant change from 1984-85 Main Estimates. The 1984-85 forecast is $4,586,000 or $2,000 more than the 1984-85 Main Estimates of $4,584,000. (Extracts from Part II of the Estimates, page 6-4.)

Explanation of Change: The financial requirements for 1985-86 are 6.8% or $313,000 higher than the 1984-85 forecast expenditures. The increase is due primarily to:

	($000)
• increase, due to inflation in operating costs	246
• staffing delays occurring in 1984-85	187
• decrease of 2 person years relating to projected workload requirements	(93)

B. Recent Performance

1. Highlights

Highlights of the Program's performance during 1983-84 were:

- In 1983-84 the Bureau represented 11,520 applicants for pensions and submitted 14,464 new claims and appeals on their behalf. An additional 4,344 applicants received counselling relating to pension entitlement for cases where no claim or appeal could be made. The major increase in activity was due to the number of clients receiving counselling services.

- The following average response times were achieved in 1983-84:

  - 5.2 months to research, prepare, and submit an initial application to the Canadian Pension Commission

  - 2.6 months to research, prepare, and certify as ready to be heard an appeal to an Entitlement or Assessment Board of the Canadian Pension Commission; and

  - 10.6 months to research, prepare and present an appeal for hearing before the Pension Review Board.

2. Review of 1983-84 Financial Performance

Figure 2: Review of 1983-84 Financial Performance ($000)

	1983-84		
	Actual	Main Estimates	**Change**
Legal Counselling and Representation	4,393	4,685	**(292)**
Authorized person-years	116	120	**(4)**

Explanation of Changes: Dollar and person year reductions resulted mainly from positions left vacant by unexpected staff turnovers and delays in staffing vacant positions on the transfer of Head Office to Prince Edward Island.

C. Background

1. Introduction

This Program provides a complete independent legal aid service to persons seeking to establish claims under the Pension Act and allied statutes and orders or an appeal to the War Veterans Allowance Board. This service is provided by professional advocates and support staff located in 19 cities throughout Canada. The relationship between the Bureau and an applicant is that of a solicitor and client. The services of the Bureau are free, but an applicant can employ a private lawyer at his own expense or be represented by a service officer of an accredited veterans' organization. The Bureau must accept all requests for assistance from veterans. (A description of this Program is found in the Portfolio Summary, page 1-5.)

2. Legal Mandate

The legal mandate for the Program is set out in Part II of the Pension Act. The legislation specifically prescribes the duties as: counselling applicants with respect to the application of the Pension Act and related statutes and orders; assisting applicants in the preparation and submission of applications; and arranging for applicants to be represented by a pensions advocate at hearings held under the Act. The War Veterans Allowance Act was recently amended to allow the Bureau to represent applicants for appeals to the War Veterans Allowance Board.

3. Program Objective

To provide an independent professional legal aid service to persons seeking to establish entitlement under the Pension Act and allied statutes and orders, or an appeal to the War Veterans Allowance Board.

4. Program Organization for Delivery

The Pension Act provides that the Bureau is not part of the Department of Veterans Affairs but reports directly to the Minister of Veterans Affairs.

The Bureau of Pensions Advocates is under the direction of a Chief Pensions Advocate appointed by the Governor in Council. The Bureau is divided into two responsibility areas:

- the Deputy Chief Pensions Advocate heads the operational area which researches, prepares, and presents claims to the various adjudicating bodies in the Pensions Program; this includes the 17 District Pensions Advocates and their support staff, as well as Area Advocates and their support staff at Head Office who present appeals to the Pension Review Board and the War Veterans Allowance Board; and

- the Executive Director and his staff who provide the necessary administrative support to all sections of the Bureau.

The Bureau has a decentralized organization to provide its services. There are 17 District Offices and 2 sub-offices in larger centres across Canada with 17 District Pensions Advocates. In addition, advocates travel to other locations in their districts and interview applicants in their homes when required.

5. Operations

In its role as representative for applicants seeking to establish claims or appeals under the Pension Act and related statutes and orders, or an appeal under the War Veterans Allowance Act, the Bureau performs the following actions:

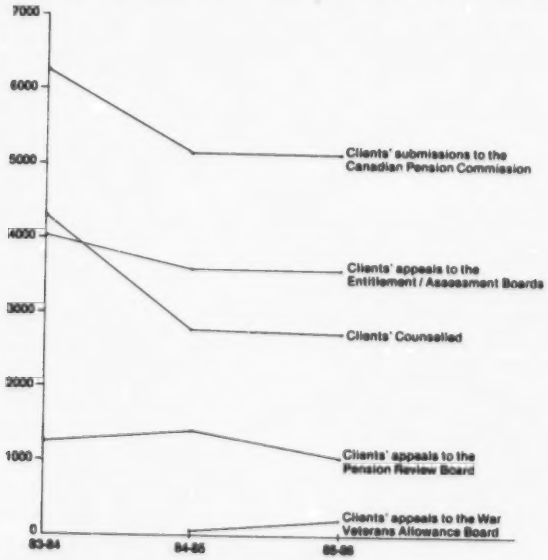
- immediate notification of a new claim to the Canadian Pension Commission (CPC) by means of a Notice of Intent;
- gathering of information in support of the claim, including follow-up correspondence with the client to inform him of the status;
- submission of the prepared application to the CPC for adjudication;
- follow-up of submitted applications and decisions, including counselling with respect to potential appeals;
- notification of appeal to the CPC Entitlement or Assessment Board, including review of Statement of Case and research for additional evidence;
- certification that appeals are ready to be heard by CPC, scheduling the appeal hearings, preparation, and personal appearance at the appeal hearing;
- notification of appeal to the Pension Review Board or the War Veterans Allowance Board, including research and review of the appeal documentation;
- completion of Notice of Readiness, scheduling the appeal hearings at Head Office, preparation, and personal appearance before the Pension Review Board or the War Veterans Allowance Board; and
- follow-up of the appeal hearing, including counselling and explanation of the decision.

D. Planning Perspective

1. Environment

The workload associated with the provision of counselling and representation services by the operations area is directly affected by the overall decline in veteran population. In spite of the decline, however, significant workload increases are occurring due to current economic conditions, aggravation of latent disability due to aging and the fact that most veterans are now approaching retirement age. Figure 3 shows actual and anticipated workload in terms of the number of clients served.

Figure 3: Workload Volumes for the Bureau of Pensions Advocates



2. Update on Previously Reported Initiatives

Reduce response time: In 1983-84 the Bureau reduced the time related to the research and preparation of claims and appeals in all three areas of pension adjudications. Due to an unexpected increase in the number of new applications for pension and requests for appeals, and staff shortages caused by unforseen turnovers and delays in staffing, the Bureau was unable to significantly reduce the number of pending applications and appeals.

3. Program Effectiveness

For the program to be effective the Bureau must prepare and present each case in a professional manner and have the claim or appeal ready for presentation with minimal delay to the client.

Figure 4 shows the overall success rate while Figure 5 reflects the turnaround time for applications and appeals. Although the Bureau must accept all requests for assistance, historically it has obtained positive decisions in 25-30% of its cases.

Figure 4: Overall Success Rate

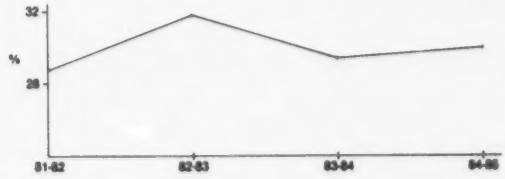
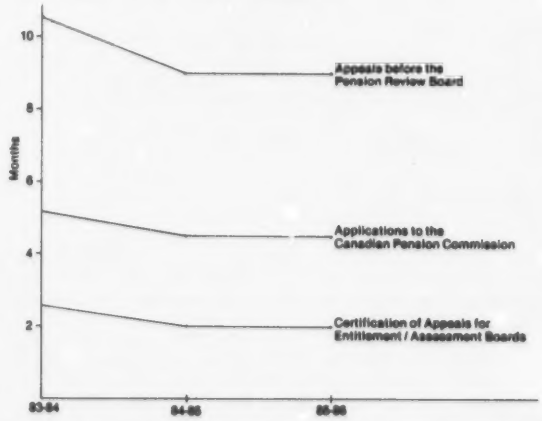


Figure 5: Turnaround Time (in months)



4. Peformance Information/Resource Justification

The Bureau has traditionally used performance measurement techniques to assist in the determination of resource requirements to meet the demands of anticipated workload fluctuations. Resources for the Estimates year were determined using weight factors relative to the base year evaluations (1979-80).

In 1984 the Bureau undertook a study of its operations to re-evaluate the average processing times of all operational staff, to be used for the measurement of efficiency and for calculating future resource requirements. Six types of work were identified and accepted as suitable for ongoing work measurement: claims to the Canadian Pension Commission, appeals to Entitlement and Assessment Boards of the Commission, appeals to the Pension Review Board (initiated by District Offices), hearings before the Pension Review Board and appeals before the War Veterans Allowance Board (head office staff only), and counselling services to clients where no claims can be made. The first three types are measured by the number of claims under entitlement sections of the Pension Act, rather than clients. A method of weighting is used to allocate staff to these six types of work, excepting only head office executive and administration personnel.

Figure 6 shows performance measurement information used to determine resource requirement.

Figure 6: Performance Data

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84	Actual 1982-83
Workload Volume	16,384	16,892	19,742	16,820
Output Weight (PY)	117.3	119.1	134.7	121.4
PY's Budgeted or Utilized	118	120	117.6	113.9
Efficiency Index *	109.7	109.6	126.3**	117.7

* Base year 1979-80

** In 1983-84 the volume of cases was distorted due to the heavy increase in new appeals and counselling services. This had the affect of reducing individual processing time below the established norm and exaggerating the level of efficiency. With the exception of 1983-84, workload has remained relatively constant over the period 1982-83 to 1985-86.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditures by Object

Figure 7: Expenditures by Object ($000)

	Estimates 1985-86	Forecast 1984-85	Actual 1983-84
Personnel			
Salaries and Wages	4,077	3,831	3,633
Contributions to employee benefit plans	570	517	575
Goods and services			
Transportation and communication	152	141	111
Professional and special services	68	67	59
Other operating expenditures	11	11	1
Total operating	4,878	4,567	4,379
Capital	21	19	14
Total expenditures	4,899	4,586	4,393

2. Personnel Expenditures

Figure 8: Authorized Person Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1985-86 Average Salary Provision
	85-86	84-85	83-84		
Management					
Executive	1	1	1	50,350-96,300	68,805
Scientific and Professional					
Law	43	42	43	20,523-88,120	50,459
Administrative and Foreign Service					
Administrative Services	3	4	2	13,912-57,987	36,143
Program Administration	19	18	18	13,912-57,987	27,497
Administrative Support					
Clerical	5	4	6	12,932-31,743	21,441
Secretarial	47	45	50	12,636-31,946	21,293

The person year column displays the forecast distribution of the authorized person years for the Program by occupational group. The current salary range column shows the salary ranges by occupational group at October 31, 1984. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and merit pay divided by the person years for the occupational group. Year to year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

3. Cost Analysis

Figure 9: Total Cost of Program for the Year 1985-86 ($000)

	1985-86 Operating Expenditures	Add Other Cost	**Total Cost**	Total Cost 1984-85
Bureau of Pensions Advocates	4,899	467	**5,366**	5,091

Other costs of $467,000 consist of:

	($000)
• accommodation provided without charge by Public Works	363
• other services provided without charge by other Departments	104